



LINCOLN COUNTY

North Carolina



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2020

LINCOLN COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**PREPARED BY
LINCOLN COUNTY FINANCE DEPARTMENT**

LINCOLN COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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-
-



FINANCE DEPARTMENT

November 9, 2020

Chairman Carrol Mitchem,
Board of County Commissioners,
And the Citizens of Lincoln County,
North Carolina

The Comprehensive Annual Financial Report (CAFR) for Lincoln County, North Carolina, for the fiscal year ended June 30, 2020, is hereby submitted. The report consists of management representations concerning the finances of Lincoln County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Lincoln County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile reliable information for the preparation of Lincoln County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls should not outweigh their benefits. Lincoln County's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lincoln County's financial statements have been audited by Martin Starnes & Associates CPAs, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lincoln County for the fiscal year ended June 30, 2020, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Lincoln County's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with Governmental Account Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. Additionally, the financial statements have been prepared in compliance with applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and financial reporting contained in both *Audits of State and Local Governmental Units*, and the audit guide prepared by the Committee of Governmental Accounting

of the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among other resources used in the preparation of the financial statements, the Finance Department Staff has given particular attention to *Governmental Accounting, Auditing, and Financial Reporting (GAAFR)* issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

The Single Audit Act of 1984 established requirements for state and local governments that receive federal assistance. The audit requirements have also been adopted by the State of North Carolina for state grants. Information related to this single audit, including the schedule of federal and state financial awards, schedule of findings and questioned costs, auditor's report on internal control and compliance with laws and regulations, and other schedules and exhibits necessary to satisfy the requirements of the single audit, are included in the compliance section.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. Lincoln County's MD&A is presented immediately following the report of our independent auditors.

Financial Reporting Entity

This CAFR includes all funds of the County, including all activities considered to be part of (controlled by or dependent upon) the County. Control by, or dependence on, the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds of Lincoln County, as well as its component units. Component units are legally separate entities for which Lincoln County is financially accountable.

Proprietary funds are used to account for a government's continuing business-type organizations and activities. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses.

State Statutes require the adoption of an annual balanced budget for all funds, except the agency fiduciary funds and those authorized by project ordinance. Expenditures may not legally exceed appropriations at the functional level for the general fund, the functional level for the special revenue funds and enterprise funds and at the project level for the capital projects funds. The annual budget serves as the basis for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the county's financial operations including funding for various agencies outside the County's organizational structure. The County Manager submits the annual balanced budget to the Board of Commissioners before June 30 each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the governing board shall adopt a budget no earlier than ten days after the budget is presented to

the Board and no later than July 1. During the fiscal year, the County Manager is authorized to transfer budgeted amounts within the objects of a department and up to \$50,000 between departments of the same fund; however, any revisions that alter the total budget of any fund must be approved by the Board of Commissioners.

Profile of the Government

The County is located in the western portion of the North Carolina Piedmont Plateau, approximately 165 miles west of Raleigh, the State Capital, and 30 miles northwest of Charlotte, the state's largest City. The County was formed in 1779 and has a total land area of approximately 308 square miles. The City of Lincolnton, with an estimated 2019 population of 11,200 is the center of an urban area of 15,000, the County seat, and the only incorporated municipality in the County. The County's population as of July 1, 2019, according to the State Demographer, was 86,111.

There is continued growing suburban development and extensive construction in the eastern portion of the County along and near Lake Norman, the State's largest man-made lake by surface area, with approximately 520 miles of shoreline. This area is within 30 minutes of uptown Charlotte and has experienced significant residential and commercial growth in recent years.

Economic Diversity

A combination of diversified industries, agricultural production, and major distribution centers contributes to the economy of the County. The main agricultural pursuits are poultry production, dairy farming, apple production and field crops and vegetable production. The major industrial employers are in metal and electronics manufacturing, specialty textiles, home products, food processing and motorsports.

The Lincolnton and Lincoln County Micropolitan Area was ranked 4th nationally by *Site Selection* magazine in 2010 for its ability to secure new and expanded industrial projects. Since 2004, the Lincoln County Micropolitan Area has been ranked in the top 25 every year except for one.

Fiscal year 2020 again saw increases in the residential construction permitting on the eastern end of the County. Trilogy Corporation continues to construct a large residential development, and many other permits have been taken for new construction in that part of the County. There were also several other permits issued for residential developments, with over 200 and 300 homes to be built, respectively. Multiple new and expanded industry announcements were made in fiscal year 2020. The Lincolnton Business Park and the Airlie Business Park continue to have strong tenant demand.

Capital Improvement Program

In September 2006, the Board of Commissioners approved an agreement that allowed Lincoln Health System to enter into an agreement for Carolinas Healthcare System to apply for a certificate of need to construct a new hospital in Lincolnton. The certificate of need was received in 2008, and construction began soon after. This hospital was completed and occupied on July 10, 2010. On September 1, 2010 the former facility reverted back to Lincoln County, which decided to use the facility as the new Lincoln County Health Department. In 2015, the Board of Commissioners approved an architect to design the facility and construction began in 2016. The facility was completed in fiscal year 2018, and the old Health Department facility was demolished.

Lincoln County completed construction of a new wastewater treatment plant in October, 2010. The new treatment facility has an initial capacity of 1.67 MGD and is currently under design to expand to 6.6 MDG. This project, estimated at \$25 million, will be funded from Utility Revenue Bonds. The water treatment plant is undergoing expansion currently, and the County issued \$13.8 million of the initial Enterprise System Revenue Bonds in October, 2018 to fund the project. The project is scheduled to be completed in early 2021.

In fiscal year 2019, the County renovated the former School Administration building, which had recently been vacated by the School system. In March, 2019, County Management, Finance, Human Resources, Facilities Maintenance, and the Board of Commissioners moved in to the newly renovated Administration building. This has freed up space in the Citizen's Center, and a major renovation of that building has just completed. The Citizen's Center houses a County-wide payment center, Planning and Inspections, Environmental Health, Cooperative Extension, Public Works, and Soil and Water Conservation.

In fiscal year 2020, the County issued debt of \$36,500,000 to construct the new Lincoln County Courthouse. This new facility, a once-in-one-hundred-years project, will be a state of the art facility for the NC Court system. It will have multiple courtrooms, separate jury rooms, offices for the District Attorney and have ample space for growth for the next generation of Court personnel. The facility is scheduled to be completed in 2022.

Long Term Planning

As one of the principal goals of the Planning and Inspections Department, Long Range Planning includes several projects which provide guidance for the future development throughout Lincoln County. The staff continues to work on many long term projects simultaneously with advisement from the Board of Commissioners, Planning Board and the citizens. Permitting activity has significantly increased in Lincoln County over the past several years.

Staff and the planning board are examining existing zoning districts and how they correlate with the Lincoln County Land Use Plan and other small area plans. Considering the fact that zoning in Lincoln County has been in existence for nearly twenty five years, it is prudent to examine how the county has changed. For example, there are water and sewer lines and future expansions that need to be considered when examining current and future density patterns. While it is likely that

there will not be numerous zoning changes, it is important to recognize those areas that might need to be adjusted accordingly.

Education

Funding for education remains a large expenditure category in our budget with a total of \$25,413,825 expended from the General Fund. In May, 2018, Lincoln County voters approved a ¼ cent sales tax increase. The new Article 46 will be used to fund certain annually-specified local school capital needs.

Other Post-Employment Benefits

The County provides certain other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees.

The County offers post-retirement health care benefits to all full-time County employees who retire with at least 20 years of service from the Local Government Retirement system, who were employed with the County prior to September 1, 2005. For employees hired between September 1, 2005 and July 1, 2013, the service requirement was increased to 25 years. After the employee reaches age 65 or until they are eligible to receive Medicare Benefits, whichever occurs first, the coverage will be terminated and the County will provide a Medicare supplement. The County pays the same rate for insurance coverage for both retired employees post-retirement health care and for current employees with the balance paid by the employees or retirees. The County will fund this benefit on a pay-as-you-go basis for the upcoming year. Effective July 1, 2013, no other post-employment benefits are offered for new hires.

In June, 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 replaced Statement No. 45. This statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. It defined the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. The County implemented GASB Statement No. 75 in fiscal year 2018.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

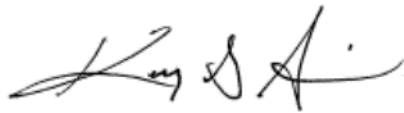
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lincoln County for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

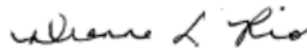
Acknowledgements

We appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of the CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Martin Starnes & Associates, CPAs, P.A., for their assistance. The cooperation of each County department is appreciated as we work together in conducting the County's financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Kelly G. Atkins". The signature is fluid and cursive, with the first name "Kelly" being the most prominent.

Kelly G. Atkins
County Manager

A handwritten signature in dark ink, appearing to read "Deanna L. Rios". The signature is cursive, with the last name "Rios" being the most prominent.

Deanna L. Rios
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lincoln County
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

LIST OF OFFICIALS

BOARD OF COMMISSIONERS

Carrol Mitchem, Chairman
Richard Permenter, Vice Chairman
Anita McCall
Milton Sigmon
Bud Cesena

Amy Atkins, Clerk to the Board

CONSTITUTIONAL OFFICERS

Sheriff Bill Beam
Danny Hester, Register of Deeds

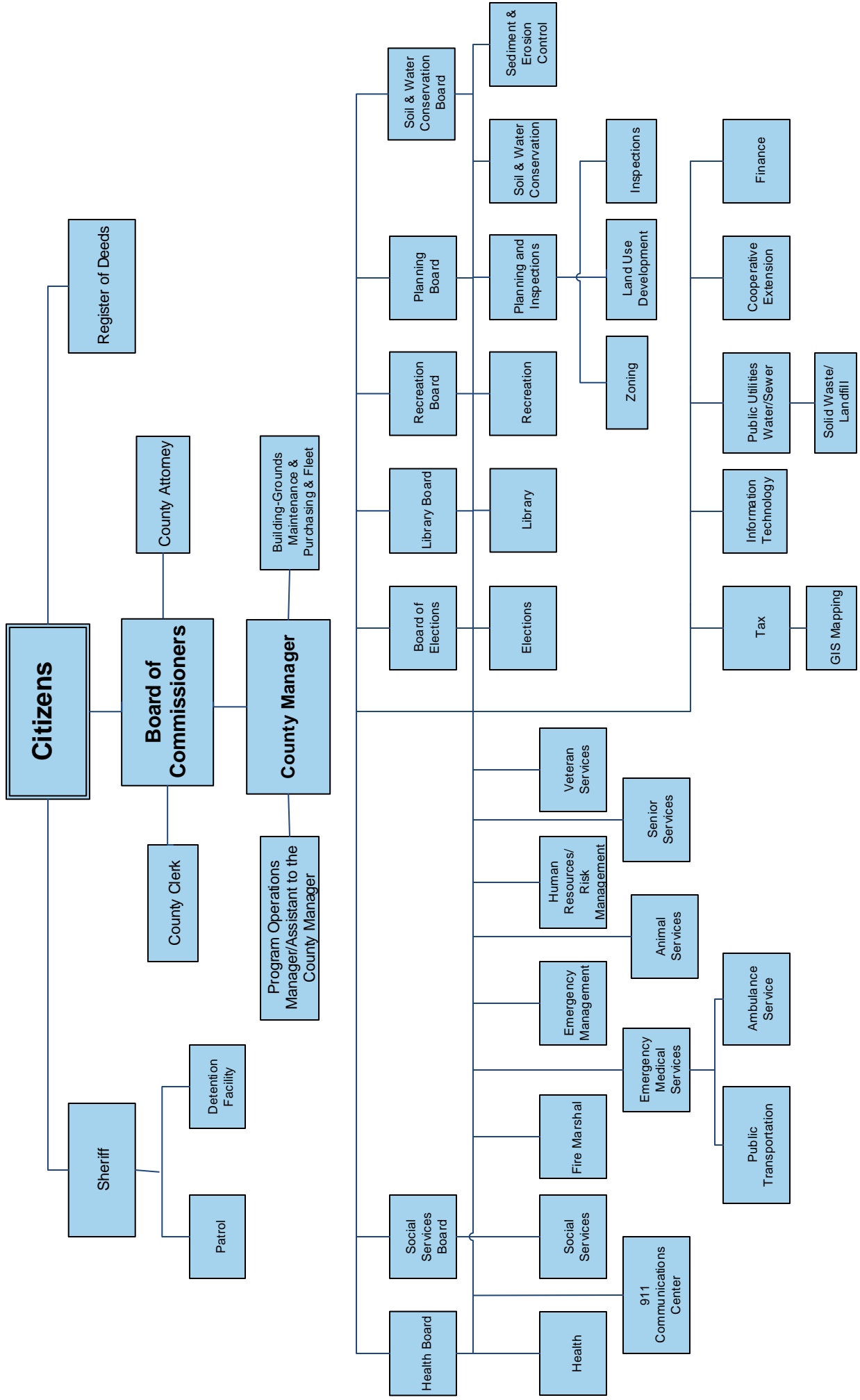
COUNTY ADMINISTRATION

Kelly G. Atkins, County Manager
Joshua Grant, Program Operations/Assistant to County Manager
Deanna Rios, CPA, Finance Director
Crystal Watson, Controller
Candy Burgin, Human Resources Director

DEPARTMENT MANAGERS

Andrew Bryant, Director of Planning and Inspections
Don Chamblee, P.E., Director of Public Works
Davin Madden, Health Director
Rodney Emmett, Fire Marshal
John Henry, Facilities Management Director & Purchasing Agent
Kathryn Saine, Senior Services Director
John Davis, Parks & Recreation Director
Susan Sain, Tax Administrator
Tony Carpenter, Director of Social Services
Patty Dellinger, Soil & Water Conservation Manager
Benjamin Cohen, Director of Information Technology
Bradley Putnam, Director of Elections
Alex Patton, Veterans Services Officer
Ron Rombs, Director of EMS & Transportation Lincoln County
Jennifer Sackett, PhD, Library Director
Hannah Beaver, Animal Services Director
Bill Gibbs, Communications Director
Bill Summers, Emergency Management Director
Tom Dyson, Director of NC Cooperative Extension Office

Lincoln County



FINANCIAL SECTION

- **Independent Auditor's Report**
 - **Management's Discussion and Analysis**
 - **Basic Financial Statements**
 - **Notes to the Financial Statements**
 - **Required Supplementary Information**
 - **Combining, Individual Fund Financial Statements and Schedules**
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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lincoln County ABC Board, which represents 99.1 percent, 98.6 percent, and 99.7 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lincoln County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedules of Changes in Total OPEB Liability and Related Ratios, the Local Government Employee's Retirement System Proportionate Share of Net Pension Liability (Asset) and Schedule of County's Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County's Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County's basic financial statements. The introductory information, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020 on our consideration of Lincoln County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 9, 2020

Management's Discussion and Analysis

As management of Lincoln County, we offer readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

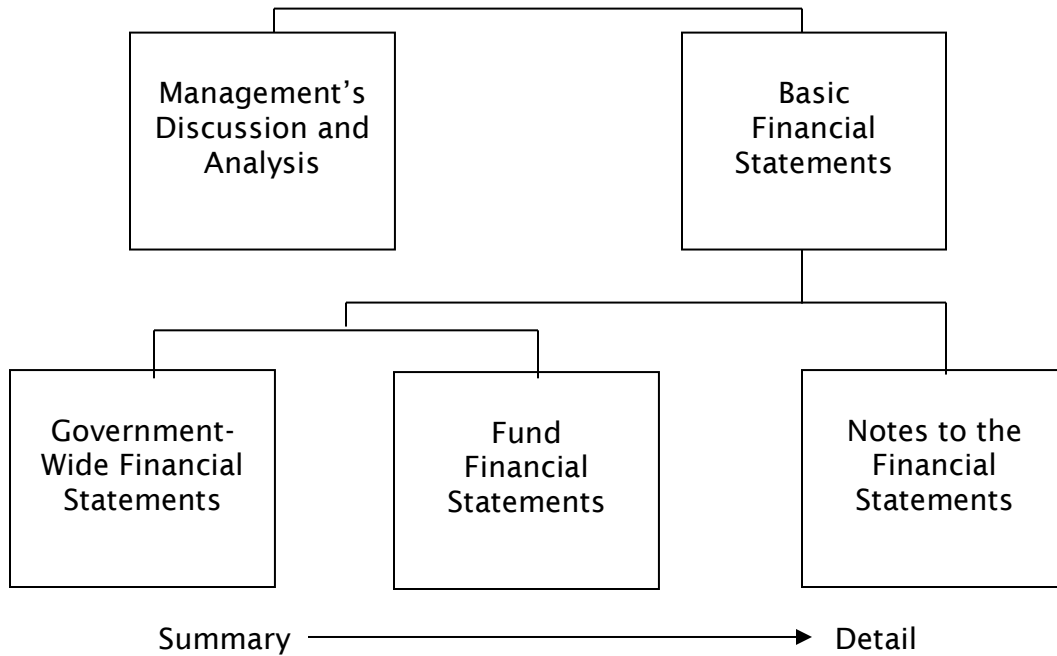
Financial Highlights

- The assets and deferred outflows of resources of Lincoln County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$106,694,662 (*net position*).
- Current year increase in the sales tax, effective tax collections and conservative spending were the primary factors contributing to the increase in the government's total net position of \$29,862,816.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$87,214,942, an increase of \$37,519,765, in comparison with the prior year amount. This increase was primarily due to the increase in debt financing. Approximately 94.27% of this amount, or \$82,220,796, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$29,792,769, or 27.78%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total debt increased by \$36,160,855, or 18.26%, during the current fiscal year. The key factor in this increase was the issuance of Revenue Bonds in the Water and Sewer Fund, and new debt in the General Capital Projects Fund for the new courthouse.
- Standard and Poor's Corporation increased Lincoln County's bond rating from AA- to AA+ in September 2014. Moody's Investors Service increased Lincoln County's bond rating from Aa3 to Aa2 in 2019. Fitch Ratings rated the County AA as a result of our last ratings in September 2013. Standard and Poor's Corporation rated the County's initial Enterprise Fund Revenue Bonds at AA in August, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Lincoln County.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through J) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental fund statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes of North Carolina can also be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water, sewer and solid waste services offered by Lincoln County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. Lincoln Community Friends, a 501(c)(3) corporation, was founded to obtain grants for Lincoln County. Lincoln Community Friends is made up of a nine-member board, all of whom are appointed by the County Commissioners.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lincoln County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Lincoln County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

Lincoln County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Lincoln County has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lincoln County uses enterprise funds to account for its water and sewer activity and for its solid waste collection and disposal. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Lincoln County. The County uses internal service funds to account for health insurance and workers' compensation. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Lincoln County has five fiduciary funds, which are agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit J of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Lincoln County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information starts after the Notes to the Financial Statements.

Interdependence with Other Entities. The County depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Lincoln County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 98,299,173	\$ 60,691,191	\$ 46,205,307	\$ 41,631,650	\$ 144,504,480	\$ 102,322,841
Capital assets	96,194,232	86,793,598	100,612,856	88,564,092	196,807,088	175,357,690
Total assets	<u>194,493,405</u>	<u>147,484,789</u>	<u>146,818,163</u>	<u>130,195,742</u>	<u>341,311,568</u>	<u>277,680,531</u>
Deferred outflows of resources	<u>13,533,031</u>	<u>11,536,834</u>	<u>1,339,347</u>	<u>997,660</u>	<u>14,872,378</u>	<u>12,534,494</u>
Liabilities:						
Long-term liabilities						
outstanding	179,335,242	146,775,491	54,862,422	51,261,318	234,197,664	198,036,809
Other liabilities	7,493,387	6,726,697	2,258,807	1,801,873	9,752,194	8,528,570
Total liabilities	<u>186,828,629</u>	<u>153,502,188</u>	<u>57,121,229</u>	<u>53,063,191</u>	<u>243,949,858</u>	<u>206,565,379</u>
Deferred inflows of resources	<u>5,030,245</u>	<u>6,245,736</u>	<u>509,181</u>	<u>572,064</u>	<u>5,539,426</u>	<u>6,817,800</u>
Net Position:						
Net investment in capital assets	70,103,209	63,844,832	66,094,327	62,432,585	136,197,536	126,277,417
Restricted	46,379,661	21,067,797	-	-	46,379,661	21,067,797
Unrestricted	(100,315,308)	(85,638,930)	24,432,773	15,125,562	(75,882,535)	(70,513,368)
Total net position	<u>\$ 16,167,562</u>	<u>\$ (726,301)</u>	<u>\$ 90,527,100</u>	<u>\$ 77,558,147</u>	<u>\$ 106,694,662</u>	<u>\$ 76,831,846</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Lincoln County exceeded liabilities and deferred inflows of resources by \$106,694,662, as of June 30, 2020. The County's net position increased by \$29,862,816, for the fiscal year ended June 30, 2020. One of the largest portions, \$136,197,536, reflects the County's net investment in capital assets (e.g. land, buildings, machinery and equipment). Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$46,379,661, represents resources that are subject to external restrictions on how they may be used.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.1%.
- Long-term liabilities increased due to the issuance of debt in the General Capital Projects fund and the Water and Sewer Fund. Also, in North Carolina counties issue debt for school construction, but school systems report the assets.
- A slight increase in ad valorem tax revenue with an increase in sales tax revenue due to a general increase in retail sales in the County.
- Continued low cost of debt due to the County's high bond rating.

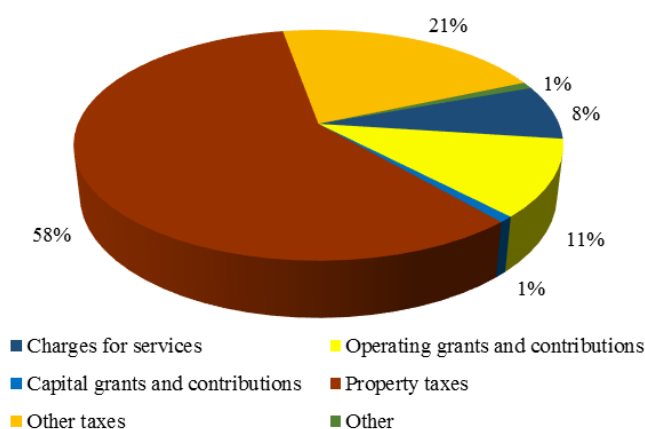
Lincoln County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 9,869,697	\$ 10,135,214	\$ 21,247,866	\$ 19,377,754	\$ 31,117,563	\$ 29,512,968
Operating grants and contributions	14,732,517	12,902,455	-	-	14,732,517	12,902,455
Capital grants and contributions	1,078,262	1,677,597	5,023,169	-	6,101,431	1,677,597
General revenues:						
Property taxes	75,590,046	66,274,755	1,099	21	75,591,145	66,274,776
Other taxes	27,551,233	24,768,392	-	-	27,551,233	24,768,392
Other	1,196,723	1,471,112	491,701	600,997	1,688,424	2,072,109
Total revenues	<u>130,018,478</u>	<u>117,229,525</u>	<u>26,763,835</u>	<u>19,978,772</u>	<u>156,782,313</u>	<u>137,208,297</u>
Expenses:						
General government	14,392,014	14,713,967	-	-	14,392,014	14,713,967
Public safety	45,254,434	38,593,663	-	-	45,254,434	38,593,663
Transportation	1,205,030	1,780,923	-	-	1,205,030	1,780,923
Economic and physical development	2,441,281	2,383,169	-	-	2,441,281	2,383,169
Culture and recreation	3,184,449	3,088,356	-	-	3,184,449	3,088,356
Education	25,393,694	22,534,222	-	-	25,393,694	22,534,222
Human services	19,054,638	17,474,267	-	-	19,054,638	17,474,267
Interest on long-term debt	2,199,075	2,362,070	-	-	2,199,075	2,362,070
Water and sewer	-	-	12,922,159	11,140,992	12,922,159	11,140,992
Solid waste	-	-	872,723	4,869,933	872,723	4,869,933
Total expenses	<u>113,124,615</u>	<u>102,930,637</u>	<u>13,794,882</u>	<u>16,010,925</u>	<u>126,919,497</u>	<u>118,941,562</u>
Change in net position	<u>16,893,863</u>	<u>14,298,888</u>	<u>12,968,953</u>	<u>3,967,847</u>	<u>29,862,816</u>	<u>18,266,735</u>
Net Position						
Beginning of year - July 1	<u>(726,301)</u>	<u>(15,025,189)</u>	<u>77,558,147</u>	<u>73,590,300</u>	<u>76,831,846</u>	<u>58,565,111</u>
End of year - June 30	<u>\$ 16,167,562</u>	<u>\$ (726,301)</u>	<u>\$ 90,527,100</u>	<u>\$ 77,558,147</u>	<u>\$ 106,694,662</u>	<u>\$ 76,831,846</u>

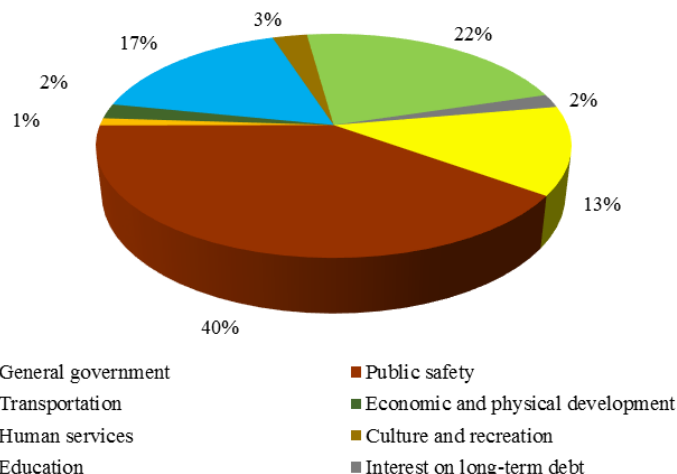
Governmental Activities. Governmental activities increased the County's net position by \$16,893,863. The key elements of this increase are as follows:

- The current year property taxes net levy increased by \$7,862,670, or 13.98%, compared to the prior year due to a rate increase and collection rate of 99.1%.
- Increased sales tax revenues of \$2,695,932, or 11.74%, as a result of implementation of voter approved Article 46 one-half of one percent sales tax, and the continued strong economy.
- Funding for public schools increased by \$2,859,472 over the previous year.
- Heavily controlled spending due to COVID-19 also influenced the positive net position.

Revenues by Source - Governmental Activities



Expenditures by Function - Governmental Activities



Business-type Activities. Business-type activities increased Lincoln County's net position by \$12,968,953. The business-type activities increase was primarily related to increased charges for services, decreased expenses and capital contributions.

Financial Analysis of the County's Fund

As noted earlier, Lincoln County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Lincoln County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Lincoln County's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Lincoln County. At the end of the current fiscal year, available fund balance of the General Fund was \$37,321,308, while total fund balance was \$45,588,705. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 34.8% of total General Fund expenditures, while total fund balance represents 42.5% of the same amount. This percentage increase is the result of controlled spending and federal revenues for COVID-19.

The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). At the end of the current fiscal year, total fund balance of the General Capital Projects Fund was

\$39,059,528, an increase of \$28,370,344. The increase is attributed to revenues and other financing resources exceeding expenditures and other financing uses. Of this increase, unexpended debt proceeds amount to \$35,733,100 for the courthouse and West Lincoln Library projects. Several projects were completed during the year from amounts transferred in previous years from the General Fund.

At June 30, 2020, the governmental funds of Lincoln County reported a combined fund balance of \$87,214,942 a 75.5% increase from last year.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget projections on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$2,319,567. The largest part of this increase, \$2,013,622, was to increase Public Safety for the purchase of equipment for the Sheriff and the Jail. The other increases were to account for grants and to carryover encumbered funds from the previous year in various departments.

Proprietary Funds. Lincoln County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water and Sewer Fund equaled \$24,824,041, and the Solid Waste Fund at the end of the fiscal year amounted to (\$391,268). The total change in net position for the two funds was \$8,704,198 and \$4,264,755, respectively. The increase in the Water and Sewer Fund is primarily due to increases in charges for services from a rate increase, as well as capital contributions and capacity fee payments. Other factors concerning the finances of these funds have already been addressed in the discussion of Lincoln County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Lincoln County's capital assets for its governmental and business-type activities as of June 30, 2020 totals \$196,807,088 (net of accumulated depreciation). These assets include land, buildings, water and sewer lines, treatment facilities, machinery and equipment, park facilities and vehicles.

Major capital asset transactions during the year include:

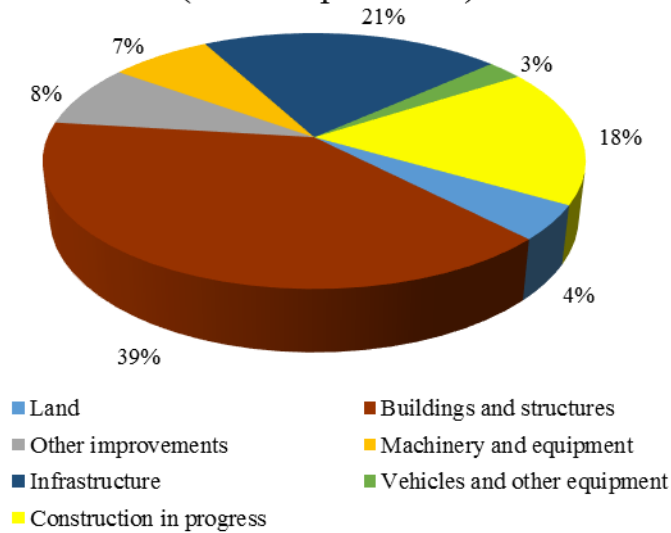
- The Health Department construction/renovation was completed.
- The West Lincoln Library construction was almost completed.
- Water Treatment Plant expansion continues.
- The new courthouse project was started.

**Lincoln County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 7,136,339	\$ 7,136,339	\$ 1,479,075	\$ 1,469,075	\$ 8,615,414	\$ 8,605,414
Buildings and structures	49,411,358	35,548,910	27,790,487	29,400,774	77,201,845	64,949,684
Other improvements	10,888,171	11,705,553	4,828,250	5,359,038	15,716,421	17,064,591
Machinery and equipment	10,168,553	4,856,076	3,960,631	3,270,501	14,129,184	8,126,577
Infrastructure	-	-	41,888,929	38,536,968	41,888,929	38,536,968
Vehicles and other equipment	4,981,709	4,287,886	-	-	4,981,709	4,287,886
Construction in progress	13,608,102	23,258,834	20,665,484	10,527,736	34,273,586	33,786,570
Total	\$ 96,194,232	\$ 86,793,598	\$ 100,612,856	\$ 88,564,092	\$ 196,807,088	\$ 175,357,690

**Lincoln County's Total Capital Assets
(net of depreciation)**



Additional information on the County's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020, Lincoln County had total general obligation bonded debt outstanding of \$39,963,000, all of which is debt backed by the full faith and credit of the County.

Lincoln County's Outstanding Debt

General Obligation Bonds

Figure 5

	Governmental Activities	
	2020	2019
General obligation bonds	\$ -	\$ 400,000
Direct placement general obligation bonds	\$ 39,963,000	\$ 46,285,000

Lincoln County's total general obligation bonded debt decreased by \$6,722,000, or 14.4%, during the past fiscal year, primarily due to paying off debt.

As of June 30, 2020, Lincoln County had total enterprise revenue bonded debt outstanding of \$21,555,000, all of which is debt backed by the revenues of the water and sewer utility system.

Enterprise Revenue Bonds

Figure 6

	Business-Type Activities	
	2020	2019
Revenue bonds	\$ 13,615,000	\$ 13,895,000
Direct placement revenue bonds	\$ 7,940,000	\$ -

Lincoln County's total enterprise revenue bonded debt increased by \$7,660,000, during the past fiscal year, due to the issuance of debt in October, 2019.

As mentioned in the financial highlight section of this document, Lincoln County, through rating confirmations, earned an Aa2 bond rating from Moody's Investor Service and maintained an AA+ rating from Standard and Poor's Corporation, and an AA rating from Fitch Ratings. Standard and Poor's Corporation rated the County's Enterprise Fund Revenue Bonds at AA. These bond ratings are a clear indication of the sound financial condition of Lincoln County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is approximately \$764,183,000.

Additional information regarding Lincoln County's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County's unemployment rate for 2019-2020 averaged approximately 3.4%, slightly lower than the State average of 4.1%.
- The Lincoln County Industrial Park now has over 3.5 million square feet representing over \$250 million in investments.
- In March 2010, Site Selection Magazine ranked the Lincolnton and Lincoln County Micropolitan Area 4th nationally for its ability to secure new and expanded corporate facility projects.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The tax rate of \$0.599 per \$100 of valuation is the 4th lowest tax rate of adjoining counties and we have the 2nd lowest tax rate among similar counties in North Carolina.
- Lincoln County had the first LEED Certified (Silver) distribution center in North Carolina, built during 2009.
- During the fiscal year, the state and the nation were affected by the spread of a coronavirus. Lincoln County's response to the coronavirus included freezing of capital expenditures, delaying any new position hires, and scrutinizing most non-recurring expenditures. We feel we have been able to mitigate much of the damage that the coronavirus could have done to the County's finances.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities. The County adopted a General Fund budget in the amount of \$112,848,445 for the fiscal year ended June 30, 2021, an increase of \$6,207,800, or 5.82%, from the fiscal year 2020 budget. The majority of the budget increases were in Public Safety and Education.

Business-type Activities. The water and sewer rates in the County increased by 5% and 15%, respectively, to assist in offsetting debt to be issued for capital projects planned for the Water Treatment Plant expansion, expansion of the Wastewater Treatment Plant and various improvements to water and sewer lines.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Lincoln County, PO Box 738, Lincolnton, North Carolina 28093.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements present a condensed overview of the financial position and results of operations of the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

Included within the Basic Financial Statements are notes intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincoln Community Friends
Assets:					
Cash and cash equivalents	\$ 49,600,111	\$ 38,518,699	\$ 88,118,810	\$ 503,062	\$ 37,008
Taxes receivable (net)	1,006,726	-	1,006,726	-	-
Accounts receivable (net)	876,234	1,530,686	2,406,920	-	-
Due from other governments	7,371,361	589,059	7,960,420	-	-
Internal balances	1,000,000	(1,000,000)	-	-	-
Inventory	-	-	-	354,028	-
Prepaid items	293,155	4,053	297,208	3,390	-
Cash and cash equivalents, restricted	37,990,017	6,562,810	44,552,827	-	-
Net pension asset	161,569	-	161,569	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	20,744,441	22,144,559	42,889,000	797,412	-
Other assets, net of depreciation	75,449,791	78,468,297	153,918,088	2,216,139	-
Total assets	194,493,405	146,818,163	341,311,568	3,874,031	37,008
Deferred Outflows of Resources:					
Pension deferrals	7,920,936	833,653	8,754,589	52,921	-
OPEB deferrals	4,551,237	505,694	5,056,931	-	-
Deferred charges, net	1,060,858	-	1,060,858	-	-
Total deferred outflows of resources	13,533,031	1,339,347	14,872,378	52,921	-
Liabilities:					
Accounts payable and other accrued liabilities	7,017,135	1,108,244	8,125,379	261,383	-
Prepaid fees	-	-	-	-	-
Liabilities to be paid from restricted assets	476,252	1,150,563	1,626,815	-	-
Long-term liabilities:					
Due within one year	13,098,501	2,656,229	15,754,730	20,605	-
Due in more than one year	166,236,741	52,206,193	218,442,934	1,045,765	-
Total liabilities	186,828,629	57,121,229	243,949,858	1,327,753	-
Deferred Inflows of Resources:					
Prepaid taxes	259,588	-	259,588	-	-
Pension deferrals	266,623	8,733	275,356	-	-
OPEB deferrals	4,504,034	500,448	5,004,482	-	-
Total deferred inflows of resources	5,030,245	509,181	5,539,426	-	-
Net Position:					
Net investment in capital assets	70,103,209	66,094,327	136,197,536	1,987,874	-
Restricted for Stabilization by State statute	42,444,100	-	42,444,100	-	-
Restricted for general government	114,123	-	114,123	-	-
Restricted for Register of Deeds' pension plan	182,522	-	182,522	-	-
Restricted for public safety	1,607,173	-	1,607,173	-	-
Restricted for transportation	274,185	-	274,185	-	-
Restricted for culture and recreation	6,592	-	6,592	-	-
Restricted for education	1,747,071	-	1,747,071	-	-
Restricted for human services	3,895	-	3,895	-	-
Restricted for working capital	-	-	-	164,851	-
Unrestricted	(100,315,308)	24,432,773	(75,882,535)	446,474	37,008
Total net position	\$ 16,167,562	\$ 90,527,100	\$ 106,694,662	\$ 2,599,199	\$ 37,008

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government	\$ 14,392,014	\$ 1,919,901	\$ 103,302
Public safety	45,254,434	6,863,023	3,982,649
Transportation	1,205,030	567,891	475,122
Economic and physical development	2,441,281	92,451	29,915
Culture and recreation	3,184,449	104,324	193,082
Education	25,393,694	-	-
Human services	19,054,638	322,107	9,948,447
Interest and fees	2,199,075	-	-
Total governmental activities	113,124,615	9,869,697	14,732,517
Business-Type Activities:			
Water and sewer	12,932,159	16,270,161	-
Solid waste	872,723	4,977,705	-
Total business-type activities	13,804,882	21,247,866	-
Total primary government	\$ 126,929,497	\$ 31,117,563	\$ 14,732,517
Component Units:			
Lincoln County ABC Board	\$ 3,803,343	\$ 4,295,784	\$ -
Lincoln Community Friends	1,500	-	11,500
Total component units	\$ 3,804,843	\$ 4,295,784	\$ 11,500

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs:	Net (Expense)Revenue and Changes in Net Position			Component Units	
	Primary Government			Lincoln County ABC Board	Lincoln Community Friends
	Governmental Activities	Business-Type Activities	Total		
Primary Government:					
Governmental Activities:					
General government	\$ (12,368,811)	\$ -	\$ (12,368,811)		
Public safety	(34,408,762)	-	(34,408,762)		
Transportation	239,545	-	239,545		
Economic and physical development	(2,318,915)	-	(2,318,915)		
Culture and recreation	(2,444,043)	-	(2,444,043)		
Education	(25,159,994)	-	(25,159,994)		
Human services	(8,784,084)	-	(8,784,084)		
Interest and fees	(2,199,075)	-	(2,199,075)		
Total governmental activities	(87,444,139)	-	(87,444,139)		
Business-Type Activities:					
Water and sewer	-	8,371,171	8,371,171		
Solid waste	-	4,104,982	4,104,982		
Total business-type activities	-	12,476,153	12,476,153		
Total primary government	\$ (87,444,139)	\$ 12,476,153	\$ (74,967,986)		
Component Units:					
Lincoln County ABC Board				\$ 492,441	\$ -
Lincoln Community Friends				-	10,000
Total component units				\$ 492,441	\$ 10,000
General Revenues:					
Ad valorem taxes	75,590,046	1,099	75,591,145	-	-
Local option sales tax	25,652,067	-	25,652,067	-	-
Utility franchise tax	200,508	-	200,508	-	-
Real estate transfer tax	1,517,698	-	1,517,698	-	-
Other taxes	180,960	-	180,960	-	-
Unrestricted intergovernmental	319,066	-	319,066	-	-
Investment earnings	877,657	491,701	1,369,358	2,072	-
Total general revenues	104,338,002	492,800	104,830,802	2,072	-
Change in net position	16,893,863	12,968,953	29,862,816	494,513	10,000
Net position, beginning	(726,301)	77,558,147	76,831,846	2,104,686	27,008
Net position, ending	\$ 16,167,562	\$ 90,527,100	\$ 106,694,662	\$ 2,599,199	\$ 37,008

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds		Nonmajor Funds	
	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 40,679,035	\$ 2,966,133	\$ 2,462,419	\$ 46,107,587
Taxes receivable, net	879,340	-	127,386	1,006,726
Accounts receivable, net	874,885	436	332	875,653
Due from other governments	5,834,715	438,900	1,097,746	7,371,361
Due from other funds	250,000	-	-	250,000
Advance to other funds	750,000	-	-	750,000
Prepaid items	256,963	-	-	256,963
Cash and cash equivalents, restricted	1,780,665	36,209,352	-	37,990,017
Total assets	<u>\$ 51,305,603</u>	<u>\$ 39,614,821</u>	<u>\$ 3,687,883</u>	<u>\$ 94,608,307</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 4,198,589	\$ 79,041	\$ 993,788	\$ 5,271,418
Liabilities to be paid from restricted assets	-	476,252	-	476,252
Total liabilities	<u>4,198,589</u>	<u>555,293</u>	<u>993,788</u>	<u>5,747,670</u>
Deferred Inflows of Resources:				
Unavailable taxes	879,340	-	127,386	1,006,726
Prepaid taxes	259,588	-	-	259,588
Unavailable revenue	379,381	-	-	379,381
Total deferred inflows of resources	<u>1,518,309</u>	<u>-</u>	<u>127,386</u>	<u>1,645,695</u>
Fund Balances:				
Non-spendable:				
Prepaid items	256,963	-	-	256,963
Restricted:				
Stabilization by State statute	8,010,434	33,330,550	1,103,116	42,444,100
General government	86,462	35,595,578	61,255	35,743,295
Public safety	1,029,534	-	577,639	1,607,173
Transportation	-	-	274,185	274,185
Culture and recreation	-	137,522	6,592	144,114
Education	1,747,071	-	-	1,747,071
Human services	-	-	3,895	3,895
Committed	2,139,910	-	1,688,809	3,828,719
Assigned	2,525,562	-	-	2,525,562
Unassigned	29,792,769	(30,004,122)	(1,148,782)	(1,360,135)
Total fund balances	<u>45,588,705</u>	<u>39,059,528</u>	<u>2,566,709</u>	<u>87,214,942</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,305,603</u>	<u>\$ 39,614,821</u>	<u>\$ 3,687,883</u>	

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:		
Total Fund Balance, Governmental Funds		87,214,942
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		96,194,232
Deferred charges related to advance refunding of long-term debt are not current financial resources and, therefore, are not reported in the funds.		
Deferred cost of refunding	\$ 1,958,809	
Less accumulated amortization	<u>(897,951)</u>	1,060,858
Net pension asset - ROD		161,569
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		3,012,905
Total pension liability - LEOSSA		(2,716,033)
Net pension liability - LGERS		(12,358,951)
Total OPEB liability		(50,150,313)
Pension related deferrals		4,641,408
OPEB related deferrals		47,203
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(114,109,945)
Accrual of interest payable for debt reported in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported in the funds.		(277,103)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.		1,386,107
An Internal Service Fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		<u>2,060,683</u>
Net position of governmental activities, per Exhibit A		<u>\$ 16,167,562</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 65,682,191	\$ -	\$ 10,038,022	\$ 75,720,213
Local option sales taxes	25,652,067	-	-	25,652,067
Other taxes and licenses	1,899,166	-	-	1,899,166
Unrestricted intergovernmental revenues	319,066	-	-	319,066
Restricted intergovernmental revenues	11,689,159	400,000	3,399,011	15,488,170
Permits and fees	3,201,589	-	-	3,201,589
Sales, service, and rents	5,647,384	-	-	5,647,384
Miscellaneous	2,897,426	43,000	127,903	3,068,329
Investment earnings	707,913	100,257	27,251	835,421
Total revenues	<u>117,695,961</u>	<u>543,257</u>	<u>13,592,187</u>	<u>131,831,405</u>
Expenditures:				
Current:				
General government	13,202,830	-	-	13,202,830
Public safety	31,515,940	-	13,006,989	44,522,929
Transportation	1,339,988	-	369,853	1,709,841
Economic and physical development	2,277,944	-	-	2,277,944
Culture and recreation	2,722,022	-	59,289	2,781,311
Education	25,393,694	-	-	25,393,694
Human services	18,005,285	-	20,524	18,025,809
Capital outlay	-	10,111,184	-	10,111,184
Debt service:				
Principal repayments	10,134,292	-	-	10,134,292
Interest	2,651,806	-	-	2,651,806
Total expenditures	<u>107,243,801</u>	<u>10,111,184</u>	<u>13,456,655</u>	<u>130,811,640</u>
Revenues over (under) expenditures	<u>10,452,160</u>	<u>(9,567,927)</u>	<u>135,532</u>	<u>1,019,765</u>
Other Financing Sources (Uses):				
Long-term debt issued	250,000	36,250,000	-	36,500,000
Transfers from other funds	1,021,788	2,210,059	1,366,891	4,598,738
Transfers to other funds	(3,576,950)	(521,788)	(500,000)	(4,598,738)
Total other financing sources (uses)	<u>(2,305,162)</u>	<u>37,938,271</u>	<u>866,891</u>	<u>36,500,000</u>
Net change in fund balances	8,146,998	28,370,344	1,002,423	37,519,765
Fund balances, beginning	<u>37,441,707</u>	<u>10,689,184</u>	<u>1,564,286</u>	<u>49,695,177</u>
Fund balances, ending	<u>\$ 45,588,705</u>	<u>\$ 39,059,528</u>	<u>\$ 2,566,709</u>	<u>\$ 87,214,942</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the Statement of Activities (Exhibit B)
are different because:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 37,519,765
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	14,101,086
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(4,267,746)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(432,706)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,975,599
Benefit payments and administrative costs for LEOSA are not included on the Statement of Activities	37,306
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,462,558
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Property taxes	(130,167)
Other fees for service	(134,689)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(185,630)
Pension expense	(5,704,290)
OPEB plan expense	(1,798,176)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	10,134,292
Accrued interest and amortization of refunding costs and premiums and amortized expenses that do not require current financial resources are not reported as expenditures in the governmental funds statement.	262,209
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	(445,548)
The issuance of long-term debt (e.g., bonds, leases) and the refunding of long-term debt provide current financial resources to governmental funds. The repayment of refunded long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reported in the Statement of Activities.	(36,500,000)
Change in net position of governmental activities	<u>\$ 16,893,863</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 63,444,858	\$ 63,449,858	\$ 65,682,191	\$ 2,232,333
Local option sales taxes	21,592,000	22,392,000	25,652,067	3,260,067
Other taxes and licenses	1,778,000	1,852,970	1,899,166	46,196
Unrestricted intergovernmental revenues	300,000	300,000	319,066	19,066
Restricted intergovernmental revenues	10,665,681	11,783,498	11,689,159	(94,339)
Permits and fees	2,586,455	2,645,355	3,201,589	556,234
Sales, service, and rents	5,025,201	4,973,461	5,647,384	673,923
Miscellaneous	548,450	721,070	2,897,426	2,176,356
Investment earnings	200,000	342,000	707,913	365,913
Total revenues	106,140,645	108,460,212	117,695,961	9,235,749
Expenditures:				
Current:				
General government	13,219,626	13,937,642	13,202,830	734,812
Public safety	29,765,570	31,779,192	31,515,940	263,252
Transportation	1,562,047	1,637,047	1,339,988	297,059
Economic and physical development	2,367,367	2,555,857	2,277,944	277,913
Culture and recreation	3,148,142	3,263,255	2,722,022	541,233
Education	24,334,124	25,431,073	25,393,694	37,379
Human services	18,183,304	18,724,980	18,005,285	719,695
Debt service:				
Principal	10,369,137	10,355,429	10,134,292	221,137
Interest and fees	2,388,098	2,651,806	2,651,806	-
Total expenditures	105,337,415	110,336,281	107,243,801	3,092,480
Revenues over (under) expenditures	803,230	(1,876,069)	10,452,160	12,328,229
Other Financing Sources (Uses):				
Long-term debt issued	-	250,000	250,000	-
Transfers from other funds	500,000	799,825	1,021,788	221,963
Transfers to other funds	(1,303,230)	(4,576,953)	(3,576,950)	1,000,003
Fund balance appropriated	-	5,403,197	-	(5,403,197)
Total other financing sources (uses)	(803,230)	1,876,069	(2,305,162)	(4,181,231)
Net change in fund balance	\$ -	\$ -	8,146,998	\$ 8,146,998
Fund balance, beginning of year			37,441,707	
Fund balance, end of year			\$ 45,588,705	

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 27,769,284	\$ 10,749,415	\$ 38,518,699	\$ 3,492,524
Accounts receivable, net	1,329,453	201,233	1,530,686	581
Due from other governments	428,361	160,698	589,059	-
Prepaid items	2,678	1,375	4,053	36,192
Cash and cash equivalents, restricted	5,544,166	1,018,644	6,562,810	-
Total current assets	35,073,942	12,131,365	47,205,307	3,529,297
Capital assets:				
Non-depreciable capital assets	20,412,553	1,732,006	22,144,559	-
Depreciable capital assets, net	71,514,976	6,953,321	78,468,297	-
Total non-current assets	91,927,529	8,685,327	100,612,856	-
Total assets	127,001,471	20,816,692	147,818,163	3,529,297
Deferred Outflows of Resources:				
Pension deferrals	500,192	333,461	833,653	-
OPEB deferrals	303,416	202,278	505,694	-
Total deferred outflows of resources	803,608	535,739	1,339,347	-
Liabilities:				
Current liabilities:				
Accounts payable and other accrued liabilities	926,454	181,790	1,108,244	1,468,614
Due to other funds	-	250,000	250,000	-
Current portion of compensated absences	78,876	40,852	119,728	-
Current portion of long-term debt	2,055,409	481,092	2,536,501	-
Liabilities to be paid from restricted assets:				
Accounts payable	725,577	308,919	1,034,496	-
Customer deposits	113,440	2,627	116,067	-
Total current liabilities	3,899,756	1,265,280	5,165,036	1,468,614
Non-current liabilities:				
Accrued landfill closure/post-closure care costs	-	7,791,135	7,791,135	-
Advance from other funds	-	750,000	750,000	-
Compensated absences	31,220	44,089	75,309	-
Net pension liability	823,930	549,287	1,373,217	-
Total OPEB liability	3,343,354	2,228,903	5,572,257	-
Long-term debt	33,360,765	4,033,510	37,394,275	-
Total non-current liabilities	37,559,269	15,396,924	52,956,193	-
Total liabilities	41,459,025	16,662,204	58,121,229	1,468,614
Deferred Inflows of Resources:				
Pension deferrals	5,240	3,493	8,733	-
OPEB deferrals	300,269	200,179	500,448	-
Total deferred inflows of resources	305,509	203,672	509,181	-
Net Position:				
Net investment in capital assets	61,216,504	4,877,823	66,094,327	-
Unrestricted	24,824,041	(391,268)	24,432,773	2,060,683
Total net position	\$ 86,040,545	\$ 4,486,555	\$ 90,527,100	\$ 2,060,683

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 15,754,353	\$ 829,081	\$ 16,583,434	\$ -
Water and sewer taps	352,911	-	352,911	-
Other operating revenues	162,897	25,523	188,420	9,399,923
Total operating revenues	16,270,161	854,604	17,124,765	9,399,923
Operating Expenses:				
Water treatment and maintenance	5,060,275	-	5,060,275	-
Sewage collection	3,032,031	-	3,032,031	-
Landfill operations	-	3,777,389	3,777,389	-
Landfill closure and post-closure costs	-	(4,033,558)	(4,033,558)	-
Other services	-	-	-	9,887,707
Depreciation	3,611,417	893,255	4,504,672	-
Total operating expenses	11,703,723	637,086	12,340,809	9,887,707
Operating income (loss)	4,566,438	217,518	4,783,956	(487,784)
Non-Operating Revenues (Expenses):				
Ad valorem taxes	1,099	-	1,099	-
Availability fee	-	3,853,775	3,853,775	-
Investment earnings	331,928	159,773	491,701	42,236
Loss on disposal of capital assets	(58,798)	(81,426)	(140,224)	-
White goods disposal tax	-	38,394	38,394	-
Tire disposal tax	-	115,250	115,250	-
Franchise fees	-	40,248	40,248	-
Solid waste disposal tax	-	70,425	70,425	-
NC electronics management fund distribution	-	5,009	5,009	-
Interest and fees	(1,169,638)	(154,211)	(1,323,849)	-
Total non-operating revenues (expenses)	(895,409)	4,047,237	3,151,828	42,236
Income (loss) before contributions	3,671,029	4,264,755	7,935,784	(445,548)
Capital contributions	5,033,169	-	5,033,169	-
Change in net position	8,704,198	4,264,755	12,968,953	(445,548)
Net position, beginning	77,336,347	221,800	77,558,147	2,506,231
Net position, ending	\$ 86,040,545	\$ 4,486,555	\$ 90,527,100	\$ 2,060,683

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 15,948,672	\$ 825,596	\$ 16,774,268	\$ 9,400,905
Cash paid for goods and services	(5,101,103)	(1,298,579)	(6,399,682)	(9,963,656)
Cash paid on behalf of employees	(2,051,757)	(2,002,319)	(4,054,076)	-
Net cash provided (used) by operating activities	8,795,812	(2,475,302)	6,320,510	(562,751)
Cash flows from noncapital financing activities:				
Ad valorem taxes	1,099	-	1,099	-
Availability Fees	-	3,853,775	3,853,775	-
White goods disposal tax	-	38,394	38,394	-
Tire disposal tax	-	115,250	115,250	-
Franchise fees	-	40,248	40,248	-
Solid waste disposal tax	-	70,425	70,425	-
NC electronics management fund distribution	-	5,009	5,009	-
Net cash provided (used) by non-capital financing activities	1,099	4,123,101	4,124,200	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(9,785,214)	(1,875,277)	(11,660,491)	-
Debt issued	7,940,000	-	7,940,000	-
Interfund loan received	-	1,000,000	1,000,000	-
Debt principal paid	(1,383,702)	(284,509)	(1,668,211)	-
Interest and fees paid	(1,169,638)	(154,211)	(1,323,849)	-
Net cash (used) by capital and related financing activities	(4,398,554)	(1,313,997)	(5,712,551)	-
Cash flows from investing activities:				
Interest on investments	331,928	159,773	491,701	42,236
Net increase (decrease) in cash and cash equivalents	4,730,285	493,575	5,223,860	(520,515)
Cash and cash equivalents - beginning	28,583,165	11,274,484	39,857,649	4,013,039
Cash and cash equivalents - ending	\$ 33,313,450	\$ 11,768,059	\$ 45,081,509	\$ 3,492,524

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 4,566,438	\$ 217,518	\$ 4,783,956	\$ (487,784)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,611,417	893,255	4,504,672	-
Amortization of deferred debt premium	(21,307)	-	(21,307)	-
Landfill closure and postclosure care costs	-	(4,033,558)	(4,033,558)	-
Change in assets, liabilities, and deferred outflows and inflows of resources:				
(Increase) decrease in receivables	(42,432)	48,685	6,253	982
(Increase) in due from other governments	(280,607)	(77,932)	(358,539)	-
(Increase) decrease in prepaid items	3,864	(1,375)	2,489	(5,925)
(Increase) decrease in deferred outflows-pension	(42,752)	32,490	(10,262)	-
(Increase) in deferred outflows-OPEB	(206,600)	(124,825)	(331,425)	-
Increase in net pension liability	243,881	85,247	329,128	-
Increase in net OPEB liability	819,807	210,066	1,029,873	-
(Decrease) in deferred inflows - pension	(4,827)	(4,560)	(9,387)	-
(Decrease) in deferred inflows - OPEB	(7,478)	(46,018)	(53,496)	-
Increase (decrease) in accounts payable	140,265	314,880	455,145	(70,024)
Increase in customer deposits	1,550	239	1,789	-
Increase in compensated absences payable	14,593	10,586	25,179	-
Total adjustments	4,229,374	(2,692,820)	1,536,554	(74,967)
Net cash provided (used) by operating activities	\$ 8,795,812	\$ (2,475,302)	\$ 6,320,510	\$ (562,751)
Non-cash investing, capital, and financing activities:				
Contributed depreciable assets, net of accumulated depreciation	\$ 5,033,169	\$ -	\$ 5,033,169	\$ -

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 421,003
Liabilities:	
Intergovernmental payable	\$ 421,003

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

The accounting policies of Lincoln County (the “County”) and its component units conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The following discretely presented component units are reported in separate columns in the County’s government-wide financial statements in order to emphasize that it is legally separate from the County. The blended component unit, although it is a legally separate entity, is in substance, part of the County’s operations.

Component Units

Discretely Presented Component Units

Lincoln County ABC Board

The members of the governing body of the Lincoln County ABC Board (the “ABC Board”) are appointed by the County. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from Huggins & Co., PO Box 680668, Charlotte, North Carolina 28216.

Lincoln Community Friends

Lincoln Community Friends, a 501(c)(3) corporation, was founded to obtain grants for Lincoln County. Lincoln Community Friends is made up of a nine-member Board, all of whom are appointed by the County Commissioners. The county can remove any member of the entity with or without cause. Lincoln Community Friends does not issue separate financial statements.

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, although interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items, such as investment earnings, are ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources of the general government, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and user fees. The primary expenditures are for public safety, economic and physical development, human services, cultural and recreational, transportation, education, and general governmental services. Debt service payments of general long-term debt are accounted for in the General Fund.

General Capital Projects Fund. The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The County reports the following non-major governmental funds:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: the Fire Districts Fund, the Law Enforcement Fund, the Federal Law Enforcement Fund, the Emergency Telephone Systems Fund, and the Special Grants Fund.

Capital Projects Funds. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The County has the following

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

nonmajor capital projects funds: the School Capital Reserve Fund and the Capital Reserve Fund. The School Capital Reserve Fund and the Capital Reserve Fund are legally adopted Capital Reserve Funds under North Carolina General Statutes. However, for statement presentation, in accordance with GASB Statement No. 54, the School Capital Reserve Fund and the Capital Reserve Fund are presented as Capital Projects Funds. The budgetary comparison for the School Capital Reserve Fund and the Capital Reserve Fund have been included in the supplemental information.

The County reports all of its enterprise funds as major:

Enterprise Funds. Lincoln County has the following enterprise funds: the Water and Sewer Fund and the Solid Waste Fund. In addition, the Water and Sewer Capital Projects Fund is consolidated with the Water and Sewer Fund for financial reporting purposes. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The County reports the following fund types:

Internal Service Funds. Internal service funds account for operations that provide services to other departments or agencies of the government or to other governments on a cost reimbursement basis. Lincoln County has two internal service funds: the Health Insurance Fund and the Workers' Compensation Fund.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for a municipality within the County; the Register of Deeds SB202 Fund, which accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage; the Inmate Trust Fund, which accounts for monies held on behalf of inmates in the County jail; and the Miscellaneous Fund, which accounts for monies deposited with various other organizations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

taxes, grants, entitlements, and donations. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting a new customer to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable is not accrued as revenue in the governmental funds statement because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County, are recognized as revenues. Other intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Capital Reserve Funds, enterprise funds and special revenue funds, except for the special revenue – Special Grants Fund. All unencumbered annual appropriations lapse at fiscal year-end. However, encumbered appropriations are re-appropriated in the ensuing year's budget. Project ordinances are adopted for the capital project funds and the special revenue – Special Grants Fund. All budgets are prepared using the modified accrual basis of accounting.

The lowest level that the budget is legally adopted is at the functional level for the General Fund, special revenue funds, and enterprise funds, and at the project level for the capital project funds. Expenditures may not legally exceed appropriations at the functional level for the General Fund, special revenue funds, and enterprise funds and at the project level for the capital project funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The County Manager may transfer up to \$50,000 between departments of the same fund. Such transfers must be reported at the next regular meeting of the Board of County Commissioners.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget process are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 – Each department manager will transmit to the Budget Officer the departmental budget requests and revenue estimates for the current year.

June 1 – The budget and budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 – The budget ordinance shall be adopted by the governing board.

Also, as required by State law, the County's Health Insurance Fund and the Workers' Compensation Insurance Fund, intra-governmental service funds, operate under a financial plan that was adopted by the governing board at the time the County's budget ordinance was approved. The financial plan was also entered into the minutes of the governing board. During the year, some changes to the original financial plan were necessary.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

Deposits and Investments. All deposits of the County are made in Board-designated official depositories and are secured as required by North Carolina G.S. 159-31. The County may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts, such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 150-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's investments are carried at fair value as determined by quoted market prices. The NCCMT, which consists of two SEC-registered funds, is authorized by G.S. 159-309(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

A central cash depository is maintained by the County to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Accounts Receivable and Payable. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Ad Valorem Taxes Receivable. In accordance with North Carolina G.S. 105.347 and G.S. 159-13(a), the County levies ad valorem taxes on all real and personal property sited within the County. Other than taxes on motor vehicles, taxes are levied on July 1 of the fiscal year and are due on September 1 (lien date); however penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Restricted Assets. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The sinking fund balance for QZAB debt is restricted for

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

the purpose of future debt retirement. The unexpended bond proceeds are classified as restricted assets, because their use is completely restricted to the purpose for which the bonds were originally issued.

Fund	Description	Amount
General Fund	QZAB Sinking Fund	\$ 1,747,071
General Fund	Unexpended proceeds	33,594
General Capital Projects Fund	Unexpended proceeds	36,209,352
Water and Sewer Capital Projects Fund	Unexpended proceeds	5,430,726
Water and Sewer Fund	Customer deposits	113,440
Solid Waste Fund	Customer deposits	2,627
Solid Waste Fund	Unexpended proceeds	1,016,017
Total restricted cash		<u>\$ 44,552,827</u>

Allowances for Doubtful Accounts. All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventory. The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for resale, and is reported at lower of cost or market.

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items for the County's governmental funds are treated using the consumption method.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Lincoln County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Lincoln County Board of Education.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	25-50 years
Infrastructure	30-50 years
Furniture and office equipment	5-20 years
Equipment	7-15 years
Vehicles	6 years
Computer software	5 years
Water and sewer lines	25-80 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet this criteria – a charge on refunding, and pension and OPEB related deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, unavailable taxes, unavailable revenue, and other pension and OPEB related deferrals.

Long-Term Obligations. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences. The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. In the County's governmental and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or b) imposed by law through State statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items – portion of fund balance that is not an available resource, because it represents prepaid amounts, which are not spendable resources. Non-spendable fund balance for prepaid items was \$256,963 at June 30, 2020.

Restricted Fund Balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – North Carolina GS 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in GS 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State Statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaid items as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for General Government – portion of fund balance restricted by State statute for unspent debt proceeds, and Register of Deeds automation enhancement (software) improvements.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety activities, such as sheriff, fire, EMS, inspections and E-911.

Restricted for Education – portion of fund balance restricted by revenue source to be used to support public education.

Restricted for Transportation – portion of fund balance restricted by revenue source to be used to support public transit activities.

Restricted for Culture and Recreation – portion of fund balance restricted by revenue sources to be used for parks and libraries.

Restricted for Human Services – portion of fund balance restricted by revenue sources to be used for human service activities, such as health administration.

Restricted fund balance at June 30, 2020 is as follows:

Purpose:	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Restricted, All Other:				
Stabilization by State statute	\$ 8,010,434	\$ 33,330,550	\$ 1,103,116	\$ 42,444,100
General Government	86,462	35,595,578	61,255	35,743,295
Public safety	1,029,534	-	577,639	1,607,173
Transportation	-	-	274,185	274,185
Culture and recreation	-	137,522	6,592	144,114
Education	1,747,071	-	-	1,747,071
Human Services	-	-	3,895	3,895
	<u>\$ 10,873,501</u>	<u>\$ 69,063,650</u>	<u>\$ 2,026,682</u>	<u>\$ 81,963,833</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds less payables from these proceeds of \$35,766,694 and Register of Deeds' Pension Plan of \$182,522 for a net difference of \$35,584,172.

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government – portion of fund balance budgeted by the Board to be used for future traffic flow studies in various areas of the County.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Committed for Public Safety – portion of fund balance budgeted by the Board of Commissioners for construction of a new animal shelter and an emergency services facility.

Committed for Education – portion of fund balance budgeted by the Board of Commissioners to be used for future capital projects.

Committed fund balance at June 30, 2020 is as follows:

Purpose:	General Fund	Other Governmental Funds
General government	\$ 1,170,257	\$ -
Future Capital Projects-Public Safety	-	1,065,000
Future Capital Projects-Education	969,653	623,809
	\$ 2,139,910	\$ 1,688,809

Assigned Fund Balance. Portion of fund balance that the county intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The County Manager and the Finance Director, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Assigned fund balance at June 30, 2020 is as follows:

Purpose:	General Fund
Subsequent year's expenditures	\$ 2,525,562

Unassigned Fund Balance. Represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

Lincoln County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: debt proceeds, federal funds, State funds, local non-County funds, and/or County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Lincoln County has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of expenditures.

In accordance with North Carolina G.S. 159-8(a), appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. Accordingly, fund balance available for appropriation is calculated net of this stabilization by State statute amount.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance, General Fund	\$ 45,588,705
Less:	
Prepays	(256,963)
Stabilization for State statute	(8,010,434)
Fund balance available for appropriation	<u>\$ 37,321,308</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	General Fund	General Capital Projects Fund	Other Governmental Funds
Encumbrances	<u>\$ 680,215</u>	<u>\$ 32,891,214</u>	<u>\$ 5,038</u>

Other Resources. The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as “Transfers – Out” in the General Fund and “Transfers – In” in the receiving fund.

Use of Estimates. The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Deposits and Investments.

A. Deposits

All of the County’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the deferral depository insurance coverage are collateralized with securities held by the County’s agent in the County’s name. Under the Pooling Method, a collateral pool was created, and all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County’s agent in the County’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Carrying amount of the County's deposits with banks was \$21,434,034. Balances with banks equaled \$21,513,398. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$20,513,398 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The total amount of cash on hand and petty cash was \$50,137.

B. Investments

At June 30, 2020, the County's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 46,187,640	N/A	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value - Level 1	852,031	\$ 852,031	\$ -
US government agencies	Fair Value - Level 2	2,912,872	2,912,872	-
Commercial Paper	Fair Value - Level 2	61,655,926	56,667,637	4,988,289
Total investments		<u>\$ 111,608,469</u>	<u>\$ 60,432,540</u>	<u>\$ 4,988,289</u>

*As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Interest Rate Risk. Lincoln County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020 the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina G.S. 159-30 as amended. The County's investments in US government agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. The County has a policy that investments will be diversified to alleviate the risk of over concentration of assets in a specific issuer or a specific class of securities. More than 5% of the County's investments in commercial paper are in Toyota, and US Bank National Association. These investments are 7.16% and 39.14%, respectively, of the County's total investments.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 3. Receivables

A. Detail

Receivables at the government-wide level at June 30, 2020 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General Fund	\$ 1,499,971	\$ 1,758,213	\$ 5,834,715	\$ 9,092,899
General Capital Projects Fund	-	436	438,900	439,336
Other governmental Funds	202,832	332	1,097,746	1,300,910
Total receivables	1,702,803	1,758,981	7,371,361	10,833,145
Allowance for doubtful accounts	(696,077)	(882,747)	-	(1,578,824)
Total governmental activities	<u>\$ 1,006,726</u>	<u>\$ 876,234</u>	<u>\$ 7,371,361</u>	<u>\$ 9,254,321</u>
Business-type activities:				
Water and Sewer Fund	\$ 5,461	\$ 1,879,863	\$ 428,361	\$ 2,313,685
Solid Waste Fund	-	287,447	160,698	448,145
Total receivables	5,461	2,167,310	589,059	2,761,830
Allowance for doubtful accounts	(5,461)	(636,624)	-	(642,085)
Total business-type activities	<u>\$ -</u>	<u>\$ 1,530,686</u>	<u>\$ 589,059</u>	<u>\$ 2,119,745</u>

The total due from other governments consists of the following:

Governmental activities	\$ 7,371,361
Business-type activities	589,059
Total due from other governments	<u>\$ 7,960,420</u>
Local option sales tax	\$ 4,259,007
Various federal and state grants	1,236,251
Local reimbursements and utility revenues	53,103
White goods disposal tax	9,848
Scrap tire tax	25,751
Solid waste disposal tax	16,820
Sales tax reimbursements	1,743,230
Vehicle tax system	616,410
Total due from other governments	<u>\$ 7,960,420</u>

B. Property Tax – Use-Value Assessment on Certain Lands

In accordance with general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. The amounts have not been recorded in the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Year Levied	Tax	Interest	Total
2017	1,963,653	466,368	2,430,021
2018	1,941,781	286,413	2,228,194
2019	2,184,273	125,596	2,309,869
2020	2,172,107	-	2,172,107
Total	<u>\$8,261,814</u>	<u>\$ 878,377</u>	<u>\$9,140,191</u>

Note 4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 7,136,339	\$ -	\$ -	\$ -	\$ 7,136,339
Construction in Progress	23,258,834	10,180,048	(153,448)	(19,677,332)	13,608,102
Total Capital Assets Not Being Depreciated	<u>30,395,173</u>	<u>10,180,048</u>	<u>(153,448)</u>	<u>(19,677,332)</u>	<u>20,744,441</u>
Capital Assets Being Depreciated:					
Buildings	50,481,587	-	(573,034)	15,099,449	65,008,002
Improvements	16,645,085	47,828	(305,310)	-	16,387,603
Equipment	14,853,163	2,033,693	(2,513,902)	4,577,883	18,950,837
Vehicles and motorized equipment	15,255,025	1,839,517	(3,667,330)	-	13,427,212
Total Capital Assets Being Depreciated	<u>97,234,860</u>	<u>3,921,038</u>	<u>(7,059,576)</u>	<u>19,677,332</u>	<u>113,773,654</u>
Less: Accumulated depreciation for:					
Buildings	(14,932,677)	(1,168,653)	509,091	(4,405)	(15,596,644)
Improvements	(4,939,532)	(674,589)	110,284	4,405	(5,499,432)
Equipment	(9,997,087)	(1,299,099)	2,513,902	-	(8,782,284)
Vehicles and motorized equipment	(10,967,139)	(1,125,405)	3,647,041	-	(8,445,503)
Total accumulated depreciation	<u>(40,836,435)</u>	<u>(4,267,746)</u>	<u>6,780,318</u>	<u>-</u>	<u>(38,323,863)</u>
Total capital assets being depreciated, net:	<u>56,398,425</u>				<u>75,449,791</u>
Governmental Activities Capital assets, net	<u>\$86,793,598</u>				<u>\$96,194,232</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	\$ 828,427	\$ 10,000	\$ -	\$ -	\$ 838,427
Construction in Progress	10,527,736	9,438,016	(14,700)	(376,926)	19,574,126
Total Capital Assets Not Being Depreciated	11,356,163	9,448,016	(14,700)	(376,926)	20,412,553
Capital Assets Being Depreciated:					
Buildings	41,863,779	-	(76,200)	-	41,787,579
Improvements	938,198	-	(2,737)	-	935,461
Water lines	42,327,915	901,848	-	-	43,229,763
Sewer lines	21,248,808	4,148,755	-	-	25,397,563
Vehicles and motorized equipment	5,327,692	319,764	(856,448)	376,926	5,167,934
Total Capital Assets Being Depreciated:	111,706,392	5,370,367	(935,385)	376,926	116,518,300
Less: Accumulated depreciation for:					
Buildings	(12,765,230)	(1,567,782)	45,498	-	(14,287,514)
Improvements	(420,952)	(40,898)	2,737	-	(459,113)
Water lines	(18,565,500)	(1,047,733)	-	-	(19,613,233)
Sewer lines	(6,474,255)	(650,909)	-	-	(7,125,164)
Vehicles and motorized equipment	(4,057,257)	(304,095)	843,052	-	(3,518,300)
Total accumulated depreciation	(42,283,194)	(3,611,417)	891,287	-	(45,003,324)
Total capital assets being depreciated, net:	69,423,198				71,514,976
Water & Sewer Fund Capital assets, net	80,779,361				91,927,529
Solid Waste Fund:					
Capital Assets Not Being Depreciated:					
Land	640,648	-	-	-	640,648
Construction in Progress	-	1,091,358	-	-	1,091,358
Total Capital Assets Being Depreciated:	640,648	1,091,358	-	-	1,732,006
Capital Assets Being Depreciated:					
Buildings	590,143	-	-	-	590,143
Improvements	14,942,870	34,564	-	-	14,977,434
Machinery, equip, & vehicles	9,360,047	749,355	(3,066,651)	-	7,042,751
Total Capital Assets Being Depreciated	24,893,060	783,919	(3,066,651)	-	22,610,328
Less: Accumulated depreciation for:					
Buildings	(287,918)	(11,803)	-	-	(299,721)
Improvements	(10,101,078)	(524,454)	-	-	(10,625,532)
Machinery, equip, & vehicles	(7,359,981)	(356,998)	2,985,225	-	(4,731,754)
Total accumulated depreciation	(17,748,977)	(893,255)	2,985,225	-	(15,657,007)
Total capital assets being depreciated, net:	7,144,083				6,953,321
Solid Waste Fund capital assets, net	7,784,731				8,685,327
Business-type activities capital assets, net	\$ 88,564,092				\$100,612,856

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 1,267,958
Public Safety	1,932,535
Economic and Physical Development	187,203
Human Services	245,739
Transportation	116,031
Culture & Recreation	518,280
Total	<u>\$ 4,267,746</u>

Business-Type Activities

Water and sewer	\$ 3,611,417
Solid Waste	893,255
	<u>\$ 4,504,672</u>

Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Water & Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Business-type Activities</u>
Capital assets, net	\$ 96,194,232	\$ 91,927,529	\$ 8,685,327	\$ 100,612,856
Long-term debt outstanding	(111,744,429)	(35,416,174)	(4,514,602)	(39,930,776)
School debt for which the County does not hold asset title	47,676,531	-	-	-
Premium on school related debt	2,234,912	-	-	-
Discount on school related debt	(24,731)	-	-	-
Unspent debt proceeds	35,766,694	4,705,149	707,098	5,412,247
Total related debt	<u>(26,091,023)</u>	<u>(30,711,025)</u>	<u>(3,807,504)</u>	<u>(34,518,529)</u>
Net investment in capital assets	<u>\$ 70,103,209</u>	<u>\$ 61,216,504</u>	<u>\$ 4,877,823</u>	<u>\$ 66,094,327</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 5. Liabilities

A. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ 2,322,801	\$ 1,055,838	\$ 277,103	\$ 2,288,564	\$ 5,944,306
General Capital Projects Fund	79,041	-	-	-	79,041
Other governmental Funds	862,189	-	-	131,599	993,788
Total governmental activities	<u>\$ 3,264,031</u>	<u>\$ 1,055,838</u>	<u>\$ 277,103</u>	<u>\$ 2,420,163</u>	<u>\$ 7,017,135</u>
Business-type activities:					
Water and Sewer Fund	\$ 357,954	\$ 63,710	\$ 452,423	\$ 52,367	\$ 926,454
Solid Waste Fund	91,539	49,162	41,089	-	181,790
Total business-type activities	<u>\$ 449,493</u>	<u>\$ 112,872</u>	<u>\$ 493,512</u>	<u>\$ 52,367</u>	<u>\$ 1,108,244</u>

Construction Commitments

The government has active construction projects as of June 30, 2020. At that date, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Development Services Renovation	\$ 1,360,653	\$ 3,604
PSAP Building	4,223,366	347,358
Animal Services Expansion	132,846	1,001,479
Courthouse Construction	3,271,164	36,078,836
West Lincoln Library	4,334,128	663,872
West Lincoln Passive Park	22,510	377,490
Dog Park	95,917	11,083
NC 16 Waterline Phase II	644,492	555,508
St James/Kidville Waterline	29,747	1,170,253
Water Transmission Line	175,724	5,924,276
Water Treatment Plant Expansion	11,487,665	3,189,993
Highway 73 Waterline	5,585,104	3,017,168
Reepsville Road Waterline	468,356	81,644
Hovis Road Sewer Rework	16,000	234,000
Wastewater Treatment Plant Exp	1,167,038	31,519,462
Total	<u>\$ 33,014,710</u>	<u>\$ 84,176,026</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

B. Long-Term Debt

General Obligation Indebtedness. All general obligation bonds serviced by the County's General Fund are backed by the full-faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Each issuance has been collateralized by the asset being financed.

The County's general obligation bonds at June 30, 2020 are comprised of the following issues:

Governmental Activities:

Direct Placement General Obligation Bonds

\$12,360,000 2012 Advance Refunding School serial bonds, due in annual installments ranging from \$105,000 to \$1,200,000 through June 1, 2023; interest rates from 2.00% to 3.00%; interest payments due June 1 and December 1	\$ 5,990,000
\$17,895,000 2012A Advance Refunding School serial bonds, due in annual installments ranging from \$100,000 to \$3,195,000 through June 1, 2024; interest rates from 2.00% to 4.00% due June 1 and December 1	11,050,000
\$17,405,000 2011A School Refunding bonds, due in annual installments of \$55,000 to \$3,240,000 through June 1, 2021; interest rates from 2.00% to 5.00% interest payments due June 1 and December 1	985,000
\$13,190,000 2017 School Refunding issued to refund the 2010B and 2011B bonds, due in annual installments from \$124,000 to \$2,095,000 through June, 2029; interest at 2.29%; interest payments due June 1 and December 1	12,448,000
\$10,230,000 2019 School Refunding issued to refund the 2010A School and Public Facilities Bond, due in annual installments of \$685,000 to \$1,845,000 through June, 2027; interest at 5%, interest payments due June 1 and December 1	<u>9,490,000</u>
Total direct placement general obligation bonds	<u><u>39,963,000</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Revenue Bond Indebtedness. All enterprise revenue bonds serviced by the County's Water and Sewer Fund are backed by the revenues of the water and sewer utility system. Principal and interest requirements are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Each issuance has been collateralized by the revenues of the utility system.

The County's revenue bonds at June 30, 2020 are comprised of the following issues:

Business-type Activities:

Revenue Bonds

\$13,895,000 2018 Enterprise Revenue Bonds, due in annual installments ranging from \$280,000 to \$825,000 through August 1, 2043; interest rates from 3.25% to 5.00%; interest payments due August 1 and February 1	13,615,000
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Direct Placement Revenue Bonds

\$7,940,000 2019 Enterprise Revenue Bonds, due in annual installments ranging from \$243,000 to \$509,000 through August 1, 2039; interest rate of 2.65%; interest payments due August 1 and February 1	<u>7,940,000</u>
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Total revenue bonds Water and Sewer Fund	<u><u>\$ 21,555,000</u></u>
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Installment Purchase Agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchases. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Each issuance has been collateralized by the asset being financed. Installment purchase contracts at June 30, 2020, are comprised of the following individual agreements:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Governmental Activities:

General Fund:

Direct Placements:

\$2,000,000 2005 Qualified Zone Academy installment purchase contract for school building improvements due September 15, 2021. The contract requires fifteen annual sinking fund installments of \$104,315 to be invested. If investment earnings do not result as projected, the County will pay the amount required for the total funds to equal \$2,000,000 on September 15, 2021	\$ 2,000,000
\$7,845,000 2013 School Refunding installment contract issued to partially refund the 2006 COPS; due in annual installments from \$93,000 to \$1,078,000 through June 1, 2027; interest from 1.776% to 2.520%; interest payments due June 1 and December 1	7,119,000
\$1,650,000 2008 State Revolving Loan issued for water source protection and passive park; due in annual installments of \$82,500 through May 1, 2028; interest at 1.00%; interest payments due November 1 and May 1	660,000
\$11,139,000 2017 installment financing contract, issued to fund the Health Department renovation and VIPER construction, due in annual installments from \$441,000 to \$1,240,000 through October, 2032; interest at 2.35%; interest payments due April 1 and October 1	8,763,000
\$6,115,000 2014 installment financing contract, issued to fund various capital projects; due in semi-annual installments of \$216,667, plus interest at 3.02%; through June 26, 2029	3,668,960
\$8,858,000 2016 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from \$280,000 to \$646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15	1,774,000
\$11,511,000 2019 installment financing contract, issued to fund various capital projects in the General Fund and Solid Waste Fund; due in semi annual installments of \$768,000 through April, 2034; interest at 3.04%	8,876,438
\$36,500,000 2020 installment financing contract, issued to fund the construction of a new Courthouse; due in semi annual installments of \$1,825,000 through June 1, 2020; interest at 2.70%	<u>36,500,000</u>
Total governmental activities	<u>69,361,398</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Business-Type Activities:

Water and Sewer Fund:

Direct Borrowings:

\$387,438 Federal Revolving Loan issued for water system improvements; due in annual installments of \$22,790 through May 1, 2022; interest at 2.66%; interest payments due November 1 and May 1	45,581
\$520,430 Federal Revolving Loan issued for water system improvements; due in annual installments of \$30,614 through May 1, 2022; interest at 2.66%; interest payments due November 1 and May 1	61,227
\$2,295,067 Federal Revolving Loan issued for water system improvements; due in annual installments of \$135,004 through May 1, 2024; interest at 2.66%; interest payments due November 1 and May 1	540,016
\$17,500,000 Federal Revolving Loan issued for sewer system improvements; due in annual installments of \$850,175 through May 1, 2030; interest at 2.48%; interest payments due November 1 and May 1	<u>9,625,000</u>
Total direct borrowings	<u>10,271,824</u>

Direct Placements:

\$8,858,000 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from \$280,000 to \$646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15	<u>3,078,000</u>
Total Water and Sewer Fund	<u>13,349,824</u>

Solid Waste Fund:

Direct Placements:

\$385,000 Contract for land and vehicles, due in semi-annual installments of \$216,667; interest at 3.02%, through June 26, 2029	231,039
\$11,511,000 2019 installment financing contract, issued to fund various capital projects in the General Fund and Solid Waste Fund; due in semi annual installments of \$768,000 through April, 2034; interest at 3.04%	1,866,563
\$8,858,000 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from \$280,000 to \$646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15	<u>2,417,000</u>
Total Solid Waste Fund	<u>4,514,602</u>
Total business-type activities	<u>17,864,426</u>
Total direct borrowings and direct placements	<u>\$ 87,225,824</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes in Long-Term Debt. The following is a summary of changes in long-term debt for the year ended June 30, 2020:

Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -
Direct placement general obligation bonds					
Direct placement	46,285,000	-	6,322,000	39,963,000	6,646,000
Premium	2,937,988	-	470,601	2,467,387	-
Discount	(27,479)	-	(2,748)	(24,731)	-
Total direct placement general obligation bonds	49,195,509	-	6,789,853	42,405,656	6,646,000
Direct placement installment purchase					
Direct placement	36,273,690	36,500,000	3,412,292	69,361,398	5,341,742
Discount	(24,366)	-	(1,741)	(22,625)	-
Total direct placement installment purchase	36,249,324	36,500,000	3,410,551	69,338,773	5,341,742
Compensated absences	2,179,886	1,352,078	1,166,448	2,365,516	1,110,759
Net pension liability (LGERS)	10,556,901	1,802,050	-	12,358,951	-
Total pension liability (LEOSSA)	2,265,319	450,714	-	2,716,033	-
Net OPEB liability	45,928,552	4,221,761	-	50,150,313	-
Total governmental activities	<u>\$ 146,775,491</u>	<u>\$ 44,326,603</u>	<u>\$ 11,766,852</u>	<u>\$ 179,335,242</u>	<u>\$ 13,098,501</u>
Business-type activities:					
Water and Sewer Fund:					
Bonds payable					
Revenue bonds	\$ 13,895,000	\$ -	\$ 280,000	\$ 13,615,000	\$ 600,000
Premium	532,657	-	21,307	511,350	-
Total revenue bonds	14,427,657	-	301,307	14,126,350	600,000
Direct placement revenue bonds	-	7,940,000	-	7,940,000	243,000
Direct borrowings	11,335,232	-	1,063,408	10,271,824	1,063,409
Direct placement installment purchase	3,118,294	-	40,294	3,078,000	149,000
Compensated absences	95,503	101,521	86,928	110,096	78,876
Net pension liability (LGERS)	580,049	243,881	-	823,930	-
Net OPEB liability	2,523,547	819,807	-	3,343,354	-
Total Water and Sewer Fund	<u>32,080,282</u>	<u>9,105,209</u>	<u>1,491,937</u>	<u>39,693,554</u>	<u>2,134,285</u>
Solid Waste Fund:					
Direct placement installment purchase	4,799,111	-	284,509	4,514,602	481,092
Accrued landfill closure and post-closure care costs	11,824,693	-	4,033,558	7,791,135	-
Compensated absences	74,355	36,107	25,521	84,941	40,852
Net pension liability (LGERS)	464,040	85,247	-	549,287	-
Net OPEB liability	2,018,837	210,066	-	2,228,903	-
Total Solid Waste Fund	<u>19,181,036</u>	<u>331,420</u>	<u>4,343,588</u>	<u>15,168,868</u>	<u>521,944</u>
Total business-type activities	<u>\$ 51,261,318</u>	<u>\$ 9,436,629</u>	<u>\$ 5,835,525</u>	<u>\$ 54,862,422</u>	<u>\$ 2,656,229</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Compensated absences, net pension obligation, and OPEB liabilities typically have been liquidated in the General Fund for governmental activities. Compensated absences are accounted for on a FIFO Basis, assuming that employees are taking leave time as it is earned.

At June 30, 2020, Lincoln County had a legal debt margin of approximately \$764,183,000.

Revenue Bonds. In October, 2018, the County issued \$13,895,000 Enterprise System Revenue Bonds to finance capital improvements at the Water Treatment Plant. With interest rates between 3.25% and 5%, the interest on the bonds is payable on February 1 and August 1. The revenue bonds, which mature on August 1, 2043 are reported in the Water and Sewer Fund because the principal and interest on the bonds are payable from the net revenues of the Water and Sewer Fund. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Security for the Revenue Bonds are the revenues of the utility system.

In August, 2019, the County issued \$7,940,000 Enterprise System Revenue Bonds to finance capital improvements for water line improvements. The interest rate of 2.65% is payable on February 1 and August 1. The revenue bonds, which mature on August 1, 2039 are reported in the Water and Sewer Fund because the principal and interest on the bonds are payable from the net revenues of the Water and Sewer Fund. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order. In the event of a default, the county agrees to pay the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Security for the Revenue bonds are the revenues of the utility system.

Revenue bond debt service requirements to maturity are as follows:

Year Ending		
June 30	Principal	Interest
2021	\$ 843,000	\$ 824,467
2022	946,000	724,434
2023	664,000	691,704
2024	693,000	665,498
2025	717,000	638,180
2026-2030	4,046,000	2,738,209
2031-2035	4,836,000	1,950,315
2036-2040	5,690,000	1,090,959
2041-2045	3,120,000	243,413
Total	<u>\$ 21,555,000</u>	<u>\$ 9,567,179</u>

The County is in compliance with the covenants as to rates, fees, rentals and charges in Section 7.4 of the Bond Order authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2018 and Series 2019. Section 7.4(a) of the Bond Order requires the debt service coverage ratio to be no less than 120% of the

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Revenue Bond debt service for the year. In addition, Section 7.4(b) of the Bond Order also requires that the debt service coverage ratio be no less than 100% of the Long Term Debt Service Requirement for Parity Indebtedness, Subordinated Indebtedness, System G.O. Indebtedness and System Other Indebtedness for such Fiscal Year.

The debt service coverage ratio calculations for the year ended June 30, 2020, is as follows:

Revenue Bond Statistics:

Operating revenues	\$ 16,270,161
Operating expenses*	<u>8,092,306</u>
Operating income	8,177,855
Nonoperating revenues (expenses)	<u>(895,409)</u>
Income available for debt service	7,282,446
15% of unrestricted net position of System	<u>3,723,606</u>
Available for debt service	<u>\$ 11,006,052</u>
Debt service, principal and interest paid (Revenue bond only)	\$ 850,000
Debt service coverage ratio	1294.83%

*Per rate covenants, this does not include the depreciation expense of \$3,611,417.

Total debt service coverage ratio:

Operating revenues	\$ 16,270,161
Operating expenses*	<u>8,092,306</u>
Operating income	8,177,855
Nonoperating revenues (expenses)	<u>(895,409)</u>
Income available for debt service	<u>\$ 7,282,446</u>
Debt service, principal and interest paid	\$ 2,300,801
Debt service coverage ratio	316.52%

*Per rate covenants, this does not include the depreciation expense of \$3,611,417.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Future Maturities for Long-Term Indebtedness. The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences, law enforcement officers' unfunded retirement contribution, other post-employment benefits, and accrued landfill closure/post-closure care costs):

	Direct Placement General Obligation Bonds		Direct Borrowings		Direct Placement Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:						
2021	\$ 6,646,000	\$ 1,332,484	\$ -	\$ -	\$ 5,341,742	\$ 1,846,608
2022	6,644,000	1,119,944	-	-	7,335,742	1,640,993
2023	6,547,000	912,639	-	-	5,328,742	1,501,270
2024	6,354,000	708,294	-	-	4,647,742	1,369,714
2025	3,591,000	465,377	-	-	4,628,742	1,246,402
2026-2030	10,181,000	629,284	-	-	19,242,740	4,480,366
2031-2035	-	-	-	-	13,502,948	2,264,814
2036-2040	-	-	-	-	9,333,000	743,971
Total	<u>\$ 39,963,000</u>	<u>\$ 5,168,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,361,398</u>	<u>\$ 15,094,138</u>

	Revenue Bonds		Direct Placement Revenue Bonds		Direct Borrowings		Direct Placement Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-Type Activities:								
2021	\$ 600,000	\$ 552,400	\$ 243,000	\$ 272,067	\$ 1,063,409	\$ 255,907	\$ 630,092	\$ 185,059
2022	630,000	524,650	316,000	199,784	1,063,407	229,196	641,092	169,128
2023	340,000	500,400	324,000	191,304	1,010,004	202,483	652,092	152,941
2024	360,000	482,900	333,000	182,598	1,010,004	177,192	664,092	136,486
2025	375,000	464,525	342,000	173,655	875,000	151,900	676,092	119,752
2026-2030	2,195,000	2,012,625	1,851,000	725,584	4,375,000	434,000	2,380,089	378,067
2031-2035	2,720,000	1,487,175	2,116,000	463,140	875,000	21,700	1,520,053	145,046
2036-2040	3,275,000	927,600	2,415,000	163,359	-	-	429,000	10,054
2041-2045	3,120,000	243,413	-	-	-	-	-	-
Total	<u>\$ 13,615,000</u>	<u>\$ 7,195,688</u>	<u>\$ 7,940,000</u>	<u>\$ 2,371,491</u>	<u>\$ 10,271,824</u>	<u>\$ 1,472,378</u>	<u>\$ 7,592,602</u>	<u>\$ 1,296,533</u>

Debt Related to Capital Activities

Of the total governmental activities debt listed, \$61,647,867 relates to assets to which the County holds title, while the remaining \$47,676,531 is related to assets owned and utilized by the school system. Unspent restricted cash related to this debt amount amounts to \$35,733,100.

Advance Refunding

On November 17, 2015 the County issued \$5,244,000 in installment debt for the purpose of an advance refunding of the Series 2006 Certificates of Participation in the amount of \$4,905,000. The proceeds were placed in an irrevocable trust to be used for all future debt service payments. As a result, the certificates of participation are considered to be defeased, and the liability has been removed from the governmental

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$236,066. This amount is being netted against the new debt and amortized over the life of the refunded debt. This refunding is related to assets owned and utilized by the school system. This advance refunding was undertaken to reduce total debt service payments over the next four years by \$218,811 and resulted in an economic gain of \$102,934.

On August 21, 2017 the County issued \$13,190,000 in installment debt for the purpose of an advance refunding of the Series 2010B and 2011B General Obligation bonds in the amount of \$12,175,000. The proceeds were placed in an irrevocable trust to be used for all future debt service payments. As a result, the Bonds are considered to be defeased, and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$874,827. This amount is being netted against the new debt and amortized over the life of the refunded debt. This refunding is related to assets owned and utilized by the school system. This advance refunding was undertaken to reduce total debt service payments over the life of the debt by \$845,360 and resulted in an economic gain of \$743,226.

Refunding

On June 19, 2019 the County issued \$10,230,000 general obligation current refunding bonds to provide resources to refund \$11,800,000 general obligation bonds, Series 2010A, dated February 9, 2010. As a result, the refunded bonds are defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$236,753. The refunding was undertaken to reduce total debt service payments by \$1,138,336 and resulted in an economic gain of \$1,063,694.

Note 6. Pension Plan Obligations

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Plan (RODSPF) (collectively, the "State-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the State-administered defined benefit pension plans and additions to/deductions from the State administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the State-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the State-administered defined benefit pension plans.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

A. Local Governmental Employees' Retirement System

Plan Description. The County and the Airport Authority are participating employers in the State-wide Local Governmental Employees' Retirement system (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, and the State Superintendent, who serve as ex-officio members. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service, or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service, or within 180 days of their last day of service, and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty), or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service, and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as an LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Lincoln County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Lincoln County's contractually required contribution rate for the year ended June 30, 2020

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

was 9.7% of compensation for law enforcement officers and 9.03% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from Lincoln County were \$3,296,009 for the year ended June 30, 2020.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$13,732,168 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing the updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the County's proportion was 0.50284%, which was an increase of 0.01383% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$6,125,439. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,351,295	\$ -
Changes of assumptions	2,238,116	-
Net difference between projected and actual earnings on pension plan investments	334,947	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	116,158	87,326
County contributions subsequent to the measurement date	3,296,009	-
Total	<u>\$ 8,336,525</u>	<u>\$ 87,326</u>

\$3,296,009 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Year Ending June 30	Amount
2021	\$ 2,436,870
2022	760,863
2023	1,345,942
2024	409,515
2025	-
Thereafter	-
Total	<u>\$ 4,953,190</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projects are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.0%) or one-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 31,407,980	\$ 13,732,168	\$ (960,012)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

B. Law Enforcement Officers' Special Separation Allowance

Description. Lincoln County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined-benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual base rate of compensation multiplied by total creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. North Carolina G.S. 143-12D assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	111
Total	115

A separate report was not issued for the plan.

Summary of Significant Accounting Policies. *Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.50 - 7.35% including inflation and productivity factor
Discount rate	3.26%

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contribution Requirements and Contributions Made. The County is required by North Carolina G.S. 143-12D to provide these retirement benefits and has chosen to fund benefit payments on a pay-as-you-go basis through appropriations in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established by statute and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investments earnings. The County paid \$90,586 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a total pension liability of \$2,716,033. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$247,709.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,321	\$ 96,492
Changes of assumptions	149,889	81,943
County benefit payments and plan administrative expense made subsequent to the measurement date	37,306	-
Total	<u>\$ 387,516</u>	<u>\$ 178,435</u>

\$37,306, reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Year Ending June 30	Amount
2021	\$ 28,618
2022	28,618
2023	33,999
2024	20,965
2025	52,721
Thereafter	6,854
Total	<u>\$ 171,775</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.26 percent) or one-percentage-point higher (4.26 percent) than the current rate.:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 2,951,798</u>	<u>\$ 2,716,033</u>	<u>\$ 2,502,006</u>

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2020
Beginning balance	\$ 2,265,319
Service cost	137,311
Interest on the total pension liability	80,809
Difference between expected and actual experience	239,370
Changes of assumptions and other inputs	83,810
Benefit payments	(90,586)
Ending balance of the total pension liability	<u>\$ 2,716,033</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64% at December 31, 2018 to 3.26% at December 31, 2019.

Change in benefit terms. Reported compensation was adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

C. Supplemental Retirement Income Plan for Law Enforcement Officers

The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. North Carolina G.S. 135-5 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

North Carolina G. S. 143-12E requires the County to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$402,628, which consisted of \$313,819 from the County and \$88,809 from the law enforcement officers. No amounts were forfeited.

D. Registers of Deeds’ Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, and the State Superintendent, who serve as ex-officio members. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual’s benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual’s eligibility is based on at least 10 years of service as a register of deeds with the individual’s share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary’s required

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$9,191 for the year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported an asset of \$161,569 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was 0.81840%, which was a decrease of 0.13562% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$11,629. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,791
Changes of assumptions	-	-
Net different between projected and actual earnings on pension plan investments	1,653	-
Changes in proportion and differences between County contributions and proportionate share of contributions	19,704	1,804
County contributions subsequent to the measurement date	9,191	-
Total	<u>\$ 30,548</u>	<u>\$ 9,595</u>

\$9,191, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Year Ending	
June 30	Amount
2021	\$ 1,621
2022	8,163
2023	5,169
2024	(3,191)
2025	-
Thereafter	-
Total	<u>\$ 11,762</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one-percentage-point lower (2.75%) or one-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (133,555)	\$ (161,569)	\$ (185,253)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 13,732,168	\$ (161,569)	\$ -	\$ 13,570,599
Proportion of the Net Pension Liability (Asset)	0.50284%	(0.8184%)	n/a	n/a
Total Pension Liability	-	-	2,716,033	2,716,033
Pension Expense	\$ 6,125,439	\$ 11,629	\$ 247,709	\$ 6,384,777

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 2,351,295	\$ -	\$ 200,321	\$ 2,551,616
Changes of assumptions	2,238,116	-	149,889	2,388,005
Net difference between projected and actual earnings on plan investments	334,947	1,653	-	336,600
Changes in proportion and differences between County contributions and proportionate share of contributions	116,158	19,704	-	135,862
County contributions (LGERS, ROD) benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,296,009	9,191	37,306	3,342,506
Total Deferred Outflows of Resources	<u>\$ 8,336,525</u>	<u>\$ 30,548</u>	<u>\$ 387,516</u>	<u>\$ 8,754,589</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 7,791	\$ 96,492	\$ 104,283
Changes of assumptions	-	-	81,943	81,943
Changes in proportion and differences between County contributions and proportionate share of contributions	87,326	1,804	-	89,130
Total Deferred Inflows of Resources	<u>\$ 87,326</u>	<u>\$ 9,595</u>	<u>\$ 178,435</u>	<u>\$ 275,356</u>

Note 7. Death Benefit Plan

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 8. Other Post-Employment Benefits (OPEB)

Plan Description. The County administers a single-employer, defined-benefit healthcare plan (the “HCB Plan”), which provides post-retirement healthcare, prescription drug, and dental benefits to retirees of the County, provided that they meet any of the retirement options available through the North Carolina Local Governmental Employees’ Retirement System (LERS), have at least 15 years of creditable service with the County, and were hired before July 1, 2013. The County pays the same cost of coverage for these benefits as current full-time employees pay. Also, retirees can purchase coverage for their dependents at the County’s group rates. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

<u>Commencement of Service</u>	<u>Years of Creditable Service</u>	<u>County Contribution</u>
Prior to September 1, 2005	20	County pays cost of coverage until sooner of 65th birthday or Medicare eligibility, then Medicare supplement until death
Prior to July 1, 2013	25	County pays cost of coverage until sooner of 65th birthday or Medicare eligibility, then Medicare supplement until death
Prior to July 1, 2013	15	Retiree may participate by paying full cost of coverage until the sooner of 65th birthday or Medicare eligibility
On or after July 1, 2013	Not eligible	Not eligible

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	141
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>371</u>
Total	<u><u>512</u></u>

Total OPEB Liability

The County’s total OPEB liability of \$55,722,570 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.89%
Measurement Date	3.50%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Balance as of June 30, 2019	\$ 50,470,936
Changes for the year	
Service cost	1,179,195
Interest	1,929,361
Changes of benefit terms	-
Differences between expected and actual experience	443,027
Changes in assumptions or other inputs	3,462,816
Benefit payments	<u>(1,762,765)</u>
Net changes	<u>5,251,634</u>
Balance at June 30, 2020	<u><u>\$ 55,722,570</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.5%

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The remaining actuarial assumption (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2018 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.50%) or one-percentage-point higher (4.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 66,303,610	\$ 55,722,570	\$ 47,452,127

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 46,338,766	\$ 55,722,570	\$ 67,978,121

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the County recognized OPEB expense of \$2,605,634. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 514,375	\$ 178,387
Changes of assumptions	2,917,491	4,826,095
County contributions subsequent to the measurement date	1,625,065	-
Total	<u>\$ 5,056,931</u>	<u>\$ 5,004,482</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB expense as follows:

Measurement Period Ended	
June 30	
2021	\$ (502,922)
2022	(502,922)
2023	(502,922)
2024	(502,922)
2025	223,787
Thereafter	<u>215,285</u>
Total	<u>\$ (1,572,616)</u>

Note 9. Closure and Post-Closure Care Costs – Landfill Facility

The County's landfill consists of Phases I through VIII and an area used for construction and debris (C&D) materials. Cells have been constructed in Phase I, II, and III, accordingly, along with the C&D area. Federal and State laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,791,135 reported as landfill closure and post-closure care liability at June 30, 2020 represents a cumulative amount reported to date based on the use of landfill capacity in the County's sanitary and C&D landfill sections. The sanitary landfill reported a cumulative amount of \$6,486,607 to date based on the use of 57% of Phase I through IV's estimated capacity. The C&D portion reported a cumulative amount of \$1,304,528 to date based on the use of 90% of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$5,491,740 as the remaining estimated capacity is filled. Of this amount, \$5,346,793 is related to the remaining capacity in the sanitary landfill, and \$144,947 is related to the C&D portion. The amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phases I through III in the year 2026 for the sanitary portion and that same year for the C&D portion.

The County has met the requirements of a local government financial test, which is one option under federal and State laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 10. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred charges	\$ 1,060,858	\$ -
(Pensions, OPEB) - difference between expected and actual experience	3,065,991	282,670
(Pensions) - Net difference between projected and actual investment earnings	336,600	-
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	135,862	89,130
(Pensions, OPEB) - change in assumptions	5,305,496	4,908,038
Contributions to pension plan subsequent to measurement date (LERS, OPEB, LEOSSA)	4,958,380	-
Benefit payments and admin costs paid subsequent to the measurement date (ROD)	9,191	-
Prepaid taxes not yet earned (General)	-	259,588
Taxes receivable, net (General)	-	879,340
Taxes receivable, net (Special Revenue)	-	127,386
Other receivables, net (General)	-	379,381
Total	<u>\$ 14,872,378</u>	<u>\$ 6,925,533</u>

Note 11. Risk Management.

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation excess coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for worker's compensation. Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director and the Tax Collector are each individually bonded for \$50,000. The Register of Deeds and the Sheriff are

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

each individually bonded for \$25,000. The remaining employees who have access to funds are bonded under a blanket bond for \$250,000.

The County carries flood insurance through the NCACC. This coverage provides flood insurance with a \$25,000 deductible per occurrence.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities of the Health Benefits Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). The County's claims that are incurred, but not reported, are considered a current liability and are included in accounts payable of the Health Benefits Fund and the Workers' Compensation Fund (the internal service funds). The County has recognized provisions of \$1,202,373 for claims incurred, but not reported, in the Health Benefits Fund and \$30,917 for claims incurred, but not reported, in the Workers' Compensation Fund. These provisions are estimated based upon analysis of historical claims experience reviewed by the County's third-party administrator.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning	\$ 1,324,842	\$ 1,516,237
Incurred claims	8,247,688	8,483,925
Claim payments	<u>(8,339,240)</u>	<u>(8,675,320)</u>
Unpaid claims, ending	<u>\$ 1,233,290</u>	<u>\$ 1,324,842</u>

Note 12. Interfund Activity

The transfer to/from other funds for the year ended June 30, 2020 were for the purpose of funding capital projects and consist of the following:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	General Capital Projects Fund	Annual Transfer from General Fund to cover projects	\$2,210,059
General Fund	Special Grants Fund	County match for grant projects	301,891
School Capital Reserve Fund	General Fund	Transfer for school monies from the lottery	500,000
Water & Sewer Capital Projects Fund	Water and Sewer Fund	To close projects	240,561
Water and Sewer Fund	Water & Sewer Capital Projects Fund	Annual transfer to project fund	1,450,000
General Capital Projects Fund	General Fund	To close projects	521,788
General Fund	Capital Reserve Fund	Annual transfer of 1 cent	1,065,000
Total			<u>\$6,289,299</u>

The Board of Commissioners authorized an internal borrowing as part of the construction of the new Optimist Club Convenience site. The funds were used in combination with other funding sources to provide

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

for the construction of the site. In lieu of external financing options, the Solid Waste Fund borrowed \$1,000,000 from the General Fund. The Solid Waste fund is to repay the transfer annually on a four year amortized schedule at an interest rate of 4%. The interfund loan between the Solid Waste Fund and the General Fund is eliminated in the government-wide statement presentation.

The interfund transactions are presented as long-term interfund receivables for the governmental fund statements and as a long term interfund payable in the enterprise fund statements.

Interfund Balances Payable	Interfund Balances Receivable	
	General Fund	
Solid Waste Fund	\$	1,000,000

The repayment plan related to the Optimist Club Convenience Site is below.

	Principal	Interest
FY 2021	\$ 250,000	\$ 40,000
FY 2022	250,000	30,000
FY 2023	250,000	20,000
FY 2024	250,000	10,000
	<u>\$ 1,000,000</u>	<u>\$ 100,000</u>

Note 13. Claims and Judgments

At June 30, 2020 the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

Note 14. Summary Disclosure of Significant Contingencies

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 15. Related Organizations

Carolinas Medical Center – Lincoln is a 101-bed general and acute care hospital that is owned and operated by the Charlotte-Mecklenburg Hospital Authority (“CMHA”). The Hospital’s facility opened on July 10, 2010 at 433 McAlister Road in Lincolnton. All financial reporting and major decisions other than day-to-day operations are made by CMHA. Lincoln County’s government is not financially responsible for the Hospital and does not participate in its operation.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

A 17-member Advisory Board serves as the Hospital's liaison with the community and acts as ambassadors for the Hospital within the community. Advisory Board members are nominated by the Board's Governance and Nominating Committee and are approved by the full Advisory Board.

Note 16. Joint Ventures

The County, in conjunction with Gaston, Cleveland, Catawba, Burke, Surry, Yadkin and Iredell counties, participates in Partners Behavioral Health Management ("Partners"). Partners manages a comprehensive array of services to children, adolescents, and adults with mental health, substance abuse, and developmental disabilities needs. Service delivered is offered by numerous providers throughout the multi-County area. Partners received the majority of its financial support through federal and State sources, as well as direct payments by clients and insurers for services rendered.

The County has an ongoing financial responsibility to supplement these funds, and for the year ended June 30, 2020 provided \$394,589 in support of Partners' services. This allocation includes \$10,000 to a local halfway house. The County does not have an equity interest in Partners; therefore, no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for Partners may be obtained from Partners' administrative offices at 901 South New Hope Road, Gastonia, North Carolina 28054.

The County, in conjunction with the City of Lincolnton, participates in a general aviation airport. The County appoints four out of the five members on the Board, one of which must be a City resident, and the City appoints the remaining member. The Airport is a joint venture established to facilitate economic expansion within the County and to improve the quality of life for its citizens. The Airport has been in existence since 1986, but it is not yet self-sustaining. The County has an ongoing financial responsibility for the Airport, because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$104,400 to the Airport during the fiscal year ended June 30, 2020. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for the Airport can be obtained from Lincoln County's administrative offices at PO Box 738, Lincolnton, NC 28093.

Note 17. Jointly Governed Organization

The County, in conjunction with seven other counties and 50 municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of \$19,996 to the Council during the fiscal year ended June 30, 2020.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$226,328 for operations for the year ended June 30, 2020.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County's Board of Commissioners appoints one of the Lake Norman Marine Commission Board of Directors. The County provided funding of \$31,000 for the year ended June 30, 2020.

Note 18. Subsequent Event

The County issued \$28,435,000 in Enterprise System Revenue Bonds, Series 2020 and \$14,000,000 in State Revolving Fund debt on August 12, 2020. \$31,500,000 of these funds will be used to expand the Wastewater Treatment Plant. The remainder of these bonds were used to refund the Series 2019 Enterprise System Revenue Bonds and the 2010 State Revolving Fund loan for the Wastewater Treatment Plant.

In March, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic. The County has reacted to the COVID-19 pandemic to ensure the health and safety of all of its employees and citizens. The County has installed barriers, instituted safety measures for social distancing and disinfection and sanitizing public and private areas. The County has been a careful steward of all CARES Act funding that it has received, and these funds will allow the County to continue to provide the necessary services to the public throughout this crisis. The Water and Sewer Fund saw a small decrease in penalties and fees due to the Governor's order to suspend cutoffs due to nonpayment. The Solid Waste fund saw an uptick in trash during the first few months of the pandemic as people were at their homes and took advantage of that time to declutter. The General Fund was by far the largest recipient of CARES Act Funding, and used those funds to provide Health and Safety services to the community.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by generally accepted accounting principles

- Schedule of the Changes in Total Pension Liability and Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance.
 - Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System.
 - Schedule of Contributions to Local Governmental Employees' Retirement System.
 - Schedule Proportionate Share of Net Pension Asset for Register of Deeds' Supplemental Pension Fund.
 - Schedule of Contributions to Register of Deeds' Supplemental Pension Fund.
 - Schedule of the Changes in Total OPEB Liability and Related Ratios.
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LINCOLN COUNTY, NORTH CAROLINA

**SCHEDULE OF THE CHANGES IN TOTAL PENSION LIABILITY AND PENSION LIABILITY AS A
PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FOUR FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 2,265,319	\$ 2,320,148	\$ 2,102,988	\$ 2,030,142
Service cost	137,311	142,100	122,073	122,695
Interest on the total pension liability	80,809	72,123	79,548	71,269
Differences between expected and actual experience in the measurement of the total pension liability	239,370	(100,372)	(58,864)	-
Changes of assumptions or other inputs	83,810	(93,140)	158,714	(53,489)
Benefit payments	(90,586)	(75,540)	(84,311)	(67,629)
Ending balance of the total pension liability	<u>\$ 2,716,033</u>	<u>\$ 2,265,319</u>	<u>\$ 2,320,148</u>	<u>\$ 2,102,988</u>
Covered payroll	\$ 5,553,346	\$ 5,139,122	\$ 4,882,311	\$ 4,574,742
Total pension liability as a percentage of covered payroll	48.91%	44.08%	47.52%	45.97%

Notes to the Required Schedules:

The amounts presented for each fiscal year were determined as of the prior December 31.

Lincoln County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 nor does the plan provide pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

LINCOLN COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SEVEN FISCAL YEARS*

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.50284%	0.48901%	0.48765%	0.47918%	0.48338%	0.47701%	0.46080%
County's proportionate share of the net pension liability (asset) (\$)	\$13,732,168	\$11,600,990	\$ 7,449,941	\$10,169,807	\$ 2,169,381	\$(2,813,149)	\$ 5,554,409
County's covered payroll	\$34,211,530	\$30,707,248	\$28,920,587	\$28,375,873	\$26,371,714	\$26,134,922	\$23,251,657
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.14%	37.78%	25.76%	35.84%	8.23%	-10.76%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

LINCOLN COUNTY, NORTH CAROLINA**LINCOLN COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

Local Governmental Employees' Retirement System							
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,296,009	\$ 2,688,102	\$ 2,339,096	\$ 2,141,858	\$ 1,925,926	\$ 1,892,547	\$ 1,847,353
Contributions in relation to the contractually required contribution	3,296,009	2,688,102	2,339,096	2,141,858	1,925,926	1,892,547	1,847,353
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$36,390,836	\$34,211,530	\$30,707,248	\$28,920,587	\$28,375,873	\$26,371,714	\$26,134,922
Contributions as a percentage of covered payroll	9.06%	7.86%	7.62%	7.41%	6.79%	7.18%	7.07%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

LINCOLN COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SEVEN FISCAL YEARS*

	Register of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.81840%	0.95402%	0.92902%	0.89590%	0.84183%	0.80800%	0.79900%
County's proportionate share of the net pension liability (asset) (\$)	\$(161,569)	\$(158,014)	\$(158,574)	\$(167,497)	\$(195,086)	\$(183,245)	\$ 170,709
County's covered payroll	\$ 75,979	\$ 75,168	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058	\$ 67,613
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-212.65%	-210.21%	-215.88%	-224.76%	-277.35%	-269.25%	252.48%
Plan fiduciary net position as a percentage of the total pension liability**	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the ROD plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

LINCOLN COUNTY, NORTH CAROLINA**LINCOLN COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund							
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,191	\$ 7,779	\$ 8,164	\$ 8,072	\$ 7,320	\$ 6,736	\$ 6,601
Contributions in relation to the contractually required contribution	9,191	7,779	8,164	8,072	7,320	6,736	6,601
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 77,693	\$ 75,979	\$ 75,168	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058
Contributions as a percentage of covered payroll	11.83%	10.24%	10.86%	10.99%	9.82%	9.58%	9.70%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS*

	2020	2019	2018
Beginning balance	\$ 50,470,936	\$ 51,200,087	\$ 54,218,205
Service cost	1,179,195	1,530,860	1,744,086
Interest on the total OPEB liability	1,929,361	1,799,667	1,611,903
Differences between expected and actual experience	443,027	(260,403)	238,436
Changes of assumptions or other inputs	3,462,816	(2,492,541)	(5,269,369)
Benefit payments	(1,762,765)	(1,306,734)	(1,343,174)
Ending balance of the total OPEB liability	<u>\$ 55,722,570</u>	<u>\$ 50,470,936</u>	<u>\$ 51,200,087</u>
Covered payroll	\$ 16,586,437	\$ 16,586,437	\$ 17,459,427
Total OPEB liability as a percentage of covered payroll	335.95%	304.29%	293.25%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

* Plan measurement date is one year prior to the reporting date.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GOVERNMENTAL ACTIVITIES

MAJOR FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes			
Current year		\$ 64,547,701	
Prior years		699,219	
Penalties and interest		435,271	
Total	\$ 63,449,858	65,682,191	\$ 2,232,333
Local Option Sales Taxes:			
Article 39 one percent		10,187,680	
Article 40 one-half of one percent		5,065,234	
Article 42 one-half of one percent		5,098,040	
Article 44 one-half of one percent		1,573,278	
Article 46 one-half of one percent		2,582,755	
Medicaid hold harmless		1,145,080	
Total	22,392,000	25,652,067	3,260,067
Other Taxes and Licenses:			
Real estate transfer tax		1,517,698	
Local occupancy tax and car rental tax		180,960	
Utility franchise tax		200,508	
Total	1,852,970	1,899,166	46,196
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	300,000	319,066	19,066
Restricted Intergovernmental Revenues:			
Federal and State grants		10,297,614	
Court facilities fees		87,742	
ABC revenue		319,920	
Local/Other		983,883	
Total	11,783,498	11,689,159	(94,339)
Permits and Fees:			
Building permits		2,165,805	
Concealed carry permits		143,885	
Fire marshal		28,410	
Register of Deeds		611,701	
Environmental health		248,310	
Other permits and fees		3,478	
Total	2,645,355	3,201,589	556,234
Sales and Services:			
Concessions, and fees		222,092	
Emergency medical services		3,929,303	
Animal control		39,473	
Sheriff department		281,545	
Transportation services		567,891	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Human services		193,284	
Other sales and services		413,796	
Total	4,973,461	5,647,384	673,923
Miscellaneous:			
Rentals		57,994	
Sale of property		58,340	
Contributions		151,706	
Indirect fees		699,860	
Other		1,929,526	
Total	721,070	2,897,426	2,176,356
Investment Earnings	342,000	707,913	365,913
Total revenues	108,460,212	117,695,961	9,235,749
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		151,352	
Other operating expenditures		326,549	
Capital outlay		2,650	
Total		480,551	
County Manager:			
Salaries and employee benefits		387,389	
Other operating expenditures		34,301	
Capital outlay		1,199	
Total		422,889	
Human Resources:			
Salaries and employee benefits		382,681	
Other operating expenditures		65,527	
Capital outlay		21,969	
Total		470,177	
Finance:			
Salaries and employee benefits		902,887	
Other operating expenditures		90,043	
Capital outlay		10,276	
Total		1,003,206	
Information Technology:			
Salaries and employee benefits		799,648	
Other operating expenditures		292,007	
Capital outlay		301,901	
Total		1,393,556	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Safety and Training:			
Other operating expenditures		45,476	
Taxes:			
Salaries and employee benefits		1,710,331	
Other operating expenditures		696,193	
Capital outlay		27,405	
Total		2,433,929	
Legal:			
Other operating expenditures		224,723	
Elections:			
Salaries and employee benefits		360,844	
Other operating expenditures		182,416	
Capital outlay		5,859	
Total		549,119	
Register of Deeds:			
Salaries and employee benefits		533,351	
Other operating expenditures		913,991	
Capital outlay		2,172	
Total		1,449,514	
Central Services:			
Other operating expenditures		899,876	
Facilities Management:			
Salaries and employee benefits		1,559,175	
Other operating expenditures		1,758,887	
Capital outlay		228,599	
Total		3,546,661	
District Court:			
Other operating expenditures		52,955	
Capital outlay		39,598	
Total		92,553	
Special Appropriations/Outside Agencies:			
Other operating expenditures		190,600	
Total general government	13,937,642	13,202,830	734,812

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Public Safety:			
Sheriff Department:			
Salaries and employee benefits		9,172,818	
Other operating expenditures		2,746,006	
Capital outlay		629,144	
Total		12,547,968	
Communications:			
Salaries and employee benefits		1,424,723	
Other operating expenditures		255,997	
Capital outlay		237,371	
Total		1,918,091	
Jail:			
Salaries and employee benefits		2,726,596	
Other operating expenditures		1,163,499	
Capital outlay		42,832	
Total		3,932,927	
Jail Commissary:			
Other operating expenditures		46,904	
Emergency Management:			
Salaries and employee benefits		177,282	
Other operating expenditures		147,667	
Capital outlay		25,854	
Total		350,803	
Fire Marshal:			
Salaries and employee benefits		295,235	
Other operating expenditures		79,234	
Total		374,469	
Assistance to Local Volunteer Fire Departments:			
Salaries and employee benefits		131,913	
Other operating expenditures		18,187	
Capital outlay		23,831	
Total		173,931	
Planning:			
Salaries and employee benefits		548,565	
Other operating expenditures		104,642	
Total		653,207	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Inspections:			
Salaries and employee benefits		1,204,897	
Other operating expenditures		185,936	
Capital outlay		54,236	
Total		1,445,069	
Medical Examiner:			
Other operating expenditures		46,657	
Emergency Medical Services:			
Salaries and employee benefits		5,734,226	
Other operating expenditures		1,146,382	
Capital outlay		1,457,086	
Total		8,337,694	
Animal Services:			
Salaries and employee benefits		1,044,106	
Other operating expenditures		486,931	
Capital outlay		84,118	
Total		1,615,155	
Special Appropriations/Outside Agencies:			
Other operating expenditures		73,065	
Total public safety	31,779,192	31,515,940	263,252
Transportation:			
Transportation Lincoln County:			
Salaries and employee benefits		926,923	
Other operating expenditures		308,665	
Total		1,235,588	
Special Appropriations/Outside Agencies:			
Other operating expenditures		104,400	
Total transportation	1,637,047	1,339,988	297,059
Economic and Physical Development:			
Soil and Water Conservation:			
Salaries and employee benefits		156,461	
Other operating expenditures		13,464	
Total		169,925	
Natural Resources:			
Salaries and employee benefits		185,419	
Other operating expenditures		14,179	
Capital outlay		56,200	
Total		255,798	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Economic Development Commission/Projects:			
Other operating expenditures		1,563,994	
Cooperative Extension:			
Salaries and employee benefits		43,226	
Other operating expenditures		203,475	
Total		246,701	
Special Appropriations/Outside Agencies:			
Other operating expenditures		41,526	
Total economic and physical development	2,555,857	2,277,944	277,913
Culture and Recreation:			
Library:			
Salaries and employee benefits		1,061,804	
Other operating expenditures		592,958	
Capital outlay		47,548	
Total		1,702,310	
Recreation:			
Salaries and employee benefits		511,506	
Other operating expenditures		260,343	
Capital outlay		75,609	
Total		847,458	
Historical Properties:			
Other operating expenditures		579	
Special Appropriations/Outside Agencies:			
Other operating expenditures		171,675	
Total culture and recreation	3,263,255	2,722,022	541,233
Education:			
Public schools - current expense		19,668,705	
Public schools		5,488,792	
Community college - current expense		226,328	
Total		25,383,825	
Special Appropriations/Outside Agencies:			
Other operating expenditures		9,869	
Total education	25,431,073	25,393,694	37,379

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Human Services:			
Health Administration:			
Salaries and employee benefits		1,117,221	
Other operating expenditures		175,810	
Total		1,293,031	
Immunization:			
Salaries and employee benefits		78,169	
Other operating expenditures		57,832	
Total		136,001	
Adult Health:			
Salaries and employee benefits		90,121	
Other operating expenditures		10,227	
Total		100,348	
BCCP - Health:			
Salaries and employee benefits		2	
Other operating expenditures		28,291	
Total		28,293	
Communicable Disease:			
Salaries and employee benefits		66,405	
Other operating expenditures		12,646	
Total		79,051	
Lab:			
Salaries and employee benefits		111,254	
Other operating expenditures		35,434	
Total		146,688	
Contracted Services:			
Salaries and employee benefits		625,004	
Other operating expenditures		24,546	
Total		649,550	
Health Promotion:			
Salaries and employee benefits		56,113	
Other operating expenditures		4,217	
Total		60,330	
Day Care:			
Salaries and employee benefits		25	
Other operating expenditures		231	
Total		256	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Maternal Health:			
Salaries and employee benefits		170,609	
Other operating expenditures		6,512	
Total		177,121	
Maternal Health Clinic:			
Salaries and employee benefits		94,677	
Other operating expenditures		4,754	
Total		99,431	
Family Planning:			
Salaries and employee benefits		114,525	
Other operating expenditures		45,543	
Total		160,068	
Child Health:			
Salaries and employee benefits		144,758	
Other operating expenditures		3,899	
Total		148,657	
Child Service Coordination:			
Salaries and employee benefits		141,309	
Other operating expenditures		4,893	
Total		146,202	
Women, Infants, and Children:			
Salaries and employee benefits		396,688	
Other operating expenditures		18,910	
Total		415,598	
School Health:			
Salaries and employee benefits		631,802	
Other operating expenditures		30,688	
Capital outlay		5,140	
Total		667,630	
Peer Counselor:			
Salaries and employee benefits		12,946	
Public Health Preparedness:			
Salaries and employee benefits		69,921	
Other operating expenditures		18,890	
Total		88,811	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Environmental Health:			
Salaries and employee benefits		746,872	
Other operating expenditures		117,087	
Capital outlay		1,041	
Total		865,000	
Social Services Administration:			
Salaries and employee benefits		1,177,767	
Other operating expenditures		588,712	
Capital outlay		87,870	
Total		1,854,349	
Children's Services:			
Salaries and employee benefits		2,685,961	
Other operating expenditures		1,038,820	
Total		3,724,781	
Adolescent Parenting:			
Salaries and employee benefits		1,342	
Other operating expenditures		67	
Total		1,409	
Adult Services:			
Salaries and employee benefits		825,768	
Other operating expenditures		392,400	
Total		1,218,168	
State In-Home Care:			
Other operating expenditures		5,349	
Office on Aging - HCCBG:			
Other operating expenditures		226,628	
Child Support Enforcement:			
Salaries and employee benefits		578,594	
Other operating expenditures		18,713	
Total		597,307	
Guardianship			
Other operating expenditures		23,106	
Community Alternative Programs			
Other operating expenditures		69,909	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
TANF Program:			
Salaries and employee benefits		234,834	
Other operating expenditures		1,251	
Total		236,085	
Family Medicaid:			
Salaries and employee benefits		804,113	
Other operating expenditures		7,842	
Total		811,955	
Adult Medicaid:			
Salaries and employee benefits		990,672	
Other operating expenditures		10,917	
Total		1,001,589	
Food and Nutrition:			
Salaries and employee benefits		985,651	
Other operating expenditures		581,359	
Total		1,567,010	
Food and Nutrition - Fraud:			
Salaries and employee benefits		63,607	
Other operating expenditures		203	
Total		63,810	
Assistance Programs:			
SA Blind		3,957	
Seniors' Health Insurance Information Program:			
Other operating expenditures		6,064	
Capital outlay		1,088	
Total		7,152	
Veterans Service Office:			
Salaries and employee benefits		162,912	
Other operating expenditures		8,547	
Total		171,459	
Juvenile Crime Prevention Council:			
Salaries and employee benefits		7,150	
Other operating expenditures		206,666	
Total		213,816	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Senior Services:			
Salaries and employee benefits		284,730	
Other operating expenditures		223,112	
Total		507,842	
Special Appropriations/Outside Agencies:			
Other operating expenditures		424,592	
Total human services	18,724,980	18,005,285	719,695
Debt Service:			
Principal retirement		10,134,292	
Interest and fees		2,651,806	
Total debt service	13,007,235	12,786,098	221,137
Total expenditures	110,336,281	107,243,801	3,092,480
Revenues over (under) expenditures	(1,876,069)	10,452,160	12,328,229
Other Financing Sources (Uses):			
Long-term debt issued	250,000	250,000	-
Transfers from other funds:			
General Capital Projects Fund	299,825	521,788	221,963
School Capital Reserve Fund	500,000	500,000	-
Transfers to other funds:			
General Capital Projects Fund	(2,210,062)	(2,210,059)	3
Special Grants Fund	(301,891)	(301,891)	-
Capital Reserve Fund	(1,065,000)	(1,065,000)	-
Solid Waste	(1,000,000)	-	1,000,000
Fund balance appropriated	5,403,197	-	(5,403,197)
Total other financing sources (uses)	1,876,069	(2,305,162)	(4,181,231)
Net change in fund balance	\$ -	8,146,998	\$ 8,146,998
Fund Balance, beginning		37,441,707	
Fund Balance, ending		\$ 45,588,705	

GOVERNMENTAL ACTIVITIES OTHER MAJOR FUNDS

CAPITAL PROJECTS FUND

Capital Projects Funds account for funds to be used for the acquisition or construction of major capital facilities other than those financed by propriety funds.

General Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of general capital projects not accounted for by an individual fund.

LINCOLN COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND

GENERAL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental					
Federal and State grants	\$ 943,447	\$ 543,448	\$ 400,000	\$ 250,000	\$ 693,448
Contributions and donations	43,000	-	43,000	-	43,000
Investment earnings	-	135,142	100,257	6,358	229,041
Total revenues	<u>986,447</u>	<u>678,590</u>	<u>543,257</u>	<u>256,358</u>	<u>965,489</u>
Expenditures:					
Capital outlay					
Register of Deeds Automation	217,836	143,095	-	143,095	-
Hospital Renovations	7,228,036	6,866,577	361,459	7,228,036	-
Citizens Center Upgrade	3,377,081	2,932,308	444,773	3,377,081	-
Cronland Renovation	1,117,149	596,387	520,762	1,117,149	-
Administration Building Renovation	928,158	859,168	68,990	928,158	-
Development Services Renovation	1,364,257	286,283	1,074,370	-	1,360,653
Citizens Center Parking Lot	192,500	-	-	-	-
PSAP Building	4,570,724	3,035,347	1,188,019	-	4,223,366
VIPER Project	4,577,883	4,391,465	186,418	4,577,883	-
Trail Planning	200,000	-	-	-	-
Emergency Services Facility	10,500,000	-	78,786	-	78,786
Animal Services Expansion	1,134,325	49,748	83,098	-	132,846
Courthouse Renovation	39,350,000	796,712	2,474,452	-	3,271,164
Airport Authority Capital	19,824	19,824	-	19,824	-
Senior Services Expansion	2,425,580	1,522,031	909,907	2,431,938	-
West Lincoln Library	4,998,000	1,732,405	2,601,723	-	4,334,128
Greenways	43,447	10,397	-	-	10,397
West Lincoln Passive Park	400,000	-	22,510	-	22,510
Dog Park	107,000	-	95,917	-	95,917
Contingency	26,632	-	-	-	-
Total expenditures	<u>82,778,432</u>	<u>23,241,747</u>	<u>10,111,184</u>	<u>19,823,164</u>	<u>13,529,767</u>
Revenues over (under) expenditures	<u>(81,791,985)</u>	<u>(22,563,157)</u>	<u>(9,567,927)</u>	<u>(19,566,806)</u>	<u>(12,564,278)</u>
Other Financing Sources (Uses):					
Long-term debt issued	69,068,258	22,318,258	36,250,000	13,882,896	44,685,362
Transfer from General Fund	13,919,854	10,943,555	2,210,059	6,149,495	7,004,119
Transfer to General Fund	(1,196,127)	(9,472)	(521,788)	(465,585)	(65,675)
Total other financing sources (uses)	<u>81,791,985</u>	<u>33,252,341</u>	<u>37,938,271</u>	<u>19,566,806</u>	<u>51,623,806</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,689,184</u>	<u>28,370,344</u>	<u>\$ -</u>	<u>\$ 39,059,528</u>
Fund Balance, beginning			<u>10,689,184</u>		
Fund Balance, ending			<u>\$ 39,059,528</u>		

GOVERNMENTAL ACTIVITIES

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for special purposes.

Fire Districts Fund – This fund accounts for the tax revenues collected by the County on behalf of the eleven fire districts located within the County.

Law Enforcement Fund – This fund is used to account for the revenue received by the Sheriff's Department from the controlled substance tax and the expenditure of those funds to deter and investigate drug crimes.

Federal Law Enforcement Fund – This fund is used to account for the revenue received by the Sheriff's Department through the federal Equitable Sharing Program and the expenditure of those funds to further narcotics enforcement efforts.

Emergency Telephone System Fund – Established in accordance with North Carolina law to account for the revenues received by the Communication Center for the 911 charges and the expenditure of those funds for the emergency telephone systems.

Special Grants Fund – This fund accounts for financial resources of various federal, State and local grants that span more than one fiscal year and are not accounted for by an individual fund.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for funds to be used for the acquisition or construction of major capital facilities other than those financed by propriety funds.

School Capital Reserve Fund – This fund is used to account for the accumulation of funds received from lottery proceeds for the public schools and for transfers of these funds to the General Fund approved to fund debt service.

Capital Reserve Fund – This fund is used to accumulate and fund Capital Improvement Plan projects for Governmental Funds.

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds				
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Special Grants Fund
Assets:					
Cash and cash equivalents	\$ 54,758	\$ 56,996	\$ 17,671	\$ 503,852	\$ 140,333
Taxes receivable, net	127,386	-	-	-	-
Accounts receivable, net	-	9	3	216	-
Due from other governments	76,841	1,745	862	50,474	967,824
Total assets	<u>\$ 258,985</u>	<u>\$ 58,750</u>	<u>\$ 18,536</u>	<u>\$ 554,542</u>	<u>\$ 1,108,157</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 131,599	\$ -	\$ -	\$ 880	\$ 861,309
Total liabilities	<u>131,599</u>	<u>-</u>	<u>-</u>	<u>880</u>	<u>861,309</u>
Deferred Inflows of Resources:					
Unavailable taxes	<u>127,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	76,841	1,754	865	50,690	972,862
General government	-	-	-	-	61,255
Public safety	-	56,996	17,671	502,972	-
Transportation	-	-	-	-	274,185
Culture and recreation	-	-	-	-	6,592
Human Services	-	-	-	-	3,895
Committed:					
Future capital projects	-	-	-	-	-
Unassigned	(76,841)	-	-	-	(1,071,941)
Total fund balances	<u>-</u>	<u>58,750</u>	<u>18,536</u>	<u>553,662</u>	<u>246,848</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 258,985</u>	<u>\$ 58,750</u>	<u>\$ 18,536</u>	<u>\$ 554,542</u>	<u>\$ 1,108,157</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Capital Project Funds		
	School Capital Reserve Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 623,809	\$ 1,065,000	\$ 2,462,419
Taxes receivable, net	-	-	127,386
Accounts receivable, net	104	-	332
Due from other governments	-	-	1,097,746
Total assets	<u>\$ 623,913</u>	<u>\$ 1,065,000</u>	<u>\$ 3,687,883</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 993,788
Total liabilities	<u>-</u>	<u>-</u>	<u>993,788</u>
Deferred Inflows of Resources:			
Unavailable taxes	<u>-</u>	<u>-</u>	<u>127,386</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	104	-	1,103,116
General Government	-	-	61,255
Public safety	-	-	577,639
Transportation	-	-	274,185
Culture and recreation	-	-	6,592
Human Services	-	-	3,895
Committed:			
Future capital projects	623,809	1,065,000	1,688,809
Unassigned	-	-	(1,148,782)
Total fund balances	<u>623,913</u>	<u>1,065,000</u>	<u>2,566,709</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 623,913</u>	<u>\$ 1,065,000</u>	<u>\$ 3,687,883</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Special Grants Fund
Revenues:					
Ad valorem taxes	\$ 10,038,022	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenue	-	25,598	19,699	253,645	2,866,369
Contributions and donations	-	-	-	-	127,903
Investment earnings	-	661	142	13,962	-
Total revenues	<u>10,038,022</u>	<u>26,259</u>	<u>19,841</u>	<u>267,607</u>	<u>2,994,272</u>
Expenditures:					
Current:					
Public safety	10,038,022	27,544	34,642	229,460	2,677,321
Transportation	-	-	-	-	369,853
Culture and recreation	-	-	-	-	59,289
Human services	-	-	-	-	20,524
Total expenditures	<u>10,038,022</u>	<u>27,544</u>	<u>34,642</u>	<u>229,460</u>	<u>3,126,987</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,285)</u>	<u>(14,801)</u>	<u>38,147</u>	<u>(132,715)</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	-	-	-	301,891
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,891</u>
Net change in fund balances	-	(1,285)	(14,801)	38,147	169,176
Fund balances, beginning	<u>-</u>	<u>60,035</u>	<u>33,337</u>	<u>515,515</u>	<u>77,672</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 58,750</u>	<u>\$ 18,536</u>	<u>\$ 553,662</u>	<u>\$ 246,848</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Project Funds		
	School Capital Reserve Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 10,038,022
Restricted intergovernmental revenue	233,700	-	3,399,011
Contributions and donations	-	-	127,903
Investment earnings	12,486	-	27,251
Total revenues	<u>246,186</u>	<u>-</u>	<u>13,592,187</u>
Expenditures:			
Current:			
Public safety	-	-	13,006,989
Transportation	-	-	369,853
Culture and recreation	-	-	59,289
Human services	-	-	20,524
Total expenditures	<u>-</u>	<u>-</u>	<u>13,456,655</u>
Revenues over (under) expenditures	<u>246,186</u>	<u>-</u>	<u>135,532</u>
Other Financing Sources (Uses):			
Transfers from other funds	-	1,065,000	1,366,891
Transfers to other funds	(500,000)	-	(500,000)
Total other financing sources (uses)	<u>(500,000)</u>	<u>1,065,000</u>	<u>866,891</u>
Net change in fund balances	(253,814)	1,065,000	1,002,423
Fund balances, beginning	<u>877,727</u>	<u>-</u>	<u>1,564,286</u>
Fund balances, ending	<u>\$ 623,913</u>	<u>\$ 1,065,000</u>	<u>\$ 2,566,709</u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 10,054,146	\$ 10,038,022	\$ (16,124)
Expenditures:			
Alexis Fire District	452,225	454,107	(1,882)
Boger City Fire District	821,580	816,039	5,541
Crouse Fire District	172,415	172,308	107
Denver Fire District	2,796,078	2,792,626	3,452
East Lincoln Fire District	2,932,760	2,940,417	(7,657)
Howard's Creek Fire District	415,821	400,647	15,174
North 321 Fire District	628,123	629,101	(978)
North Brook Fire District	396,656	399,463	(2,807)
Pumpkin Center Fire District	602,055	598,164	3,891
South Fork Fire District	445,187	440,574	4,613
Union Fire District	391,246	394,576	(3,330)
Total expenditures	10,054,146	10,038,022	16,124
Net change in fund balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental			
Federal grants	\$ 19,975	\$ 25,598	\$ 5,623
Investment earnings	25	661	636
Total revenues	<u>20,000</u>	<u>26,259</u>	<u>6,259</u>
Expenditures:			
Public safety			
Other operating expenditures		13,524	
Capital Outlay		14,020	
Total expenditures	<u>34,000</u>	<u>27,544</u>	<u>6,456</u>
Revenues over (under) expenditures	(14,000)	(1,285)	12,715
Other Financing Sources (Uses):			
Fund balance appropriated	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,285)</u>	<u>\$ (1,285)</u>
Fund Balance, beginning		<u>60,035</u>	
Fund Balance, ending		<u>\$ 58,750</u>	

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - FEDERAL LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental revenue			
Federal grants	\$ 10,000	\$ 19,699	\$ 9,699
Investment earnings	50	142	92
Total revenues	<u>10,050</u>	<u>19,841</u>	<u>9,791</u>
Expenditures:			
Public Safety:			
Other operating expenditures		10,946	
Capital outlay		23,696	
Total expenditures	<u>35,643</u>	<u>34,642</u>	<u>1,001</u>
Revenues over (under) expenditures	(25,593)	(14,801)	10,792
Other Financing Sources (Uses):			
Fund balance appropriated	<u>25,593</u>	<u>-</u>	<u>(25,593)</u>
Net change in fund balance	<u>\$ -</u>	<u>(14,801)</u>	<u>\$ (14,801)</u>
Fund Balance, beginning		<u>33,337</u>	
Fund Balance, ending		<u>\$ 18,536</u>	

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
North Carolina 911 funds	\$ 275,150	\$ 253,645	\$ (21,505)
Investment earnings	-	13,962	13,962
Total revenues	<u>275,150</u>	<u>267,607</u>	<u>(7,543)</u>
Expenditures:			
Public Safety:			
Other operating expenditures		164,142	
Capital outlay		65,318	
Total expenditures	<u>295,007</u>	<u>229,460</u>	<u>65,547</u>
Revenues over (under) expenditures	(19,857)	38,147	58,004
Other Financing Sources:			
Fund balance appropriated	<u>19,857</u>	<u>-</u>	<u>(19,857)</u>
Net change in fund balance	<u>\$ -</u>	38,147	<u>\$ 38,147</u>
Fund Balance, beginning		<u>515,515</u>	
Fund Balance, ending		<u>\$ 553,662</u>	

LINCOLN COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEMS FUND UNSPENT BALANCE
PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported on the Emergency Telephone System Fund Budget and Actual
(Schedule C-6) are different from the PSAP Revenue-Expenditure Report because:

Net change in fund balance, reported on budget and actual	\$ 38,147
Eligible 911 expenditures reported in the General Fund	(137)
Total PSAP revenues and expenditures	<u>38,010</u>
Beginning balance, PSAP Revenue - Expenditure Report	<u>646,278</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 684,288</u></u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - SPECIAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenue					
Federal and State grants	\$ 4,866,992	\$ 502,748	\$ 2,866,369	\$ -	\$ 3,369,117
Contributions	269,000	112,884	127,903	6,893	233,894
Total revenues	<u>5,135,992</u>	<u>615,632</u>	<u>2,994,272</u>	<u>6,893</u>	<u>3,603,011</u>
Expenditures:					
General government					
Register of Deeds Automation	61,255	-	-	-	-
Public safety					
NCHFA grant	181,000	6,000	137,485	-	143,485
Petco grant	175,000	118,179	54,030	-	172,209
Best Friends grant	40,000	-	4,385	-	4,385
CARES Act Funding	3,322,292	-	2,481,421	-	2,481,421
Transportation					
Transportation Lincoln County vehicles	1,366,850	416,582	369,853	-	786,435
Airport Authority	178,109	-	-	-	-
Culture and Recreation					
Rural gateway grant	2,000	1,744	923	-	2,667
Dorothy Louise Kyler	4,000	3,099	-	-	3,099
LSTA EZ Literacy	55,000	54,971	2	-	54,973
Beyond the Book	55,000	-	-	-	-
Silver STREAM	58,428	-	58,364	-	58,364
Human services					
Partners grant	50,000	3,464	18,258	6,893	14,829
MIPPA grant	6,321	2,012	2,266	-	4,278
Total expenditures	<u>5,555,255</u>	<u>606,051</u>	<u>3,126,987</u>	<u>6,893</u>	<u>3,726,145</u>
Revenues over (under) expenditures	<u>(419,263)</u>	<u>9,581</u>	<u>(132,715)</u>	<u>-</u>	<u>(123,134)</u>
Other Financing Sources (Uses):					
Transfers from other funds					
General Fund	419,263	68,091	301,891	-	369,982
Net change in fund balance	<u>\$ -</u>	<u>\$ 77,672</u>	169,176	<u>\$ -</u>	<u>\$ 246,848</u>
Fund Balance, beginning			<u>77,672</u>		
Fund Balance, ending			<u>\$ 246,848</u>		

LINCOLN COUNTY, NORTH CAROLINA

CAPITAL PROJECT - SCHOOL CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
Lottery proceeds	\$ 500,000	\$ 233,700	\$ (266,300)
Investment earnings	-	12,486	12,486
Total revenues	500,000	246,186	(253,814)
Other Financing Sources (Uses):			
Transfers to other funds			
General Fund	(500,000)	(500,000)	-
Net change in fund balance	\$ -	(253,814)	\$ (253,814)
Fund Balance, beginning		877,727	
Fund Balance, ending		\$ 623,913	

LINCOLN COUNTY, NORTH CAROLINA

CAPITAL PROJECT - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses):			
Transfers from other funds			
General Fund	\$ 1,065,000	\$ 1,065,000	\$ -
Reserve	(1,065,000)	-	1,065,000
Total other financing sources (uses)	-	1,065,000	1,065,000
Net change in fund balance	\$ -	1,065,000	\$ 1,065,000
Fund Balance, beginning		-	
Fund Balance, ending		\$ 1,065,000	

BUSINESS-TYPE ACTIVITIES

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund - This fund is used to account for the activities associated with the production, distribution and transmission of potable water by the County to its users and for the operation and maintenance of the County's sewer system.

Water and Sewer Capital Fund - This fund accounts for the financing and construction of all major water and sewer capital projects of the County.

Solid Waste Fund - This fund is used to account for operations of the County's solid waste activities.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis.

Health Insurance Fund – This fund is used to account for the medical claims of the County's employees and their covered dependents.

Workers' Compensation Fund – This fund is used to account for the provision of workers compensation insurance.

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water and sewer charges/fees		\$ 15,754,353	
Water and sewer taps		352,911	
Other operating revenues		162,897	
Total operating revenues	\$ 12,570,809	16,270,161	\$ 3,699,352
Non-Operating Revenues:			
Ad valorem taxes		1,099	
Investment income		181,909	
Total non-operating revenues	75,000	183,008	108,008
Total revenues	12,645,809	16,453,169	3,807,360
Expenditures:			
Water System:			
Salaries and employee benefits		1,173,873	
Other operating costs		2,151,500	
Capital outlay		165,330	
Total water system		3,490,703	
Sewer System:			
Salaries and employee benefits		631,255	
Other operating costs		990,331	
Capital outlay		131,074	
Total sewer system		1,752,660	
Indian Creek Water:			
Other operating costs		9,441	
Water Treatment Plant:			
Salaries and employee benefits		665,441	
Other operating costs		545,547	
Total water treatment plant		1,210,988	
Wastewater Treatment Plant - Killian Creek:			
Salaries and employee benefits		397,812	
Other operating costs		709,311	
Capital outlay		51,965	
Total wastewater treatment - Killian Creek		1,159,088	
Total environmental protection	8,577,815	7,622,880	954,935
Debt Service:			
Principal		1,383,702	
Interest		920,099	
Debt issuance costs		138,423	
Total debt service	2,859,367	2,442,224	417,143

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER AND SEWER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Total expenditures	11,437,182	10,065,104	1,372,078
Revenues over (under) expenditures	1,208,627	6,388,065	5,179,438
Other Financing Sources (Uses):			
Long-term debt issued	134,100	5,900	(128,200)
Transfers from other funds:			
Water and Sewer Capital Projects Fund	107,273	240,561	133,288
Transfers to other funds:			
Water and Sewer Capital Projects Fund	(1,450,000)	(1,450,000)	-
Total other financing sources (uses)	(1,208,627)	(1,203,539)	5,088
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 5,184,526	\$ 5,184,526

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 5,184,526
--	--------------

Reconciling items:

Debt principal	1,383,702
Capital outlay capitalized	347,198
Long-term debt issued	(5,900)
Water and Sewer Capital Fund activity:	
Interest income	150,019
Intrafund transfers	1,209,439
Capital contributions	5,033,169
Depreciation	(3,611,417)
Amortization of deferred debt premiums	21,307
(Loss) on disposal of capital assets	(58,798)
Increase in deferred outflows of resources - pensions	42,752
(Increase) in net pension liability	(243,881)
Decrease in deferred inflows of resources - pensions	4,827
Increase in deferred outflows of resources - OPEB	206,600
(Increase) in total OPEB liability	(819,807)
Decrease in deferred inflows of resources - OPEB	7,478
(Increase) in compensated absences	(14,593)
(Increase) in accrued interest payable	(132,423)
Total reconciling items	3,519,672
Change in net position	\$ 8,704,198

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER AND SEWER CAPITAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental					
Federal and State grants	\$ 14,000,000	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	248,649	150,019	-	398,668
Total revenues	14,000,000	248,649	150,019	-	398,668
Expenditures:					
Capital outlay					
NC 16 Waterline Phase II	1,200,000	644,492	-	-	644,492
St James/Kidville Waterline	1,200,000	29,447	300	-	29,747
NC 16 Waterline Phase III	1,200,000	-	-	-	-
Water Transmission Line	6,100,000	77,658	98,066	-	175,724
NC 16 Waterline	1,200,000	-	-	-	-
Water Plant Expansion	14,677,658	7,717,163	3,770,502	-	11,487,665
Highway 73 Waterline	8,602,272	329,947	5,255,157	-	5,585,104
Reepsville Road Waterline	550,000	237,910	230,446	-	468,356
Pump Station 7 & 9 Rehab	376,925	376,926	-	376,926	-
Pump Station 8 Rehab	14,700	14,700	-	14,700	-
Hovis Road Sewer Rework	250,000	-	16,000	-	16,000
Wastewater Treatment Plant Expansion	32,686,500	1,099,493	67,545	-	1,167,038
Capital outlay	68,058,055	10,527,736	9,438,016	391,626	19,574,126
Revenues over (under) expenditures	(54,058,055)	(10,279,087)	(9,287,997)	(391,626)	(19,175,458)
Other Financing Sources (Uses):					
Long-term debt issued	42,976,606	13,895,000	7,934,100	-	21,829,100
Premium on long-term debt issued	633,638	633,638	-	-	633,638
Discount on long-term debt issued	(100,981)	(100,981)	-	-	(100,981)
Transfers from other funds:					
Water and Sewer Fund	11,009,504	9,559,504	1,450,000	852,337	10,157,167
Transfers to other funds:					
Water and Sewer Fund	(460,712)	(220,150)	(240,561)	(460,711)	-
Total other financing sources (uses)	54,058,055	23,767,011	9,143,539	391,626	32,518,924
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 13,487,924	\$ (144,458)	\$ -	\$ 13,343,466

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Solid waste charges/tipping fees	\$ 896,000	\$ 829,081	\$ (66,919)
Other		25,523	
Total operating revenues	896,000	854,604	(41,396)
Non-Operating Revenues:			
Availability fees		3,853,775	
White goods disposal tax		38,394	
Tire disposal tax		115,250	
Franchise fees		40,248	
Solid waste disposal tax		70,425	
NC electronics management fund distribution		5,009	
Investment earnings		159,773	
Total non-operating revenues	3,871,086	4,282,874	411,788
Total revenues	4,767,086	5,137,478	370,392
Expenditures:			
Landfill Operations:			
Salaries and employee benefits		2,165,305	
Other operating costs		1,449,098	
Capital outlay		1,875,277	
Total Landfill Operations	7,904,839	5,489,680	2,415,159
Debt Service:			
Principal		284,509	
Interest		155,666	
Total Debt Service	445,145	440,175	4,970
Total expenditures	8,349,984	5,929,855	2,420,129
Revenues over (under) expenditures	(3,582,898)	(792,377)	2,790,521
Other Financing Sources (Uses):			
Long-term debt issued	1,000,000	-	(1,000,000)
Fund balance appropriated	2,582,898	-	(2,582,898)
Total other financing sources (uses)	3,582,898	-	(3,582,898)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (792,377)	\$ (792,377)

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (792,377)	
Reconciling items:			
Debt principal		284,509	
Capital outlay capitalized		1,875,277	
Depreciation		(893,255)	
(Loss) on disposal of capital assets		(81,426)	
(Decrease) in deferred outflows of resources - pensions		(32,490)	
(Increase) in net pension liability		(85,247)	
Decrease in deferred inflows of resources - pensions		4,560	
Increase in deferred outflows of resources - OPEB		124,825	
(Increase) in total OPEB liability		(210,066)	
Decrease in deferred inflows of resources - OPEB		46,018	
(Increase) in compensated absences		(10,586)	
Decrease in accrued interest payable		1,455	
Decrease in landfill closure and post-closure costs		4,033,558	
Total reconciling items		5,057,132	
Change in net position		\$ 4,264,755	

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,699,529	\$ 792,995	\$ 3,492,524
Accounts receivable, net	449	132	581
Prepaid items	26,192	10,000	36,192
Total assets	<u>2,726,170</u>	<u>803,127</u>	<u>3,529,297</u>
Liabilities:			
Current liabilities:			
Accounts payable and other accrued liabilities	<u>1,413,505</u>	<u>55,109</u>	<u>1,468,614</u>
Net Position:			
Unrestricted	<u>1,312,665</u>	<u>748,018</u>	<u>2,060,683</u>
Total net position	<u>\$ 1,312,665</u>	<u>\$ 748,018</u>	<u>\$ 2,060,683</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues:			
Contributions from employer	\$ 7,538,992	\$ -	\$ 7,538,992
Contributions from employees	999,128	-	999,128
Workers' compensation premiums	-	771,822	771,822
Other contributions	53,958	36,023	89,981
Total operating revenues	<u>8,592,078</u>	<u>807,845</u>	<u>9,399,923</u>
Operating Expenses:			
Administration and consulting fees	1,415,724	112,627	1,528,351
Health and workers' compensation claims	7,799,475	559,881	8,359,356
Total operating expenses	<u>9,215,199</u>	<u>672,508</u>	<u>9,887,707</u>
Operating income (loss)	(623,121)	135,337	(487,784)
Non-Operating Revenues:			
Investment earnings	<u>33,901</u>	<u>8,335</u>	<u>42,236</u>
Change in net position	(589,220)	143,672	(445,548)
Net position, beginning	<u>1,901,885</u>	<u>604,346</u>	<u>2,506,231</u>
Net position, ending	<u>\$ 1,312,665</u>	<u>\$ 748,018</u>	<u>\$ 2,060,683</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from customers	\$ 8,592,982	\$ 807,923	\$ 9,400,905
Cash paid for goods and services	(9,289,336)	(674,320)	(9,963,656)
Net cash provided (used) by operating activities	(696,354)	133,603	(562,751)
Cash flows from investing activities:			
Interest on investments	33,901	8,335	42,236
Net increase (decrease) in cash and cash equivalents	(662,453)	141,938	(520,515)
Cash and cash equivalents - beginning	3,361,982	651,057	4,013,039
Cash and cash equivalents - ending	<u>\$ 2,699,529</u>	<u>\$ 792,995</u>	<u>\$ 3,492,524</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (623,121)</u>	<u>\$ 135,337</u>	<u>\$ (487,784)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in receivables	904	78	982
(Increase) in prepaid items	(5,925)	-	(5,925)
(Decrease) in accounts payable	(68,212)	(1,812)	(70,024)
Total adjustments	<u>(73,233)</u>	<u>(1,734)</u>	<u>(74,967)</u>
Net cash provided (used) by operating activities	<u>\$ (696,354)</u>	<u>\$ 133,603</u>	<u>\$ (562,751)</u>

LINCOLN COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
 HEALTH INSURANCE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2020

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Contributions from employer	\$ 7,300,000	\$ 7,538,992	\$ 238,992
Contributions from employees	1,100,000	999,128	(100,872)
Other contributions	50,000	53,958	3,958
Total operating revenues	<u>8,450,000</u>	<u>8,592,078</u>	<u>142,078</u>
Operating Expenditures:			
Administration and consulting fees	1,421,000	1,415,724	5,276
Health claims	8,287,299	7,799,475	487,824
Total operating expenditures	<u>9,708,299</u>	<u>9,215,199</u>	<u>493,100</u>
Operating income (loss)	(1,258,299)	(623,121)	635,178
Non-Operating Revenues:			
Investment earnings	30,000	33,901	3,901
Other Financing Sources:			
Fund balance appropriated	<u>1,228,299</u>	<u>-</u>	<u>(1,228,299)</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ (589,220)</u>	<u>\$ (589,220)</u>

Note: Prepared on the budgetary basis which is modified accrual.

LINCOLN COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
 WORKERS' COMPENSATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2020

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Workers' compensation premiums	\$ 830,000	\$ 771,822	\$ (58,178)
Other contributions	-	36,023	36,023
Total operating revenues	830,000	807,845	(22,155)
Operating Expenditures:			
Administration and consulting fees	155,000	112,627	42,373
Workers' compensation claims	676,000	559,881	116,119
Total operating expenditures	831,000	672,508	158,492
Operating income (loss)	(1,000)	135,337	136,337
Non-Operating Revenues:			
Investment earnings	1,000	8,335	7,335
Change in net position - budgetary basis	\$ -	\$ 143,672	\$ 143,672

Note: Prepared on the budgetary basis which is modified accrual.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency Funds are used to account for funds held by the County as an agent for individual, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Social Services Fund - This fund is used to account for the monies held by the Social Services Department for the benefit of certain individuals for whom the County serves as agent.

Tax Collector Fund - This fund accounts for the funds collected by the Tax Collector's office on behalf of the municipal entity within the County.

Register of Deeds SB202 Fund - This fund is used to account for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the North Carolina State Treasurer.

Inmate Trust Fund - This fund is used to account for monies held on behalf of inmates of the County jail.

Miscellaneous Fund - This fund accounts for monies held by the Sheriff's Department as a result of gathering evidence or executing court orders, and held for the Soil and Water Conservation District for the No-till Drill program.

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services:				
Assets:				
Cash and cash equivalents	\$ 101,203	\$ 227,373	\$ (171,954)	\$ 156,622
Liabilities:				
Intergovernmental payable	\$ 101,203	\$ 227,373	\$ (171,954)	\$ 156,622
Tax Collector Fund:				
Assets:				
Cash and cash equivalents	\$ 86,231	\$ 5,456,112	\$ (5,542,343)	\$ -
Liabilities:				
Intergovernmental payable	\$ 86,231	\$ 5,456,112	\$ (5,542,343)	\$ -
Register of Deeds SB202 Fund:				
Assets:				
Cash and cash equivalents	\$ 5,865	\$ 72,820	\$ (71,567)	\$ 7,118
Liabilities:				
Intergovernmental payable	\$ 5,865	\$ 72,820	\$ (71,567)	\$ 7,118
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 22,488	\$ 271,498	\$ (268,994)	\$ 24,992
Liabilities:				
Intergovernmental payable	\$ 22,488	\$ 271,498	\$ (268,994)	\$ 24,992
Miscellaneous Fund:				
Assets:				
Cash and cash equivalents	\$ 221,539	\$ 124,939	\$ (114,207)	\$ 232,271
Liabilities:				
Intergovernmental payable	\$ 221,539	\$ 124,939	\$ (114,207)	\$ 232,271
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 437,326	\$ 6,152,742	\$ (6,169,065)	\$ 421,003
Liabilities:				
Intergovernmental payable	\$ 437,326	\$ 6,152,742	\$ (6,169,065)	\$ 421,003

OTHER SCHEDULES

This section contains additional information required on property taxes and transfers.

- Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy
-
-

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 66,113,567	\$ 65,519,926	\$ 593,641
2018-2019	731,055	-	447,467	283,588
2017-2018	262,029	-	165,398	96,631
2016-2017	109,869	-	46,790	63,079
2015-2016	65,931	-	16,998	48,933
2014-2015	61,536	-	9,711	51,825
2013-2014	111,770	-	11,223	100,547
2012-2013	109,695	-	9,276	100,419
2011-2012	103,552	-	7,886	95,666
2010-2011	70,004	-	4,362	65,642
2009-2010	67,329	-	67,329	-
Total	<u>\$ 1,692,770</u>	<u>\$ 66,113,567</u>	<u>\$ 66,306,366</u>	<u>1,499,971</u>

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund

(620,631)**Ad Valorem Taxes Receivable, Net**

General Fund

\$ 879,340**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund

\$ 65,682,191

Reconciling items:

Interest and penalties collected (435,271)

Abatements related to prior years 22,350

2% discount allowed 851,512

Taxes written off 63,845

Collection of taxes previously written off (1,530)

Miscellaneous adjustments 123,269

Total collections and credits \$ 66,306,366

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 10,980,126,878	\$ 0.599	\$ 65,770,960	\$ 60,077,791	\$ 5,693,169
Penalties	-		134,750	134,750	-
Total	10,980,126,878		65,905,710	60,212,541	5,693,169
Discoveries:					
Current year taxes	8,086,811	0.599	48,440	46,426	2,014
Prior year taxes	-		226,517	226,517	-
Penalties	-		10,441	10,441	-
Total	8,086,811		285,398	283,384	2,014
Releases	(12,945,075)		(77,541)	(77,541)	-
Total property valuation	<u>\$ 10,975,268,614</u>				
Net Levy			66,113,567	60,418,384	5,695,183
Uncollected taxes at June 30, 2020			593,641	593,468	173
Current Year's Taxes Collected			\$ 65,519,926	\$ 59,824,916	\$ 5,695,010
Current Levy Collection Percentage			99.10%	99.02%	100.00%

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ⁽¹⁾	100%
Real property	\$ 8,808,722,438
Personal property	753,056,823
Public service companies ⁽²⁾	462,707,550
Registered vehicles	950,781,803
Total assessed valuation	10,975,268,614
Tax rate per \$100 ⁽³⁾	0.599
Levy (includes discoveries, releases, and abatements)⁽⁴⁾	<u>\$ 66,113,567</u>

In addition to the County-wide rate, the County levies taxes on behalf of several fire districts \$ 10,109,452

⁽¹⁾ Percentage of appraised value has been established by statute.

⁽²⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

⁽³⁾ The assessed value times the tax rate will not equal the amount of the levy because the levy includes discoveries and releases at prior years' rates.

⁽⁴⁾ The levy includes penalties.

STATISTICAL SECTION

(Unaudited)

This part of the Lincoln County Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends - These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Net Position by Component	Table 1
Changes in Net Position	Table 2
Fund Balances, Governmental Funds	Table 3
Changes in Fund Balances, Governmental Funds	Table 4

Revenue Capacity - These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Assessed Value and Actual Value of Taxable Property	Table 5
Property Tax Rates-Direct and Overlapping Governments	Table 6
Principal Property Taxpayers	Table 7
Property Tax Levies and Collections	Table 8

Debt Capacity - These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	Table 9
Ratios of General Bonded Debt Outstanding	Table 10
Revenue Bond Coverage	Table 11
Legal Debt Margin Information	Table 12
Direct and Overlapping Governmental Activities Debt	Table 13

Demographic and Economic Information - These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Demographic and Economic Statistics	Table 14
Principal Employers	Table 15

Operating Information - These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Full-Time Equivalent County Government Employees	
By Function	Table 16
Operating Indicators by Function	Table 17
Capital Asset Statistics by Function	Table 18

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.

Table 1
Lincoln County
Net Position by Component
Last Ten Fiscal Years
(acrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 50,294,495	\$ 52,215,432	\$ 54,900,561	\$ 54,146,520	\$ 52,409,026	\$ 55,659,430	\$ 58,995,204	\$ 59,504,444	\$ 63,844,832	\$ 70,103,209
Restricted	13,918,975	13,918,975	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420	14,351,029	21,067,797	46,379,661
Unrestricted	(87,582,889)	(104,678,297)	(102,610,445)	(91,146,787)	(82,089,234)	(72,836,306)	(69,053,644)	(88,880,662)	(85,638,930)	(100,315,308)
Total governmental activities net position	(37,288,394)	(38,543,890)	(33,423,027)	(27,823,148)	(22,167,090)	(8,281,644)	2,280,980	(15,025,189)	(726,301)	16,167,562
Business-type activities										
Net investment in capital assets	61,285,375	57,936,188	50,496,688	53,989,857	56,348,162	61,317,027	61,048,458	64,708,737	62,432,585	66,094,327
Unrestricted	3,629,961	8,595,720	6,854,093	4,384,501	5,263,073	5,986,673	8,783,600	8,881,563	15,125,562	24,432,773
Total business-type activities	64,915,336	66,531,908	57,350,781	58,374,358	61,611,235	67,303,700	69,832,058	73,590,300	77,558,147	90,527,100
Primary government										
Net investment in capital assets	111,579,870	110,151,620	105,397,249	108,136,377	108,757,188	116,976,457	120,043,662	124,213,181	126,277,417	136,197,536
Restricted	13,918,975	13,918,975	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420	14,351,029	21,067,797	46,379,661
Unrestricted	(83,952,928)	(96,082,577)	(95,756,352)	(86,762,286)	(76,826,161)	(66,849,633)	(60,270,044)	(79,999,099)	(70,513,368)	(75,882,535)
Total primary government net position	\$ 27,626,942	\$ 27,988,018	\$ 23,927,754	\$ 30,551,210	\$ 39,444,145	\$ 59,022,056	\$ 72,113,038	\$ 58,565,111	\$ 76,831,846	\$ 106,694,662

Table 2
Lincoln County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

		Fiscal Year									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses											
Governmental activities:											
General government											
Public safety	\$ 10,434,240	\$ 15,226,309	\$ 14,220,069	\$ 15,128,230	\$ 17,453,401	\$ 19,892,679	\$ 19,017,062	\$ 10,667,024	\$ 14,713,967	\$ 14,392,014	\$ 14,392,014
Transportation	24,782,004	24,982,363	25,701,983	26,685,171	26,537,779	27,812,079	29,972,508	36,616,054	38,593,663	45,254,434	45,254,434
Economic and physical development	-	-	-	-	-	321,507	217,002	1,345,334	1,780,923	1,205,030	1,205,030
Culture and recreation	2,120,590	2,201,122	1,808,417	3,610,352	2,353,021	1,569,081	1,850,463	3,122,049	2,383,169	2,441,281	2,441,281
Education	2,218,417	2,209,728	2,380,555	2,360,608	2,610,692	1,498,480	2,133,169	2,812,043	3,088,356	3,184,449	3,184,449
Human services	23,306,217	20,731,065	20,801,271	19,863,983	21,484,615	18,193,559	20,222,666	21,728,113	22,534,222	25,393,694	25,393,694
Interest on long term debt	19,559,449	18,298,851	18,773,508	18,738,888	17,324,069	17,080,572	17,149,240	16,391,679	17,474,267	19,054,638	19,054,638
	6,604,596	8,423,957	4,251,585	3,941,948	3,189,629	3,035,798	2,940,263	2,964,799	2,362,070	2,199,075	2,199,075
Total governmental activities	89,025,513	92,073,395	87,937,388	90,329,180	90,953,206	89,403,755	93,502,373	95,647,095	102,930,637	113,124,615	113,124,615
Business-type activities:											
Water and sewer											
Solid waste	7,194,130	7,999,309	7,409,355	8,378,593	7,987,776	8,563,573	9,630,573	10,173,450	11,140,992	12,922,159	12,922,159
East Lincoln water and sewer	5,038,688	2,087,537	4,309,839	4,234,410	4,925,026	4,406,194	6,038,674	6,056,364	4,869,933	872,723	872,723
	199,921	162,434	136,426	94,001	109,284	85,894	7,176	-	-	-	-
Total business activities	12,432,739	10,249,280	11,855,620	12,707,004	13,022,086	13,055,661	15,676,423	16,229,814	16,010,925	13,794,882	13,794,882
Total primary government expenses	101,458,252	102,322,675	99,793,008	103,036,184	103,975,292	102,459,416	109,178,796	111,876,909	118,941,562	126,919,497	126,919,497
Program Revenues											
Governmental activities											
Charges for services:											
General government	1,471,098	1,590,384	1,571,735	1,758,889	1,899,052	1,970,356	2,007,317	1,775,703	1,625,436	1,919,901	1,919,901
Public safety	5,133,736	4,424,537	4,665,583	4,750,346	4,644,806	5,635,205	5,824,386	6,217,560	6,535,751	6,863,023	6,863,023
Transportation	-	-	-	-	-	-	-	774,363	632,597	567,891	567,891
Economic and physical development	-	-	-	-	-	-	-	660,641	560,855	92,451	92,451
Culture and recreation	1,047	21,337	20,134	20,461	91,436	81,187	90,851	142,589	157,579	104,324	104,324
Human services	3,679,433	3,118,534	2,753,487	2,486,344	2,075,201	1,405,400	1,381,443	639,791	622,996	322,107	322,107
Operating grants and contributions:											
General government	1,022,821	965,069	1,031,533	1,545,655	726,230	3,059,063	1,031,959	629,541	170,835	103,302	103,302
Public safety	711,154	755,636	677,364	507,169	688,347	923,587	940,929	1,743,045	2,574,238	3,982,649	3,982,649
Transportation	-	-	-	-	-	-	-	297,422	377,961	475,122	475,122
Economic and physical development	15,120	260,283	112,909	9,255	30,360	30,229	30,330	90,036	176,097	29,915	29,915
Culture and recreation	-	-	-	-	-	118,195	122,615	297,809	160,426	193,082	193,082
Education	942,883	820,381	116,456	112,836	132,620	-	-	-	-	-	-
Human services	10,646,933	10,034,395	9,960,365	10,393,912	11,495,059	11,739,707	11,146,419	8,976,093	9,442,898	9,948,447	9,948,447

Table 2
Lincoln County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital grants and contributions:										
General government	20,583,014	508,081	1,288,253	1,143,064	1,314,334	626,090	27,957	261,168	-	-
Public safety	-	-	55,295	-	-	-	-	75,000	-	-
Transportation	-	-	-	-	-	-	-	48,985	302,990	401,562
Culture and recreation	-	-	-	-	-	-	-	-	396,157	443,000
Education	-	-	809,283	1,036,450	829,500	783,400	870,520	576,000	803,450	233,700
Human services	-	-	-	-	-	-	-	-	175,000	-
Total governmental activities	44,207,239	22,498,637	23,062,397	23,764,381	23,926,945	26,372,419	23,474,726	23,205,746	24,715,266	25,680,476
Business-type activities:										
Charges for service - water and sewer	7,288,758	7,524,847	7,493,520	7,673,169	9,343,337	10,694,992	13,471,115	13,458,546	14,305,782	16,270,161
Capital grants and cont. - water/sewer	139,913	78,841	346,610	834,730	-	2,962,527	10,000	3,689,013	-	5,023,169
Solid Waste	3,208,740	3,720,626	3,547,567	3,708,037	3,757,118	4,143,385	4,633,323	4,795,443	5,071,972	4,977,705
Total business-type activities	10,637,411	11,324,314	11,387,697	12,215,936	13,100,455	17,800,904	18,114,438	21,943,002	19,377,754	26,271,035
Total primary government	54,844,650	33,822,951	34,450,094	35,980,317	37,027,400	44,173,323	41,589,164	45,148,748	44,093,020	51,951,511
Net (Expense)/Revenue										
Governmental activities	(44,818,274)	(69,574,757)	(64,874,989)	(66,564,799)	(67,026,261)	(63,031,336)	(70,027,647)	(72,441,349)	(78,215,371)	(87,444,139)
Business-type activities	(1,795,328)	1,075,034	(467,923)	(1,319,307)	78,369	4,745,243	2,438,015	5,713,188	3,366,829	12,476,153
Total primary government net (expense)/revenue	(46,613,602)	(68,499,723)	(65,342,912)	(67,884,106)	(66,947,892)	(58,286,093)	(67,589,632)	(66,728,161)	(74,848,542)	(74,967,986)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	54,568,588	54,905,801	56,124,728	57,879,585	57,588,885	59,381,739	60,610,716	63,264,202	66,274,755	75,590,046
Local option sales tax	10,369,667	11,785,721	12,224,284	13,071,926	14,423,993	15,459,998	18,480,201	19,376,365	22,956,135	25,652,067
Utility franchise tax	231,349	238,690	233,252	228,408	229,091	220,188	223,349	218,729	211,971	200,508
Real estate transfer tax	387,864	534,686	697,046	737,628	858,192	974,733	1,380,914	1,404,356	1,404,036	1,517,698
Other taxes and licenses	639,076	365,652	431,955	430,687	476,454	401,490	436,698	173,497	196,250	180,960
Unrestricted intergovernmental	500,722	479,922	289,491	317,328	330,007	306,511	320,620	309,222	314,288	319,066
Investment earnings	91,606	87,795	75,727	162,391	90,279	172,123	152,094	538,815	1,156,824	877,657
Transfers	-	-	-	(563,160)	-	-	-	-	-	-
Gain(loss) disposal of capital assets	-	(79,006)	(80,631)	-	-	-	-	-	-	-
Total governmental activities:	66,788,872	68,319,261	69,995,852	72,264,793	73,996,901	76,916,782	81,604,592	85,285,186	92,514,259	104,338,002

Table 2
Lincoln County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Property taxes	487,936	495,073	878,437	931,496	912,435	875,860	23,339	4,282	21	1,099
Investment earnings	31,172	46,465	55,390	19,989	48,656	71,362	67,004	258,768	600,997	491,701
Transfers	-	-	-	563,160	-	-	-	-	-	-
Gain(loss) disposal of capital assets	-	-	(9,647,031)	-	-	-	-	-	-	-
Total business-type activities	519,108	541,538	(8,713,204)	1,514,645	961,091	947,222	90,343	263,050	601,018	492,800
Total primary government	67,307,980	68,860,799	61,282,648	73,779,438	74,957,992	77,864,004	81,694,935	85,548,236	93,115,277	104,830,802
Change in Net Position										
Governmental activities	21,970,598	(1,255,496)	5,120,863	5,020,748	6,970,640	13,885,446	11,576,945	12,843,837	14,298,888	16,893,863
Business-type activities	(1,276,220)	1,616,572	(9,181,127)	(9,181,127)	1,039,460	5,692,465	2,528,358	5,976,238	3,967,847	12,968,953
Total primary government	\$ 20,694,378	\$ 361,076	\$ (4,060,264)	\$ (4,160,379)	\$ 8,010,100	\$ 19,577,911	\$ 14,105,303	\$ 18,820,075	\$ 18,266,735	\$ 29,862,816

Table 3
Lincoln County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable										
Prepaids	\$ 412,743	\$ 588,275	\$ 616,277	\$ 630,872	\$ 631,607	\$ 256,545	\$ 229,546	\$ 226,528	\$ 227,019	\$ 256,963
Restricted										
Stabilization for State statute	4,425,101	4,642,158	5,280,132	8,046,523	5,149,448	6,909,752	5,093,410	6,432,887	8,001,582	8,010,434
Restricted, all other	46,046	48,767	50,322	39,044	1,073,458	1,180,740	1,329,743	1,503,833	2,261,857	2,863,067
Committed		-	-	-	-	1,000,000	-	-	840,504	2,139,910
Assigned	2,881,150	2,050,429	2,105,045	2,202,711	-	5,500,388	3,405,237	3,346,021	-	2,525,562
Unassigned	11,342,260	11,895,426	11,744,605	12,687,339	20,307,623	18,408,808	24,512,423	26,970,285	26,110,745	29,792,769
Total General Fund	\$19,107,300	\$19,225,055	\$19,796,381	\$23,606,489	\$27,162,136	\$33,256,233	\$34,570,359	\$38,479,554	\$37,441,707	\$45,588,705
All Other Governmental Funds										
Restricted										
Stabilization for State statute	\$ 1,036,388	\$ 706,133	\$ 3,086,065	\$ 471,952	\$ 298,605	\$ 127,173	\$ 5,601,764	\$ 5,999,264	\$10,441,450	\$34,433,666
Restricted, all other	2,127,754	1,159,312	1,262,891	6,734,600	-	1,145,108	1,006,715	2,010,007	5,076,251	36,656,666
Committed	4,722,005	3,668,293	1,613,295	749,985	-	303,043	421,667	556,532	877,406	1,688,809
Unassigned	-	-	(3,627,036)	(3,428,193)	(446,330)	(1,303,300)	(4,897,896)	(3,368,449)	(4,141,637)	(31,152,904)
Total all other governmental funds	\$ 7,886,147	\$ 5,533,738	\$ 2,335,215	\$ 4,528,344	\$ (147,725)	\$ 272,024	\$ 2,132,250	\$ 5,197,354	\$12,253,470	\$41,626,237

Table 4
Lincoln County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Ad valorem taxes	\$ 54,810,341	\$ 49,019,309	\$ 55,825,088	\$ 58,162,842	\$ 57,541,002	\$ 59,103,531	\$ 60,643,519	\$ 63,734,107	\$ 66,311,359	\$ 75,720,213
Local option sales taxes	10,369,667	11,785,721	12,224,284	13,071,926	14,423,993	15,459,998	18,480,201	19,376,365	22,956,135	25,652,067
Other taxes and licenses	1,258,289	859,857	1,362,253	1,396,723	1,563,737	1,596,411	2,040,961	1,796,582	1,812,257	1,899,166
Unrestricted intergovernmental revenues	500,722	479,922	289,491	317,328	330,007	306,511	320,620	309,222	314,288	319,066
Restricted intergovernmental revenues	12,693,675	11,113,384	12,950,384	13,123,144	13,745,936	14,052,982	13,216,065	12,475,014	14,501,818	15,488,170
Permits and fees	1,143,681	1,336,428	1,553,264	1,808,245	1,934,378	2,368,484	2,785,238	3,338,692	2,959,650	3,201,589
Sales, service and rents	7,971,588	7,264,115	6,881,299	6,244,150	6,143,014	5,938,525	5,743,361	5,494,319	5,509,814	5,647,384
Miscellaneous	1,139,064	70,272	64,404	1,625,197	1,470,514	154,122	137,836	1,825,278	1,574,323	3,068,329
Investment earnings	88,420	973,684	1,138,844	157,173	79,964	3,164,036	921,331	487,203	1,080,684	835,421
Total Revenues	89,975,447	82,902,692	92,289,311	95,906,728	97,232,545	102,144,600	104,289,132	108,836,782	117,020,328	131,831,405
Expenditures										
General Government	7,288,803	7,596,084	7,758,943	7,783,862	8,562,450	10,319,572	10,929,722	12,030,635	12,508,119	13,202,830
Public Safety	25,839,073	19,566,218	26,760,653	27,363,121	28,039,030	30,568,246	32,404,426	35,397,091	39,164,485	44,522,929
Transportation	-	-	-	-	-	321,507	171,298	1,265,141	1,654,791	1,709,841
Economic and physical development	2,130,806	2,216,098	1,824,298	1,620,028	1,822,269	1,513,856	1,807,485	2,931,398	2,217,275	2,277,944
Culture and Recreation	2,076,511	2,057,344	2,190,042	2,263,800	2,464,064	2,622,894	2,183,661	2,325,470	2,643,186	2,781,311
Education	18,421,240	17,742,846	18,043,320	18,386,184	18,517,937	18,908,697	20,667,575	21,474,121	22,534,222	25,393,694
Human services	20,796,790	20,259,280	20,368,292	20,025,104	19,223,105	19,162,102	18,644,959	15,768,280	17,072,517	18,025,809
Capital Outlay	8,452,355	-	7,436,995	7,594,533	8,477,934	2,540,899	4,487,994	9,870,439	10,084,082	10,111,184
Debt Service:										
Principal	8,970,463	9,116,549	9,037,158	10,202,473	9,054,196	9,053,807	8,846,700	9,200,850	10,212,202	10,134,292
Interest	6,604,596	4,935,755	4,251,585	3,841,493	3,651,770	3,213,983	3,059,430	2,850,383	2,646,145	2,651,806
Total Expenditures	100,580,637	83,490,174	97,671,286	99,080,598	99,812,755	98,225,563	103,203,250	113,113,808	120,737,024	130,811,640
Excess of revenues over (under) expenditures	(10,605,190)	(587,482)	(5,381,975)	(3,173,870)	(2,580,210)	3,919,037	1,085,882	(4,277,026)	(3,716,696)	1,019,765
Other Financing Sources (Uses)										
Transfers in	10,679,484	4,835,242	3,617,444	3,244,510	3,398,124	1,608,769	7,527,537	2,253,014	7,595,160	4,598,738
Transfers out	(10,679,484)	(4,490,310)	(3,617,444)	(3,244,510)	(3,398,124)	(1,608,769)	(7,527,537)	(2,253,014)	(7,595,160)	(4,598,738)
Bonds & installment financing issued	27,005,000	30,255,000	-	15,440,691	-	5,244,000	2,088,470	24,329,000	19,741,000	36,500,000
Bond premium (discount)	1,330,062	2,868,507	-	-	-	-	-	(60,823)	1,793,965	-
Advance refunding payments to trustee	(17,300,000)	(32,763,202)	-	(7,740,891)	-	(5,141,066)	-	(13,016,852)	(11,800,000)	-
Total other financing sources (uses)	11,035,062	705,237	-	7,699,800	-	102,934	2,088,470	11,251,325	9,734,965	36,500,000
Net change in fund balances	\$ 429,872	\$ 117,755	\$ (5,381,975)	\$ 4,525,930	\$ (2,580,210)	\$ 4,021,971	\$ 3,174,352	\$ 6,974,299	\$ 6,018,269	\$ 37,519,765
Debt service as a percentage of noncapital expenditures	15.84%	20.03%	16.72%	17.55%	13.54%	13.21%	13.71%	12.06%	12.01%	10.96%

Table 5
Lincoln County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property			Less (1)		Personal Property		Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Tax Exempt Real Property	Registered Vehicles	Other						
2011	6,321,866,239	801,334,600	350,263,463	379,000,238	578,958,863	625,157,771		346,389,974	8,644,970,672	0.570	8,078,656,828	107.01%
2012 (5)	6,042,292,471	769,901,024	340,175,570	402,679,047	608,812,906	548,502,912		335,237,971	8,242,243,807	0.598	8,353,343,273	98.67%
2013	6,069,664,351	789,290,541	336,637,941	409,512,321	627,250,127	572,370,853		348,054,638	8,333,756,130	0.598	7,982,525,029	104.40%
2014	6,360,853,481	795,884,052	338,903,200	416,961,179	613,724,810	565,094,475		354,997,816	8,612,496,655	0.598	8,371,057,943	102.88%
2015	6,308,804,410	796,831,718	350,862,508	420,023,945	593,681,026	562,239,937		365,935,449	8,558,331,103	0.598	8,305,272,937	103.05%
2016 (5)	6,091,573,583	804,391,566	420,815,464	383,285,265	636,617,770	595,668,262		392,333,841	8,558,115,221	0.611	9,009,297,457	94.99%
2017	6,094,640,416	803,928,981	426,281,505	285,338,374	733,314,772	625,939,050		395,337,578	8,794,103,928	0.611	9,525,553,594	92.32%
2018	6,416,470,519	815,467,314	429,636,363	383,432,370	750,340,021	682,353,340		419,846,478	9,130,681,665	0.611	9,726,570,190	93.87%
2019	6,541,195,880	839,654,001	443,498,062	379,488,208	911,466,016	708,118,232		444,229,123	9,508,673,106	0.611	10,797,054,938	88.07%
2020 (5)	7,804,176,942	892,061,208	548,345,730	435,861,442	950,781,803	753,056,823		462,707,550	10,975,268,614	0.599	11,922,839,387	92.05%

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Included as tax exempt includes property excluded as "Senior Citizens and Disabled Persons Exclusion" G.S. 105-277.1, Property listed at "present-use value" G.S. 105-277.4, and property listed as historic property G.S. 105-278. Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (5) Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years.

Table 6
Lincoln County
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

	2011	2012(1)	2013	2014	2015	2016(1)	2017	2018	2019	2020(1)
Lincoln County	\$ 0.5700	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.5990
<u>Municipality Rates:</u>										
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600
<u>Special District</u>										
East Lincoln Water and Sewer District (3)	.0175	.0290	0.0355	0.0359	0.0342	0.0325	0.0000	0.0000	0.0000	0.0000
<u>Fire Districts (4)</u>										
Alexis	0.1100	0.1100	0.1100	0.1100	0.1100	0.1165	0.1165	0.1165	0.1165	0.1165
Boger City	0.0750	0.0925	0.0925	0.0925	0.0925	0.0999	0.0999	0.0999	0.1050	0.1050
Crouse	0.0600	0.0609	0.0609	0.0609	0.0609	0.0640	0.0640	0.0640	0.0860	0.0860
Denver	0.09675	0.1099	0.1099	0.1099	0.1099	0.1125	0.1125	0.1150	0.1150	0.1150
East Lincoln	0.0606	0.0680	0.0785	0.0785	0.0850	0.0850	0.0860	0.0890	0.0890	0.0980
Howards Creek	0.1000	0.1050	0.1050	0.1150	0.1150	0.1203	0.12233	0.12233	0.12233	0.1355
North 321	0.0600	0.0600	0.0350	0.0800	0.0400	0.0400	0.0400	0.0400	0.0700	0.0700
North Brook	0.0350	0.0350	0.0600	0.0350	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000
Pumpkin Center	0.0951	0.0951	0.0951	0.0938	0.0900	0.0970	0.9700	0.0970	0.0970	0.0970
South Fork	0.0910	0.0910	0.0910	0.1236	0.1236	0.1250	0.1250	0.1250	0.1250	0.1250
Union	0.0750	0.0750	0.0900	0.0900	0.0900	0.0900	0.0900	0.1250	0.1250	0.1250

Notes:

- (1) Real property was revalued on January 1, 2011, 2015 and 2019; these revaluations are reflected in the following fiscal year.
- (2) Lincoln County is an overlapping district of the City of Lincolnton.
- (3) Lincoln County is an overlapping district of the East Lincoln Water and Sewer District.
- (4) Fire districts are overlapping districts of the County, the East Lincoln Water and Sewer District but not of the City of Lincolnton.

Table 7
Lincoln County
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2020			Fiscal Year 2011		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp.	Utility	\$ 331,719,978	1	3.49%	\$ 251,536,123	1	2.91%
The Timken Company	Bearing Manufacturer	79,640,951	2	0.84%	97,483,546	2	1.13%
Cataler North America Corp.	Auto Parts Manufacturer	72,595,133	3	0.76%	60,529,472	5	0.70%
Blum, Inc.	Furniture Hardware Manufacturer	69,944,634	4	0.74%	75,686,225	3	0.88%
Lincolnton Partners LLC	Manufacturing	53,298,713	5	0.56%			
Rutherford Electric Membership	Utility	37,328,410	6	0.39%	29,348,965	7	0.34%
Medline Industries	Medical Supply Manufacturing	34,926,612	7	0.37%			
Wal Mart Real Estate Business	Real Estate/Manufacturing	33,856,820	8	0.36%	29,624,627	6	0.34%
Piedmont Natural Gas Co	Gas, Propane	29,225,307	9	0.31%			
APTAR Group	Manufacturing	28,366,803	10	0.30%			
RSI Home Products	Manufacturing				64,377,697	4	0.75%
Lowes Home Centers	Retail Home Improvement				28,861,671	8	0.33%
Actavis Mid Atlantic LLC	Manufacturing, Cosmetics				27,994,751	9	0.32%
Bellsouth Tel Corp	Utility				25,905,244	10	0.30%
Totals		\$ 770,903,361		8.11%	\$ 691,348,321		8.01%

Source: Lincoln County Tax Department

Table 8
Lincoln County
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2011	49,168,763	152,177	49,320,940	48,295,770	98.22%	959,528	49,255,298	99.87%	65,642
2012	49,318,299	19,177	49,337,476	48,213,572	97.76%	1,028,238	49,241,810	99.81%	95,666
2013	49,575,234	563,425	50,138,659	48,908,152	98.65%	1,130,088	50,038,240	99.80%	100,419
2014	51,400,496	151,116	51,551,612	50,570,651	98.39%	880,414	51,451,065	99.80%	100,547
2015	50,455,214	105,063	50,560,277	49,283,713	97.68%	1,224,739	50,508,452	99.90%	51,825
2016	52,246,531	106,268	52,352,799	51,605,464	98.77%	698,402	52,303,866	99.91%	48,933
2017	53,404,086	384,500	53,788,586	53,010,615	99.26%	714,892	53,725,507	99.88%	63,079
2018	55,859,280	209,575	56,068,855	55,385,593	99.15%	586,631	55,972,224	99.83%	96,631
2019	58,234,059	16,838	58,250,897	57,519,842	98.77%	447,467	57,967,309	99.51%	283,588
2020	65,905,710	207,857	66,113,567	65,519,926	99.41%	-	65,519,926	99.10%	593,641
Source: Lincoln County Tax Department									<u><u>\$1,499,971</u></u>

Table 9
Lincoln County
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities						Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Direct Placement Installments		General Obligation Bonds	Revenue Bonds	State		Direct Borrowing	Direct Placement Installments			
						Clean Water Loan						
2011	102,135,000	22,364,464		3,295,000	-	1,500,000	-	-	20,290,166	149,584,630	1,867	5.78%
2012	96,000,000	21,462,915		2,675,000	-	1,250,000	-	-	21,804,848	143,192,763	1,812	4.94%
2013	89,020,000	19,405,757		2,135,000	-	1,000,000	-	-	20,370,950	131,931,707	1,659	4.49%
2014	84,425,797	24,753,975		1,605,000	-	750,000	-	-	19,351,064	130,885,836	1,641	4.19%
2015	75,085,000	22,664,779		1,085,000	-	500,000	-	-	18,356,716	117,691,495	1,467	3.75%
2016	70,043,087	20,874,972		575,000	-	250,000	-	-	16,897,825	108,640,884	1,335	3.30%
2017	61,235,000	22,678,475		-	-	-	-	-	22,211,020	106,124,495	1,294	2.96%
2018	55,224,000	30,005,892		-	-	-	-	-	19,599,692	104,829,584	1,222	2.73%
2019	46,685,000	36,273,690		-	13,895,000	-	-	11,335,232	7,917,405	116,106,327	1,349	*
2020	39,963,000	69,361,398		-	21,555,000	-	-	10,271,824	7,592,602	148,743,824	1,687	*

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2018 personal income not available to calculate fiscal year 2019.

* Information not yet available.

Table 10
Lincoln County
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2011	105,430,000	4.07%	1.22%	1,316
2012	98,675,000	3.40%	1.20%	1,249
2013	91,155,000	3.10%	1.09%	1,146
2014	86,030,797	2.75%	1.00%	1,079
2015	76,170,000	2.42%	0.89%	950
2016	70,618,087	2.14%	0.83%	868
2017	61,235,000	1.71%	0.70%	746
2018	55,224,000	1.44%	0.60%	644
2019	46,685,000	*	0.49%	543
2020	39,963,000	*	0.36%	453

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See Table 5 for property value data.

* Information not yet available.

Table 11
Lincoln County
Revenue Bond Coverage
For the Year Ended June 30, 2020

	Fiscal Year	
	2019	2020
Water and Sewer Fund		
Debt service coverage Parity Debt		
Operating Revenues	\$14,305,782	\$16,270,161
Operating Expenses*	6,596,680	8,092,306
Operating income	7,709,102	8,177,855
Nonoperating revenues (expenses)	(703,820)	(895,409)
Income available for debt service	7,005,282	7,282,446
15% of unrestricted net position of system	2,954,336	3,723,606
Available for debt service	<u>\$ 9,959,618</u>	<u>\$11,006,052</u>
Debt service, principal and interest paid (Revenue Bond only)	\$ 188,669	\$ 850,000
Debt service coverage ratio	5278.88%	1294.83%
Debt service coverage All Debt		
Operating Revenues	\$14,305,782	\$16,270,161
Operating Expenses*	6,596,680	8,092,306
Operating income	7,709,102	8,177,855
Nonoperating revenues (expenses)	(703,820)	(895,409)
Income available for debt service	<u>\$ 7,005,282</u>	<u>\$ 7,282,446</u>
Debt service, principal and interest paid (all debt)	\$ 2,938,878	\$ 2,300,801
Debt service coverage ratio	238.37%	316.52%

*Per rate covenants, this does not include depreciation expense

Note: Implementation of Revenue Bond statistics began in fiscal year 2019.
This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Table 12
Lincoln County
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value of Property	\$ 8,644,971	\$ 8,242,244	\$ 8,333,756	\$ 8,612,497	\$ 8,558,331	\$ 8,558,115	\$ 8,794,104	\$ 9,130,682	\$ 9,508,673	\$ 10,975,269
Debt Limit, 8% of Assessed Value (Statutory Limitation)	691,598	659,380	666,700	689,000	684,666	684,649	703,528	730,455	760,694	878,022
Amount of Debt Applicable to Limit										
Gross debt	149,585	143,193	131,932	130,886	117,691	108,641	106,124	104,830	116,106	148,744
Debt outstanding for water and sewer	25,085	25,730	23,506	21,706	19,942	17,723	18,386	16,685	28,349	34,905
Total net debt applicable to limit	124,499	117,463	108,426	109,180	97,750	90,918	87,738	88,145	87,757	113,839
Legal Debt Margin	\$ 567,098	\$ 541,917	\$ 558,275	\$ 579,820	\$ 586,917	\$ 593,731	\$ 615,790	\$ 642,310	\$ 672,937	\$ 764,183

Total net debt applicable to the limit as
a percentage of debt limit

18.00% 17.81% 16.26% 15.85% 14.28% 13.28% 12.47% 12.07% 11.54% 12.97%

Note: North Carolina Statute 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

Table 13
Lincoln County
Direct and Overlapping Governmental Activities Debt
As of June, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Lincoln (1)	\$ 908,655	100.00%	\$ 908,655
Direct - Lincoln County			109,324,398
Total direct and overlapping debt			<u>\$ 110,233,053</u>

(1) Source: City of Lincoln Finance Department

Table 14
Lincoln County
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2011	80,134	2,589,120	33,029	11,790	12.70%	13,121
2012	79,026	2,901,233	36,580	11,509	10.50%	13,149
2013	79,512	2,936,860	36,973	11,627	8.80%	13,219
2014	79,740	3,123,495	39,171	11,683	6.70%	15,465
2015	80,202	3,142,032	38,774	11,589	5.90%	19,868
2016	81,397	3,294,665	40,591	11,646	4.70%	24,373
2017	82,033	3,580,669	43,453	11,503	3.70%	29,446
2018	85,758	3,835,937	45,791	11,321	3.20%	38,431
2019	86,039	*	*	11,483	3.40%	37,424
2020	88,151	*	*	11,438	6.80%	36,199

* Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) Lincoln County School Administrative Unit.
- (4) N. C. Department of Commerce.
- (5) Lincoln County Building and Land Development Department. Inspections are for entire County.

The figures are for prior calendar year.

Table 15
Lincoln County
Principal Employers
Current Year and Nine Years Ago

Employer	Product or Service	Fiscal Year 2020			Fiscal Year 2011		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lincoln County Schools	Education	1,300	1	3.15%	1,600	1	4.24%
County of Lincoln	Public Administration	990	2	2.40%	750	2	1.99%
Atrium Health	Medical Care	818	3	1.98%			
RSI Home Products	Vanities and Marble Counter Tops	750	4	1.82%	570	6	1.51%
Wal-Mart Stores, Inc.	Discount Stores	740	5	1.79%	730	4	1.94%
Tinklen Company	Tapered Roller Bearings	660	6	1.60%	750	3	1.99%
Julius Blum, Inc.	Cabinet and Furniture Hardware	440	7	1.07%	370	7	0.98%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	420	8	1.02%			
Cataler North America	Automobile Components	390	9	0.95%	270	9	0.72%
Lowes Home Centers, Inc.	Retail/Home Improvement	350	10	0.85%	720	5	1.91%
Lincoln Medical Center	Medical Care				330	8	0.88%
Actavis Corp.	Pharmaceuticals				240	10	0.64%
Mohican Mills	Lace and Tricot Goods						
Total		6,858			6,330		
Total Civilian Labor Force for the County		41,240			37,707		

Sources: Lincoln Economic Development Association
North Carolina Department of Commerce
Telephone survey Planning Department

Table 16
Lincoln County
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Governing Body	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	13.2	13.2	13.2	13.2	13.2	15.5	20.0	20.0	21.0	23.0
Management Information Systems	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.5	10.0	9.0
Elections	3.8	3.8	3.8	4.0	4.0	4.0	11.8	11.8	20.0	15.2
Tax	24.8	24.0	25.0	25.0	25.0	25.5	26.8	29.3	27.8	27.4
Register of Deeds	8.0	8.0	8.0	7.0	7.0	6.5	7.5	8.5	8.5	8.0
Public Buildings	13.4	13.4	13.4	13.4	13.4	16.0	28.8	29.8	28.8	33.4
Public safety										
Sheriff	126.1	128.0	128.0	128.0	128.0	144.5	132.0	131.5	142.0	137.4
Communications	22.5	22.5	22.5	19.8	19.8	22.5	22.0	23.0	22.0	22.0
Jail	43.4	43.4	43.4	44.6	44.6	45.0	44.0	45.8	41.5	46.2
Emergency Management	2.0	2.0	2.0	2.0	2.0	2.0	2.5	3.0	3.0	2.0
Ambulance Services	76.3	76.3	76.3	78.4	78.4	94.3	92.3	89.3	90.3	84.6
Fire Marshal	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0
Building and Land Development	18.0	18.0	18.0	20.0	20.0	21.0	23.0	23.0	24.0	23.0
Animal Control	10.8	11.0	11.0	11.2	11.2	13.5	15.5	19.5	19.5	18.2
Economic and physical development										
Cooperative Extension	1.6	1.6	1.6	1.6	1.6	2.0	1.8	1.8	1.8	1.8
Soil and Water Conservation	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.8	5.2
Human services										
Health	78.4	78.4	78.4	73.4	73.4	66.3	65.0	64.5	67.0	67.6
Social Services	121.7	121.7	121.7	125.7	130.7	129.0	128.3	130.3	135.5	134.2
Veterans Service	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Juvenile Crime Prevention	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Office on Aging	6.5	6.5	5.5	4.0	4.0	5.8	5.5	6.0	5.5	4.0
Transportation	22.4	22.4	22.4	16.6	16.6	23.3	25.5	24.8	27.5	20.8
Cultural and recreation										
Recreation	29.7	29.7	29.7	25.4	25.4	24.0	15.3	19.3	19.5	13.6
Library	16.3	16.4	16.4	18.4	18.4	18.3	18.8	18.3	22.0	20.4
Water and Sewer	42.6	42.6	42.6	39.8	39.8	37.3	36.8	35.5	40.0	43.0
Solid Waste	43.6	43.6	43.6	40.2	40.2	46.3	49.8	51.5	46.8	45.6
Total	740.4	741.9	744.0	729.2	734.2	781.1	792.0	806.5	837.3	814.1

Source: County Personnel Office

Note: This table represents the number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers.

Full time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

Table 17
Lincoln County
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government										
Management Information Systems										
Work orders	5,571	5,604	5,679	4,110	3,325	3,926	4,630	4,753	5,464	5,968
Elections										
Registered voters	49,959	53,240	51,728	52,544	52,661	55,744	58,634	57,324	56,416	59,141
Votes cast in general elections (votes odd years city; even county wide)	23,427	36,892	1,943	6,905	24,032	24,372	36,241	11,055	n/a	17,701
Tax										
Number of land records created	140	250	n/a	73	485	651	862	892	888	913
Number of ownership transfers-real estate/mfg. homes	4,293	3,995	n/a	3,671	4,350	4,792	5,391	6,074	7,614	7,231
Number of tax bills created - real/personal	68,499	68,400	n/a	70,635	71,596	73,854	74,902	77,141	79,327	81,040
Number of tax bills created - registered vehicles	85,796	84,814	n/a	n/a	84,928	78,076	79,651	80,459	79,497	92,525
Register of Deeds										
Total documents recorded	12,042	n/a	14,589	12,566	12,092	13,647	15,069	14,771	14,150	16,644
Deeds recorded	2,382	n/a	2,747	3,029	3,028	3,405	3,956	3,958	3,948	3,904
Marriage licenses issued	514	n/a	497	537	567	583	516	571	552	530
Births occurring	346	n/a	413	438	461	464	458	454	503	540
Deaths occurring	452	n/a	494	500	495	555	546	598	602	665
Certified copies issued	4,759	n/a	4,929	4,918	4,902	5,499	5,404	5,995	6,240	6,495
Public safety										
Arrests	2,975	3,979	4,205	4,607	3,848	3,025	2,921	4,317	4,300	2,305
Civil papers served	12,311	12,586	12,591	11,755	13,174	11,394	10,544	10,361	12,065	9,322
Jail bookings	3,584	3,773	4,198	4,138	4,065	4,548	4,399	4,451	4,196	3,225
Average daily jail population	134	133	136	134	135	138	154	153	154	139
Communications total calls	89,575	94,480	76,336	106,520	111,509	113,207	144,171	141,165	126,027	111,663
Building permits issued	3,035	3,019	2,616	2,849	2,960	7,514	4,191	5,183	5,192	5,576
Building inspections conducted	13,131	13,149	13,219	15,465	19,868	24,373	29,446	38,431	37,424	36,199
Emergency medical calls answered	16,002	16,763	18,679	17,517	14,957	14,521	15,237	15,959	16,126	15,824
Emergency patients transported	8,143	8,213	8,718	8,241	10,036	10,239	8,858	8,687	8,751	8,593
Number of firemen and officers	500	450	564	450	453	411	554	511	530	528
Number of fire calls answered	3,000	6,348	7,300	8,203	9,746	8,401	8,567	7,169	9,496	10,941
Number of fire marshal inspections	1,300	1,750	2,000	1,750	1,776	1,135	1,309	2,539	2,231	2,361
Animals entering shelter	4,235	4,163	3,883	3,309	3,285	3,262	2,834	1,883	2,821	2,948
Animals euthanized	2,485	2,271	2,107	1,114	735	484	423	98	100	93

Table 17
Lincoln County
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transportation										
Clients served	586	930	970	1,096	815	790	833	893	867	829
Trips provided	13,893	63,071	72,149	71,366	63,499	60,174	64,261	65,482	66,628	54,912
Economic and physical development										
Cooperative Extension client contacts	69,149	63,688	73,990	50,790	77,013	23,500	51,500	61,500	65,000	55,000
Soil and Water Conservation										
Clients assisted	3,658	3,750	3,713	3,752	3,752	3,707	3,684	7,000	6,338	5,755
Funds landowners received from federal and state programs	\$ 176,714	\$ 346,154	\$ 496,530	\$ 247,227	\$ 667,686	\$ 441,710	\$ 480,047	\$ 754,652	\$ 663,008	\$ 867,171
Human services										
Health Department patient visits										
Adult Health	3,790	2,684	2,568	3,108	3,055	1,949	2,515	1,012	842	621
Child Health	1,115	1,083	1,075	1,103	1,061	425	1,173	1,001	1,248	1,151
Family Planning	4,836	4,723	3,935	4,357	4,413	4,107	4,153	3,618	4,146	3,744
Immunizations/Flu	2,285	1,144	1,014	1,352	1,481	1,187	1,657	1,739	1,752	1,622
Maternal Health	1,125	374	750	940	1,519	1,517	1,484	-	-	-
Primary Care	6,052	5,899	4,172	3,355	3,191	2,855	3,837	3,735	3,493	3,217
Sexually transmitted diseases	2,748	2,562	1,924	2,296	2,745	2,695	3,360	4,075	4,819	5,082
Tuberculosis	324	477	494	294	661	845	889	920	1,040	725
Case Management(child service & maternity care)	1,748	-	-	-	-	-	-	-	-	-
Lab services (in-house)	10,895	9,536	8,153	8,237	7,650	5,490	5,864	4,405	4,650	4,284
(referred)	4,356	4,030	3,863	4,121	4,454	3,951	4,410	3,202	3,733	3,754
WIC (women infants and children)	24,345	24,490	24,864	23,381	20,910	20,765	19,855	18,905	17,961	18,644
Home Health (unduplicated patients)	365	504	567	518	478	-	-	-	-	-
Environmental Health										
Food & Lodging permits	68	77	39	26	40	27	18	30	34	23
Food, Lodging & Institutional Inspections	859	1,257	802	842	863	860	864	835	750	583
Sewage system permits	273	349	317	433	471	605	803	854	682	923
Sewage system finals	164	213	168	235	247	263	332	356	386	395
Water samples	258	308	284	401	397	447	436	545	316	222
New well permits (began 7/1/07)	102	137	68	107	76	179	207	281	213	254
Wells Inspected (water for sampling)	107	85	98	107	148	147	150	187	174	207
Swimming pools	31	31	27	32	33	39	22	39	46	44
Lead investigations	-	-	-	-	1	-	-	2	-	1
Complaint investigations	56	175	75	94	70	57	65	56	41	47
Social Services cases (may contain duplicates)										
Child & adult protective services	116	109	97	92	98	93	85	93	108	94
Children in foster care	56	62	78	82	80	86	108	108	116	93
Work first cases	128	121	119	119	120	108	106	102	98	111
NC health choice cases	826	817	866	866	866	776	784	907	1,034	1,058
Medicaid cases	8,966	9,098	9,163	9,364	12,075	11,678	11,822	12,293	11,961	11,582

Table 17
Lincoln County
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Food stamp cases	5,244	5,654	4,922	5,365	5,505	5,163	4,591	4,437	4,128	4,299
Child support cases	2,765	2,920	2,919	2,874	2,834	2,767	2,714	2,677	2,649	2,706
Culture and recreation										
Recreation (shelter & facility reservations)	816	896	1,157	1,296	n/a	n/a	1,339	1,316	1,409	358
Library volumes in collection	148,408	142,853	144,907	143,880	173,251	157,541	141,099	144,012	145,212	146,058
Library circulation	308,342	280,413	285,669	283,041	245,675	252,018	241,229	243,902	247,054	197,751
Business-type activities:										
Water and Sewer										
Number of water customers	9,730	9,901	10,165	10,680	9,743	10,420	12,491	12,109	12,695	13,299
Average daily water production	2,800,000	2,620,000	2,790,000	2,619,000	2,800,000	2,971,000	3,141,498	3,151,374	3,079,063	4,245,700
Number of sewer customers	3,812	3,843	4,027	3,851	4,472	5,022	5,196	5,686	6,185	6,692
Average daily sewage treatment	780,000	880,000	825,000	799,250	900,000	1,045,000	1,019,628	1,129,590	765,148	1,125,000
Landfill										
Tons of waste sanitary landfill	46,692	43,093	38,766	39,008	39,008	35,969	36,814	38,538	37,775	44,273
Tons of waste demolition landfill	16,131	18,282	12,342	9,283	9,283	7,308	8,505	7,628	8,656	6,841
Tons of recyclables	2,187	2,048	2,423	2,537	2,537	1,870	3,009	1,760	1,804	1,702
Tons of white goods	800	1,125	1,411	1,616	1,616	2,334	2,669	2,965	3,155	3,540
Tons of tires	1,209	1,280	1,064	1,069	1,069	1,064	1,190	1,556	1,370	1,529

Source: Various County Departments

Notes:

(1) Began reporting number of connections in fiscal year 2020, fiscal year 2019 and prior reflected number of customers.

Table 18
Lincoln County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:											
General government											
Buildings	22	24	24	25	25	25	26	27	30	28	28
Public safety											
Law enforcement stations	3	3	3	3	3	3	3	3	3	3	3
Patrol units	77	77	77	77	79	83	83	95	95	95	99
Jail capacity	168	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	6	7	7	7	9	6	6	8	8	8	8
Emergency medical apparatus	23	23	24	24	24	24	24	24	24	24	24
Fire department stations	15	15	16	17	18	19	19	19	20	20	22
Transportation											
Number of transportation vehicles	15	18	19	19	21	21	21	22	22	23	22
Cultural and recreation											
Number of libraries	3	3	3	3	3	3	3	3	3	3	3
Number of county parks											
Developed	4	4	5	5	6	6	6	6	6	6	6
Undeveloped	1	1	1	1	-	-	-	-	1	1	1
Park acreage:											
Developed	115	115	149	149	265	265	265	265	265	265	265
Undeveloped	116	116	116	116	-	-	-	-	30	30	30
Number of community centers	2	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	2	2	2	2	2	2	2	2	2	2	1
Business-type activities:											
Water and Sewer											
Number of water plants	1	1	1	1	1	1	1	1	1	1	1
Miles of water mains	315	336	313	313	322	325	332	332	337	339	347
Number of wastewater plants	2	2	2	1	1	1	1	1	1	1	1
Miles of sanitary sewer	155	155	171	171	171	176	176	233	185	183	196
Landfill											
Number of sanitary landfills	1	1	1	1	1	1	1	1	1	1	1
Number of demolition landfills	1	1	1	1	1	1	1	1	1	1	1
Number of convenience sites	7	7	7	7	7	7	7	7	7	7	7

Source: Various County Departments

COMPLIANCE SECTION

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Required by the Uniform Guidance And The State Single Audit Implementation Act

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; Required by the Uniform Guidance And The State Single Audit Implementation Act

Schedule of Findings and Questioned Costs

Schedule of Prior Year's Audit Findings

Schedule of Expenditures of Federal and State Awards

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"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated November 9, 2020. Our report includes a reference to other auditors who audited the financial statements of the Lincoln County ABC Board, as described in our report on Lincoln County's financial statements. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Lincoln County ABC Board.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 9, 2020

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Lincoln County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Lincoln County's major federal programs for the year ended June 30, 2020. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lincoln County's compliance.

Opinion on Each Major Federal Program

In our opinion, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 9, 2020

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

Report on Compliance for Each Major State Program

We have audited Lincoln County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Lincoln County's major state programs for the year ended June 30, 2020. Lincoln County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Lincoln County's compliance.

Opinion on Each Major State Program

In our opinion, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 9, 2020

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

<u>Federal Program/Cluster Name</u>	<u>CFDA #</u>
Medicaid Cluster	93.778
Low Income Home Energy Assistance	93.568
COVID-19 Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- | | |
|--|---------------|
| • Material weakness(es) identified? | No |
| • Significant deficiency(es) identified? | None reported |

Type of auditor's report issued on compliance for major state programs:	Unmodified
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Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No
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Identification of major state programs:

Program Name

Medicaid Cluster
Public School Building Capital Fund
School Nurse Funding Initiative
State Aid to Public Libraries
Special Appropriation

2. Financial Statement Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

None

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services:</u>					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561	205NC403S2514	\$ 707,162	\$ -	\$ -
Total Supplemental Nutrition Assistance Program Cluster			<u>707,162</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Public Health:</u>					
Administration:					
WIC Special Supplemental Nutrition Program for					
Women, Infants, & Children	10.557	13A2-5403-GA&GK;13A2-5404-GA&GK;13A2-5405-GA&GK;13A2-5409-GA&GK;13A2-570B-JQ;13A2-570D-JQ	324,869	-	-
<u>U.S. Department of Treasury</u>					
Direct Program:					
Equitable Sharing	21.016		24,981	-	-
Passed-through the Office of State and Budget Management: NC Pandemic					
Recovery Office:					
COVID-19-Coronavirus Relief Fund (Note 4)	21.019	02-54	2,481,421	-	830,367
<u>U.S. Department of Justice</u>					
Direct Program:					
Equitable Sharing	16.922		10,946	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Dept. of Transportation					
<u>Transit Services Program Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51001.73.4.3	27,359	3,419	-
Total Transit Services Program Cluster			<u>27,359</u>	<u>3,419</u>	<u>-</u>
<u>Federal Transit Administration</u>					
Formula Grants for Rural Areas- Admin	20.509	36233.114.9.1	213,789	13,361	-
Formula Grants for Rural Areas- Capital	20.509	36233.114.9.3; 36233.114.9.4	289,976	36,247	-
<u>National Science Foundation</u>					
Direct Program:					
Education and Human Resources	47.076		923	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety					
<u>Federal Emergency Management Agency</u>					
Emergency Management Performance Grants	97.042	EMPG-2019-19054	52,539	-	-
<u>U.S. Endowment for Humanities</u>					
Passed-through N.C. Dept. of Natural & Cultural Resources					
Institute of Museum and Library Services					
Library Services and Technology Act (LSTA) Grants	45.310	LS-00-19-0034-19	49,766	-	-
<u>U.S. Department of Health & Human Services</u>					
Direct Program:					
COVID-19-Provider Relief Fund	93.498		110,818		
Passed-through the N.C. Dept. of Insurance					
<u>Division of Social Services</u>					
<u>Administration for Community Living</u>					
State Health Insurance Assistance Program (SHIP)	93.324	90S-APG0027-02-01	6,524	-	-
Medicare Enrollment Assistance Program	93.071	14AANCMSHI	2,266	-	-
Passed-through Centralina Council of Governments					
<u>Administration for Community Living:</u>					
<u>Aging Cluster:</u>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive					
Services and Senior Centers - Access Services	93.044	AANCT3SS	70,020	12,357	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive					
Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	284,195	50,152	-
Special Programs for the Aging, Title III, Part C, Nutrition					
Services - Congregate Nutrition	93.045	AANCT3CM	44,331	7,823	-
Special Programs for the Aging, Title III, Part C, Nutrition					
Services - Home Delivered Meals	93.045	AANCT3CM	23,470	4,142	-
Nutrition Services Incentive Program	93.053	AANCNSIP	8,236	-	-
Total Aging Cluster			<u>430,252</u>	<u>74,474</u>	<u>-</u>

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Passed-through Centralina Council of Governments					
<u>Administration for Community Living:</u>					
National Family Caregiver Support, Title III, Part E					
Services - Family Caregiver Support	93.052	AANCT3FC	21,031	1,402	-
Special Programs for the Aging - Title III, Part D Disease					
Prevention and Health Promotion Services	93.043	AANCT3PH	2,009	355	-
Social Services Block Grant - In Home & Support Services	93.667		29,733	4,248	-
<u>Administration for Children and Families:</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Cluster (Note 3):</u>					
Administration:					
Adoption Assistance	93.659	2001NCADPT	17,773	-	-
Foster Care - Title IV-E	93.658	2001NCFOST	515,794	36,685	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	2001NCFOST	199,055	60,786	-
COVID-19-Foster Care-Title IV-E	93.658	2001NCFOST	20,400	-	-
Total Foster Care and Adoption Cluster (Note 3)			<u>753,022</u>	<u>97,471</u>	<u>-</u>
<u>Special Children Adoption Fund Cluster: (Note 3)</u>					
Administration:					
Promoting Safe and Stable Families	93.556	2001NCFPSS	26,822	-	-
Total Special Children Adoption Fund Cluster (Note 3)			<u>26,822</u>	<u>-</u>	<u>-</u>
<u>Adoption Assistance Program IV-B Cluster (Note 3):</u>					
Administration:					
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2001NCCWSS	20,171	-	-
Total Adoption Assistance Program IV-B Cluster (Note 3)			<u>20,171</u>	<u>-</u>	<u>-</u>
<u>Temporary Assistance for Needy Families:</u>					
<u>Division of Social Services:</u>					
Administration:					
Temporary Assistance for Needy Families (TANF)/ Work First	93.558	2001NCTANF	120,877	-	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558	2001NCTANF	714,055	-	-
<u>Division of Public Health:</u>					
Administration:					
Temporary Assistance for Needy Families	93.558	13A1-5151-T2	8,411	-	-
Administration:					
John H. Chafee Foster Care Program for Successful Transition to					
Adulthood	93.674	2001NCC1LP	17,713	4,428	-
Low Income Home Energy Assistance	93.568	G20B1NCLIEA	603,152	-	-
Child Support Enforcement	93.563	2004NC4005	597,931	-	-
Direct Benefit Payments:					
John H. Chafee Foster Care Program for Successful Transition to					
Adulthood	93.674	2001NCC1LP	32,364	-	-
Social Services Block Grant	93.667	G2001NCSOSR	347,117	3,152	-
<u>Administration for Children and Families:</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services:</u>					
<u>Refugee and Entrant Assistance Cluster (Note3):</u>					
Administration:					
Refugee Cash and Medical Assistance	93.566	2001NCRMA	21	-	-
Total Refugee and Entrant Assistance Cluster (Note 3)			<u>21</u>	<u>-</u>	<u>-</u>
<u>Subsidized Child Care Cluster (Note 3):</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care					
Development Fund - Administration	93.596	G2001NCCCDF	89,921	-	-
Total Subsidized Child Care Cluster/Child Care Devel Fund Cluster (Note 3)			<u>89,921</u>	<u>-</u>	<u>-</u>
<u>Center for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Health Benefits:</u>					
<u>Medicaid Cluster:</u>					
Administration:					
Medical Assistance Program	93.778	XIX-MAP20	2,163,655	6,324	-
Total Medicaid Cluster			<u>2,163,655</u>	<u>6,324</u>	<u>-</u>
<u>Children's Health Insurance Program - North Carolina Health Choice:</u>					
Administration:					
Children's Health Insurance Program	93.767	CHIP20	61,825	923	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>Health Resources and Service Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services					
<u>Division of Public Health:</u>					
Maternal and Child Health Services Block Grant to the States	93.994	13A1-5735-AP; 1271-5318-AR; 1271-5745-AR; 1271-5351-AR; 13A1-5740-AR	63,635	1,199	-
<u>Office of Population Affairs</u>					
<u>Division of Public Health:</u>					
Passed-through the N.C. Dept. of Health and Human Services					
Family Planning Services	93.217	13A1-592B-FP; 13A1-592C-FP	48,422	-	-
<u>Center for Disease Control and Prevention</u>					
Passed-through the N.C. Dept. of Health and Human Services					
<u>Division of Public Health:</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency					
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	1264-2679-EN; 1264-2679-EZ	43,114	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	1460-272A-NF, 1460-272E-NF	50	-	-
Immunization Cooperative Agreements	93.268	1331-631A-EJ	18,560	-	-
COVID-19-Public Health Emergency Response: Cooperative Agreement					
for Emergency Response: Public Health Crisis Response	93.354	1264-2680-CP	89,753	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal					
Organizations financed in part by Prevention and Public Health funds	93.898	1320-310C-D7	35,750	-	-
Preventive Health and Health Services Block Grant funded solely with					
Prevention and Public Health Funds (PPHF)	93.991	1261-5503-PH	30,921	-	-
<u>HIV Cluster: (Note 3)</u>					
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311-462A-NB, 1311-462B-NB	100	-	-
Total HIV Cluster (Note 3)			100	-	-
Total U.S. Department of Health and Human Services			6,489,995	193,976	-
Total Federal Awards			10,673,726	247,003	830,367
State Awards:					
<u>N.C. Department of Agriculture and Consumer Services</u>					
<u>Division of Soil & Water:</u>					
N.C. Agriculture Cost Share Funds				29,915	-
<u>N.C. Department of Natural and Cultural Resources</u>					
<u>Division of State Library:</u>					
State Aid to Public Libraries				120,646	-
Special Appropriation				400,000	-
<u>N.C. Department of Environmental Quality</u>					
<u>Division of Waste Management:</u>					
Electronics Management				5,009	-
<u>N.C. Department of Health and Human Services</u>					
<u>Division of Social Services:</u>					
State Child Welfare/CPS/CS LD				122,567	-
DCD Smart Start				71,044	-
AFDC Incent/Program Integrity				28	-
Extended F/C Maximization Non Title IV-E - Direct Benefit Payments				49,725	-
F/C At Risk Maximization- Direct Benefit Payments				8,772	-
SFHF Maximization- Direct Benefit Payments				70,918	-
State Foster Home- Direct Benefit Payments				118,146	-
<u>Division of Public Health:</u>					
Food and Lodging Fees				12,327	-
General Aid to Counties				100,554	-
General Communicable Disease Control				12,488	-
Breast and Cervical Cancer Program				5,610	-
Health Community Activities				3,785	-
Child Health				5,936	-
Women's Health Service Fund				7,958	-
HMHC-Family Planning				821	-
Maternal Health (HMHC)				29,943	-
HIV/STD State				400	-
HIV/STD SSBG Aid				100	-
Gonorrhea Partner Services				309	-
Sexually Transmitted Diseases				1,543	-
School Nurse Funding Initiative				150,000	-
TB Medical Service				787	-
Tuberculosis				1,825	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Passed through Centralina Council of Governments					
<u>Division of Aging and Adult Services:</u>					
Administration:					
Senior Center General				10,573	-
Fan/Heat Program				330	-
<u>N.C. Department of Military & Veterans Affairs</u>					
Dept of Military & Veterans Affairs Community Grant				2,182	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund				233,700	-
<u>N.C. Department of Public Safety</u>					
<u>Division of Juvenile Justice:</u>					
CIS After School Program				18,690	-
CIS Gives Back				33,918	-
CIS Transition				22,077	-
Family Centered Treatment				21,328	-
JCPC Administration				10,750	-
Juvenile Mediation				21,382	-
Kids At Work				27,178	-
CIS Strengthening Families				24,160	-
Teen Court-Mediation Center for the Southern Piedmont				21,138	-
<u>N.C. Department of Transportation</u>					
<u>Rural Operating Assistance Program (ROAP) Cluster:</u>					
ROAP- Employment				23,024	-
ROAP- EDTAP				91,984	-
ROAP Rural General Public Transportation				114,504	-
Total Rural Operating Assistance Program (ROAP) Cluster				229,512	-
Total State awards				2,008,074	-
Total Federal and State awards			\$ 10,673,726	\$ 2,255,077	\$ 830,367

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of Lincoln County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Lincoln County, it is not intended to and does not present the financial position, changes in net position or cash flows of Lincoln County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Lincoln County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care and Adoption, Special Children Adoption Fund, Adoption Assistance Program IV-B, Refugee and Entrant Assistance, Subsidized Child Care, and HIV.

Note 4: Coronavirus Relief Fund

Lincoln County received \$3,322,292 from the Coronavirus Relief Fund (CRF) (21.019). At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Lincoln County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Department of Treasury guidelines. Per the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused funds. CRF costs must be incurred during the period that begins March 1, 2020, and ends on December 30, 2020.