



LINCOLN COUNTY

North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2021



LINCOLN COUNTY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**PREPARED BY
LINCOLN COUNTY FINANCE DEPARTMENT**

LINCOLN COUNTY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

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-
-



FINANCE DEPARTMENT

January 25, 2022

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

The Annual Comprehensive Financial Report (ACFR) for Lincoln County, North Carolina, for the fiscal year ended June 30, 2021, 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, 2021, 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, 2021, 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 Annual Comprehensive Financial Report (ACFR) 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 Expenditures of Federal and State 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 ACFR 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 upon 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 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 2020 population of 11,678 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, 2020, according to the State Demographer, was 88,699.

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 2021 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 2021. 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.

The Lincoln County 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 2022.

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, as well as, ample space for growth for the next generation of Court personnel. The facility is scheduled to be completed in 2022.

In fiscal year 2021, the County issued debt of \$28,435,000 in Enterprise Revenue Bonds for expansion of the Wastewater Treatment Plant. The plant is being upgraded from 3.3 MGD of current capacity to 6.6 MGD full capacity. This project should be completed sometime in FY 2024.

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 \$25,258,045 expended from the General Fund. In May, 2018, Lincoln County voters approved a ¼ cent sales tax increase. Article 46 is 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, 2020. This was the twenty fifth 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

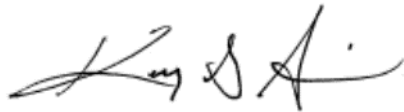
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's

requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

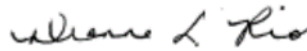
Acknowledgements

We appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of the ACFR. 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'.

Kelly G. Atkins
County Manager

A handwritten signature in dark ink, appearing to read 'Deanna L. Rios'.

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, 2020

Christopher P. Morill

Executive Director/CEO

LIST OF OFFICIALS

BOARD OF COMMISSIONERS

Carrol Mitchem, Chairman
Milton Sigmon, Vice Chairman
Anita McCall
Bud Cesena
Cathy Davis

Amy Atkins, Clerk to the Board

CONSTITUTIONAL OFFICERS

Sheriff Bill Beam
Danny Hester, Register of Deeds

COUNTY ADMINISTRATION

Kelly G. Atkins, County Manager
Deanna Rios, CPA, Finance Director
Crystal Watson, Controller
Megan Gilbert, County Attorney
Candy Stevens, Human Resources Director

DEPARTMENT MANAGERS

Andrew Bryant, Development Services Director
Davin Madden, Health Director
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
Evan Crawley, Soil & Water Conservation Manager
Benjamin Cohen, Director of Information Technology
Bradley Putnam, Director of Elections
Alex Patton, Veterans Services Officer
Ron Rombs, Emergency Services Director
Jennifer Sackett, PhD, Library Director
Hannah Beaver, Animal Services Director
Bill Gibbs, Communications 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, 2021, 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, 98.8 percent, and 99.9 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, 2021, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, effective July 1, 2020, the County adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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-Employee 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 January 25, 2022 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

January 25, 2022, except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is April 25, 2023.

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, 2021. 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.

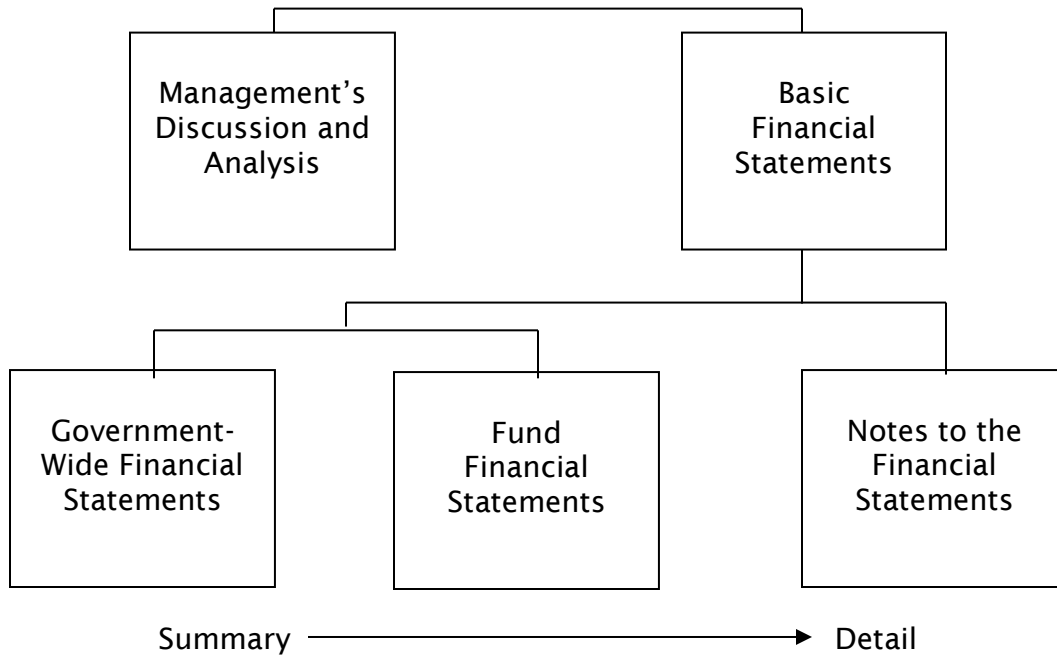
Financial Highlights

- 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 \$133,380,086 (*net position*).
- Current year increase in the sales tax, effective tax collections, Federal CARES Act funds received, and conservative spending were the primary factors contributing to the increase in the government's total net position of \$26,410,855.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$85,807,646, a decrease of \$1,681,865, in comparison with the prior year amount. This decrease was primarily due to activity in the General Capital Projects Fund. Approximately 61% of this amount, or \$52,345,857, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23,221,262, or 20.68%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total long term debt increased by \$18,942,269, or 8.09%, during the current fiscal year. The key factor in this increase was the issuance of Revenue Bonds in the Water and Sewer Fund.
- 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 K) 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 it has 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 provides to customers for a fee. 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 four fiduciary funds, which are custodial 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 K 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 97,940,441	\$ 98,299,173	\$ 58,191,796	\$ 46,205,307	\$ 156,132,237	\$ 144,504,480
Capital assets	111,954,834	96,194,232	111,138,015	100,612,856	223,092,849	196,807,088
Total assets	<u>209,895,275</u>	<u>194,493,405</u>	<u>169,329,811</u>	<u>146,818,163</u>	<u>379,225,086</u>	<u>341,311,568</u>
Deferred outflows of resources	<u>24,620,847</u>	<u>13,533,031</u>	<u>2,601,647</u>	<u>1,339,347</u>	<u>27,222,494</u>	<u>14,872,378</u>
Liabilities:						
Long-term liabilities						
outstanding	181,110,270	179,335,242	72,029,663	54,862,422	253,139,933	234,197,664
Other liabilities	9,152,454	7,493,387	2,497,734	2,258,807	11,650,188	9,752,194
Total liabilities	<u>190,262,724</u>	<u>186,828,629</u>	<u>74,527,397</u>	<u>57,121,229</u>	<u>264,790,121</u>	<u>243,949,858</u>
Deferred inflows of resources	<u>7,498,805</u>	<u>5,030,245</u>	<u>778,568</u>	<u>509,181</u>	<u>8,277,373</u>	<u>5,539,426</u>
Net Position:						
Net investment in capital assets	72,844,362	70,103,209	75,008,044	66,094,327	147,852,406	136,197,536
Restricted	33,785,376	46,379,661	-	-	33,785,376	46,379,661
Unrestricted	(69,875,145)	(100,315,308)	21,617,449	24,432,773	(48,257,696)	(75,882,535)
Total net position	<u>\$ 36,754,593</u>	<u>\$ 16,167,562</u>	<u>\$ 96,625,493</u>	<u>\$ 90,527,100</u>	<u>\$ 133,380,086</u>	<u>\$ 106,694,662</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 \$133,380,086, as of June 30, 2021. The County's net position increased by \$26,410,855, for the fiscal year ended June 30, 2021. One of the largest portions, \$147,852,406, 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, \$33,785,376, 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 99.37%.
- Long-term liabilities increased due to the issuance of debt in the Water and Sewer Fund. Also, in North Carolina counties issue debt for school construction, but school systems report the assets.
- An increase in ad valorem tax revenue with an increase in sales tax revenue due to a general increase in retail sales in the County, most likely due to online shopping due to the pandemic.
- Continued low cost of debt due to the County's high bond rating.

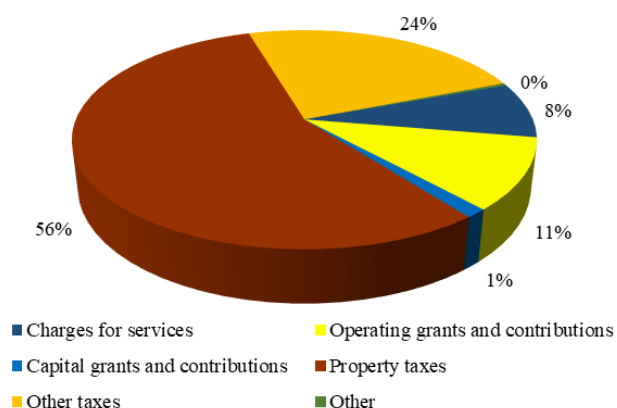
Lincoln County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,593,591	\$ 9,869,697	\$ 24,112,141	\$ 21,247,866	\$ 35,705,732	\$ 31,117,563
Operating grants and contributions	14,952,162	14,732,517	20,000	-	14,972,162	14,732,517
Capital grants and contributions	1,837,986	1,078,262	1,903,130	5,023,169	3,741,116	6,101,431
General revenues:						
Property taxes	79,291,113	75,590,046	416	1,099	79,291,529	75,591,145
Other taxes	33,606,113	27,551,233	-	-	33,606,113	27,551,233
Other	525,888	1,196,723	64,113	491,701	590,001	1,688,424
Total revenues	<u>141,806,853</u>	<u>130,018,478</u>	<u>26,099,800</u>	<u>26,763,835</u>	<u>167,906,653</u>	<u>156,782,313</u>
Expenses:						
General government	17,272,581	14,392,014	-	-	17,272,581	14,392,014
Public safety	46,549,280	45,254,434	-	-	46,549,280	45,254,434
Transportation	1,570,268	1,205,030	-	-	1,570,268	1,205,030
Economic and physical development	3,226,573	2,441,281	-	-	3,226,573	2,441,281
Culture and recreation	4,172,234	3,184,449	-	-	4,172,234	3,184,449
Education	25,258,045	25,393,694	-	-	25,258,045	25,393,694
Human services	20,674,988	19,054,638	-	-	20,674,988	19,054,638
Interest on long-term debt	2,770,422	2,199,075	-	-	2,770,422	2,199,075
Water and sewer	-	-	14,399,456	12,922,159	14,399,456	12,922,159
Solid waste	-	-	5,601,951	872,723	5,601,951	872,723
Total expenses	<u>121,494,391</u>	<u>113,124,615</u>	<u>20,001,407</u>	<u>13,794,882</u>	<u>141,495,798</u>	<u>126,919,497</u>
Change in net position	20,312,462	16,893,863	6,098,393	12,968,953	26,410,855	29,862,816
Net Position						
Beginning of year - July 1	16,167,562	(726,301)	90,527,100	77,558,147	106,694,662	76,831,846
Prior period adjustment	274,569	-	-	-	274,569	-
Beginning net position, restated	<u>16,442,131</u>	<u>(726,301)</u>	<u>90,527,100</u>	<u>77,558,147</u>	<u>106,969,231</u>	<u>76,831,846</u>
End of year - June 30	<u>\$ 36,754,593</u>	<u>\$ 16,167,562</u>	<u>\$ 96,625,493</u>	<u>\$ 90,527,100</u>	<u>\$ 133,380,086</u>	<u>\$ 106,694,662</u>

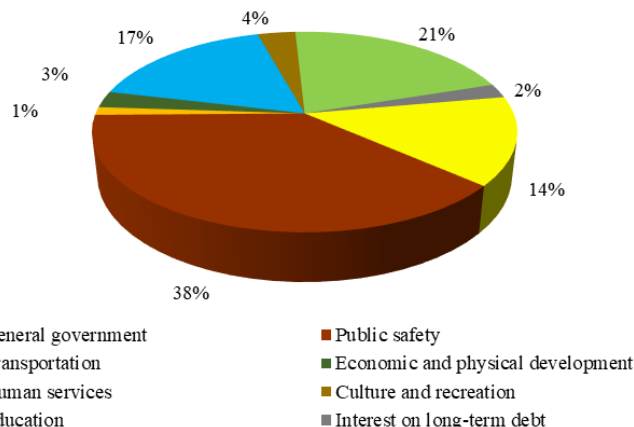
Governmental Activities. Governmental activities increased the County’s net position by \$20,312,462. The key elements of this increase are as follows:

- The current year property taxes collections increased by \$3,701,067, or 4.9%, compared to the prior year due to increased construction on the east end of the County and collection rate of 99.37%.
- Increased sales tax revenues of \$5,240,599, or 20.43%, this is due to increased online purchases resulting from the pandemic, and the continued strong economy.
- Expenditures for human services increased by \$1,620,350 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 \$6,098,393. 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 \$44,783,242, while total fund balance was \$54,579,832. 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 39.9% of total General Fund expenditures, while total fund balance represents 48.6% 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 \$22,926,296, a decrease of \$16,133,232. The decrease is attributed to expenditures and other financing

uses exceeding revenues and other financing sources. Several projects were completed during the year from amounts transferred in previous years from the General Fund.

At June 30, 2021, the governmental funds of Lincoln County reported a combined fund balance of \$85,807,646 a 1.92% decrease 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 \$5,603,820. The largest part of this increase, \$1,391,120, was to increase Human Services for expenditures due to the COVID-19 pandemic. 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 \$23,577,681, and the Solid Waste Fund at the end of the fiscal year amounted to (\$1,960,232). The total change in net position for the two funds was \$6,591,611 and (\$493,218), 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, 2021 totals \$223,092,849 (net of accumulated depreciation). These assets include land, buildings, water and sewer lines, treatment facilities, machinery and equipment, park facilities and vehicles.

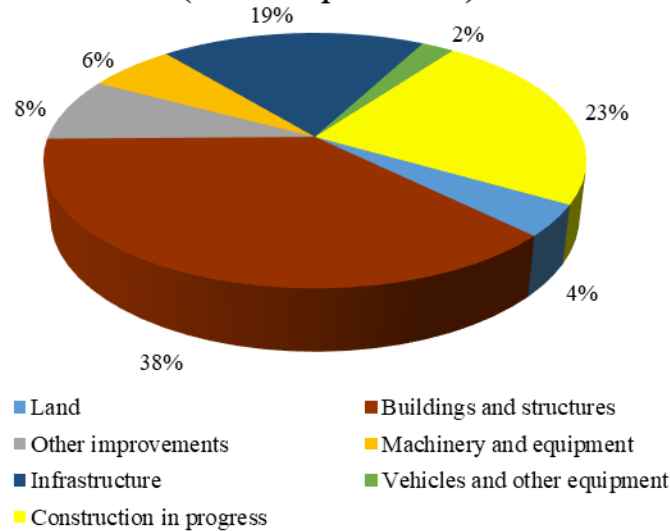
Major capital asset transactions during the year include:

- The Development Services renovation was completed.
- The West Lincoln Library construction was completed.
- Water Treatment Plant expansion was nearly completed.
- The new courthouse project was started.
- Waste Water Treatment Plant expansion was started.

Lincoln County's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,432,079	\$ 7,136,339	\$ 1,479,075	\$ 1,479,075	\$ 8,911,154	\$ 8,615,414
Buildings and structures	57,360,491	49,411,358	26,175,077	27,790,487	83,535,568	77,201,845
Other improvements	10,634,911	10,888,171	7,305,026	4,828,250	17,939,937	15,716,421
Machinery and equipment	9,939,635	10,168,553	3,831,231	3,960,631	13,770,866	14,129,184
Infrastructure	-	-	41,984,607	41,888,929	41,984,607	41,888,929
Vehicles and other equipment	5,170,627	4,981,709	-	-	5,170,627	4,981,709
Construction in progress	21,417,091	13,608,102	30,362,999	20,665,484	51,780,090	34,273,586
Total	\$111,954,834	\$96,194,232	\$111,138,015	\$100,612,856	\$223,092,849	\$196,807,088

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, 2021, Lincoln County had total general obligation bonded debt outstanding of \$33,317,000, 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	
	2021	2020
Direct placement general obligation bonds	<u>\$ 33,317,000</u>	<u>\$ 39,963,000</u>

Lincoln County's total general obligation bonded debt decreased by \$6,646,000, or 16.6%, during the past fiscal year, primarily due to paying off debt.

As of June 30, 2021, Lincoln County had total enterprise revenue bonded debt outstanding of \$41,450,000, all of which is debt backed by the revenues of the water and sewer utility system.

Enterprise Revenue Bonds Figure 6

	Business-Type Activities	
	2021	2020
Revenue bonds	<u>\$ 41,450,000</u>	<u>\$ 13,615,000</u>
Direct placement revenue bonds	<u>\$ -</u>	<u>\$ 7,940,000</u>

Lincoln County's total enterprise revenue bonded debt increased by \$19,895,000, during the past fiscal year, due to the issuance of debt in August, 2020.

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 \$819,318,000.

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 3.8%, 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 \$0.619 per \$100 of valuation is the 5th 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, 2022

Governmental Activities. The County adopted a General Fund budget in the amount of \$123,367,457 for the fiscal year ending June 30, 2022, an increase of \$10,519,012, or 9.32%, from the fiscal year 2021 budget. The majority of the budget increases were in Public Safety and Human Services.

Business-type Activities. The availability fee in the Solid Waste fund increased by \$16, a 16.2% increase to assist in large equipment purchases necessary in the upcoming years.

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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincoln Community Friends
Assets:					
Cash and cash equivalents	\$ 65,243,121	\$ 36,405,104	\$ 101,648,225	\$ 597,650	\$ 40,758
Taxes receivable (net)	754,780	-	754,780	-	-
Accounts receivable (net)	963,884	1,892,323	2,856,207	-	-
Due from other governments	8,163,150	448,020	8,611,170	-	-
Inventory	-	-	-	595,414	-
Prepaid items	450,975	2,615	453,590	4,218	-
Cash and cash equivalents, restricted	22,144,553	19,443,734	41,588,287	-	-
Net pension asset	219,978	-	219,978	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	28,849,170	31,842,074	60,691,244	797,412	-
Other assets, net of depreciation	83,105,664	79,295,941	162,401,605	2,435,041	-
Total assets	209,895,275	169,329,811	379,225,086	4,429,735	40,758
Deferred Outflows of Resources:					
Pension deferrals	11,461,482	1,075,370	12,536,852	66,615	-
OPEB deferrals	12,230,014	1,358,891	13,588,905	-	-
Deferred charges, net	929,351	167,386	1,096,737	-	-
Total deferred outflows of resources	24,620,847	2,601,647	27,222,494	66,615	-
Liabilities:					
Accounts payable and other accrued liabilities	7,249,241	2,287,315	9,536,556	528,671	-
Prepaid fees	1,744	-	1,744	-	-
Liabilities to be paid from restricted assets	1,901,469	210,419	2,111,888	-	-
Long-term liabilities:					
Due within one year	15,183,501	2,470,726	17,654,227	68,659	-
Due in more than one year	165,926,769	69,558,937	235,485,706	563,316	-
Total liabilities	190,262,724	74,527,397	264,790,121	1,160,646	-
Deferred Inflows of Resources:					
Prepaid taxes	322,467	-	322,467	-	-
Pension deferrals	206,347	4,125	210,472	-	-
OPEB deferrals	6,969,991	774,443	7,744,434	-	-
Total deferred inflows of resources	7,498,805	778,568	8,277,373	-	-
Net Position:					
Net investment in capital assets	72,844,362	75,008,044	147,852,406	2,662,657	-
Restricted for Stabilization by State statute	28,245,318	-	28,245,318	-	-
Restricted for general government	95,079	-	95,079	-	-
Restricted for Register of Deeds' pension plan	204,209	-	204,209	-	-
Restricted for public safety	2,867,620	-	2,867,620	-	-
Restricted for transportation	249,571	-	249,571	-	-
Restricted for culture and recreation	1,046	-	1,046	-	-
Restricted for education	1,895,461	-	1,895,461	-	-
Restricted for human services	227,072	-	227,072	-	-
Restricted for working capital	-	-	-	226,976	-
Unrestricted	(69,875,145)	21,617,449	(48,257,696)	446,071	40,758
Total net position	\$ 36,754,593	\$ 96,625,493	\$ 133,380,086	\$ 3,335,704	\$ 40,758

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 17,272,581	\$ 2,194,936	\$ 230,457	\$ -
Public safety	46,549,280	7,484,899	2,080,374	-
Transportation	1,570,268	414,284	889,366	200,586
Economic and physical development	3,226,573	361,560	187,589	-
Culture and recreation	4,172,234	187,461	269,411	-
Education	25,258,045	-	-	1,637,400
Human services	20,674,988	950,451	11,294,965	-
Interest and fees	2,770,422	-	-	-
Total governmental activities	121,494,391	11,593,591	14,952,162	1,837,986
Business-Type Activities:				
Water and sewer	14,399,456	19,040,769	-	1,903,130
Solid waste	5,601,951	5,071,372	20,000	-
Total business-type activities	20,001,407	24,112,141	20,000	1,903,130
Total primary government	\$141,495,798	\$ 35,705,732	\$ 14,972,162	\$ 3,741,116
Component Units:				
Lincoln County ABC Board	\$ 5,175,750	\$ 5,911,255	\$ -	\$ -
Lincoln Community Friends	-	-	3,750	-
Total component units	\$ 5,175,750	\$ 5,911,255	\$ 3,750	\$ -

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs:	Net (Expense)Revenue and Changes in Net Position			Component Units	
	Primary Government			Lincoln	Lincoln
	Governmental	Business-Type	Total	County	Community
Primary Government:	Activities	Activities		ABC Board	Friends
Governmental Activities:					
General government	\$ (14,847,188)	\$ -	\$ (14,847,188)		
Public safety	(36,984,007)	-	(36,984,007)		
Transportation	(66,032)	-	(66,032)		
Economic and physical development	(2,677,424)	-	(2,677,424)		
Culture and recreation	(3,715,362)	-	(3,715,362)		
Education	(23,620,645)	-	(23,620,645)		
Human services	(8,429,572)	-	(8,429,572)		
Interest and fees	(2,770,422)	-	(2,770,422)		
Total governmental activities	(93,110,652)	-	(93,110,652)		
Business-Type Activities:					
Water and sewer	-	6,544,443	6,544,443		
Solid waste	-	(510,579)	(510,579)		
Total business-type activities	-	6,033,864	6,033,864		
Total primary government	\$ (93,110,652)	\$ 6,033,864	\$ (87,076,788)		
Component Units:					
Lincoln County ABC Board				\$ 735,505	\$ -
Lincoln Community Friends				-	3,750
Total component units				\$ 735,505	\$ 3,750
General Revenues:					
Ad valorem taxes	79,291,113	416	79,291,529	-	-
Local option sales tax	30,892,666	-	30,892,666	-	-
Utility franchise tax	198,194	-	198,194	-	-
Real estate transfer tax	2,274,241	-	2,274,241	-	-
Other taxes	241,012	-	241,012	-	-
Unrestricted intergovernmental	317,225	-	317,225	-	-
Investment earnings	208,663	64,113	272,776	1,000	-
Total general revenues	113,423,114	64,529	113,487,643	1,000	-
Change in net position	20,312,462	6,098,393	26,410,855	736,505	3,750
Net position, beginning, previously reported	16,167,562	90,527,100	106,694,662	2,599,199	37,008
Restatement	274,569	-	274,569	-	-
Net position, beginning, restated	16,442,131	90,527,100	106,969,231	2,599,199	37,008
Net position, ending	\$ 36,754,593	\$ 96,625,493	\$ 133,380,086	\$ 3,335,704	\$ 40,758

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Major Funds		Nonmajor Funds	
	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 48,978,160	\$ 4,495,071	\$ 8,190,285	\$ 61,663,516
Taxes receivable, net	656,025	-	98,755	754,780
Accounts receivable, net	962,754	61	107	962,922
Due from other governments	7,585,142	324,842	253,166	8,163,150
Prepaid items	417,067	-	-	417,067
Cash and cash equivalents, restricted	1,912,805	20,231,748	-	22,144,553
Total assets	<u>\$ 60,511,953</u>	<u>\$ 25,051,722</u>	<u>\$ 8,542,313</u>	<u>\$ 94,105,988</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 4,508,857	\$ 223,957	\$ 140,846	\$ 4,873,660
Prepaid fees	550	-	1,194	1,744
Liabilities to be paid from restricted assets	-	1,901,469	-	1,901,469
Total liabilities	<u>4,509,407</u>	<u>2,125,426</u>	<u>142,040</u>	<u>6,776,873</u>
Deferred Inflows of Resources:				
Unavailable taxes	656,025	-	98,755	754,780
Prepaid taxes	322,467	-	-	322,467
Unavailable revenue	444,222	-	-	444,222
Total deferred inflows of resources	<u>1,422,714</u>	<u>-</u>	<u>98,755</u>	<u>1,521,469</u>
Fund Balances:				
Non-spendable:				
Prepaid items	417,067	-	-	417,067
Restricted:				
Stabilization by State statute	9,379,523	18,612,522	253,273	28,245,318
General government	89,076	18,330,279	23,347	18,442,702
Public safety	2,315,627	-	551,993	2,867,620
Transportation	-	-	249,571	249,571
Culture and recreation	-	-	1,046	1,046
Education	1,895,461	-	-	1,895,461
Human services	101,551	-	125,521	227,072
Committed	2,418,255	-	7,325,026	9,743,281
Assigned	14,742,010	-	-	14,742,010
Unassigned	23,221,262	(14,016,505)	(228,259)	8,976,498
Total fund balances	<u>54,579,832</u>	<u>22,926,296</u>	<u>8,301,518</u>	<u>85,807,646</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,511,953</u>	<u>\$ 25,051,722</u>	<u>\$ 8,542,313</u>	

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

		Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:		
Total Fund Balance, Governmental Funds		85,807,646
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		111,954,834
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	\$ 1,722,743	
Less accumulated amortization	<u>(793,392)</u>	929,351
Net pension asset - ROD		219,978
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		3,528,373
Total pension liability - LEOSA		(4,561,498)
Net pension liability - LGERS		(17,103,774)
Total OPEB liability		(57,713,918)
Pension related deferrals		7,726,762
OPEB related deferrals		5,260,023
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(101,731,080)
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.		(365,729)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.		1,199,002
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>1,604,623</u>
Net position of governmental activities, per Exhibit A		<u><u>\$ 36,754,593</u></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, 2021

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 68,720,479	\$ -	\$ 10,822,580	\$ 79,543,059
Local option sales taxes	30,892,666	-	-	30,892,666
Other taxes and licenses	2,713,447	-	-	2,713,447
Unrestricted intergovernmental revenues	317,225	-	-	317,225
Restricted intergovernmental revenues	13,193,747	-	3,423,789	16,617,536
Permits and fees	4,636,675	-	-	4,636,675
Sales and service	5,517,697	-	-	5,517,697
Miscellaneous	1,527,276	-	19,715	1,546,991
Investment earnings	196,024	2,963	4,107	203,094
Total revenues	127,715,236	2,963	14,270,191	141,988,390
Expenditures:				
Current:				
General government	14,578,777	-	91,000	14,669,777
Public safety	31,222,437	-	12,034,203	43,256,640
Transportation	1,200,996	-	328,746	1,529,742
Economic and physical development	2,953,516	-	20,610	2,974,126
Culture and recreation	3,133,342	-	86,852	3,220,194
Education	25,258,045	-	-	25,258,045
Human services	18,786,828	-	281,892	19,068,720
Capital outlay	-	18,557,361	-	18,557,361
Debt service:				
Principal repayments	11,987,742	-	-	11,987,742
Interest	3,147,908	-	-	3,147,908
Total expenditures	112,269,591	18,557,361	12,843,303	143,670,255
Revenues over (under) expenditures	15,445,645	(18,554,398)	1,426,888	(1,681,865)
Other Financing Sources (Uses):				
Transfers from other funds	960,478	2,880,400	4,652,543	8,493,421
Transfers to other funds	(7,532,943)	(459,234)	(501,244)	(8,493,421)
Total other financing sources (uses)	(6,572,465)	2,421,166	4,151,299	-
Net change in fund balances	8,873,180	(16,133,232)	5,578,187	(1,681,865)
Fund balances, beginning	45,588,705	39,059,528	2,566,709	87,214,942
Prior period restatement - change in accounting principle	117,947	-	156,622	274,569
Fund balances, beginning, restated	45,706,652	39,059,528	2,723,331	87,489,511
Fund balances, ending	\$ 54,579,832	\$ 22,926,296	\$ 8,301,518	\$ 85,807,646

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, 2021

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)	\$ (1,681,865)
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.	21,478,031
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(4,924,768)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(792,661)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,474,940
Benefit payments and administrative costs for LEOSSA are not included on the Statement of Activities	53,433
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,335,069
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	(251,946)
Other fees for service	64,841
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	(74,989)
Pension expense	(6,459,430)
OPEB plan expense	(3,685,854)
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.	11,987,742
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.	245,979
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	<u>(456,060)</u>
Change in net position of governmental activities	<u><u>\$ 20,312,462</u></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, 2021

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 67,638,420	\$ 68,238,570	\$ 68,720,479	\$ 481,909
Local option sales taxes	19,208,753	21,165,074	30,892,666	9,727,592
Other taxes and licenses	1,813,000	2,169,000	2,713,447	544,447
Unrestricted intergovernmental revenues	305,000	305,000	317,225	12,225
Restricted intergovernmental revenues	11,829,397	13,603,566	13,193,747	(409,819)
Permits and fees	2,650,920	3,181,830	4,636,675	1,454,845
Sales and service	5,215,282	5,219,088	5,517,697	298,609
Miscellaneous	662,111	1,044,575	1,527,276	482,701
Investment earnings	250,000	250,000	196,024	(53,976)
Total revenues	109,572,883	115,176,703	127,715,236	12,538,533
Expenditures:				
Current:				
General government	14,740,462	16,326,668	14,578,777	1,747,891
Public safety	32,138,435	34,213,105	31,222,437	2,990,668
Transportation	1,650,097	1,650,097	1,200,996	449,101
Economic and physical development	2,915,574	3,161,246	2,953,516	207,730
Culture and recreation	3,132,336	3,562,244	3,133,342	428,902
Education	22,236,922	25,636,008	25,258,045	377,963
Human services	19,669,234	21,060,354	18,786,828	2,273,526
Debt service:				
Principal	12,092,058	12,066,388	11,987,742	78,646
Interest and fees	3,120,292	3,147,908	3,147,908	-
Total expenditures	111,695,410	120,824,018	112,269,591	8,554,427
Revenues over (under) expenditures	(2,122,527)	(5,647,315)	15,445,645	21,092,960
Other Financing Sources (Uses):				
Transfers from other funds	750,000	1,215,270	960,478	(254,792)
Transfers to other funds	(1,153,035)	(7,538,714)	(7,532,943)	5,771
Fund balance appropriated	2,525,562	11,970,759	-	(11,970,759)
Total other financing sources (uses)	2,122,527	5,647,315	(6,572,465)	(12,219,780)
Net change in fund balance	\$ -	\$ -	8,873,180	\$ 8,873,180
Fund balance, beginning of year			45,588,705	
Prior period restatement - change in accounting principle			117,947	
Fund balances, beginning, restated			45,706,652	
Fund balance, end of year			\$ 54,579,832	

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 27,633,681	\$ 8,771,423	\$ 36,405,104	\$ 3,579,605
Accounts receivable, net	1,745,167	147,156	1,892,323	962
Due from other governments	311,463	136,557	448,020	-
Prepaid items	680	1,935	2,615	33,908
Cash and cash equivalents, restricted	19,441,120	2,614	19,443,734	-
Total current assets	49,132,111	9,059,685	58,191,796	3,614,475
Capital assets:				
Non-depreciable capital assets	31,201,426	640,648	31,842,074	-
Depreciable capital assets, net	69,949,509	9,346,432	79,295,941	-
Total non-current assets	101,150,935	9,987,080	111,138,015	-
Total assets	150,283,046	19,046,765	169,329,811	3,614,475
Deferred Outflows of Resources:				
Pension deferrals	645,222	430,148	1,075,370	-
OPEB deferrals	815,335	543,556	1,358,891	-
Deferred charges, net	167,386	-	167,386	-
Total deferred outflows of resources	1,627,943	973,704	2,601,647	-
Liabilities:				
Current liabilities:				
Accounts payable and other accrued liabilities	2,160,088	127,227	2,287,315	2,009,852
Current portion of compensated absences	90,563	40,663	131,226	-
Current portion of long-term debt	1,851,409	488,091	2,339,500	-
Liabilities to be paid from restricted assets:				
Accounts payable	93,110	-	93,110	-
Customer deposits	114,695	2,614	117,309	-
Total current liabilities	4,309,865	658,595	4,968,460	2,009,852
Non-current liabilities:				
Accrued landfill closure/post-closure care costs	-	8,137,168	8,137,168	-
Compensated absences	35,614	49,291	84,905	-
Net pension liability	1,140,252	760,168	1,900,420	-
Total OPEB liability	3,847,595	2,565,063	6,412,658	-
Long-term debt	49,478,366	3,545,420	53,023,786	-
Total non-current liabilities	54,501,827	15,057,110	69,558,937	-
Total liabilities	58,811,692	15,715,705	74,527,397	2,009,852
Deferred Inflows of Resources:				
Pension deferrals	2,475	1,650	4,125	-
OPEB deferrals	464,666	309,777	774,443	-
Total deferred inflows of resources	467,141	311,427	778,568	-
Net Position:				
Net investment in capital assets	69,054,475	5,953,569	75,008,044	-
Unrestricted	23,577,681	(1,960,232)	21,617,449	1,604,623
Total net position	\$ 92,632,156	\$ 3,993,337	\$ 96,625,493	\$ 1,604,623

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, 2021

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 18,380,788	\$ 863,440	\$ 19,244,228	\$ -
Water and sewer taps	531,728	-	531,728	-
Availability fee	-	3,929,807	3,929,807	-
Other operating revenues	128,253	958	129,211	10,088,167
Total operating revenues	19,040,769	4,794,205	23,834,974	10,088,167
Operating Expenses:				
Water treatment and maintenance	5,527,508	-	5,527,508	-
Sewage collection	3,142,155	-	3,142,155	-
Landfill operations	-	4,148,705	4,148,705	-
Landfill closure and post-closure costs	-	346,033	346,033	-
Other services	-	-	-	10,549,796
Depreciation	3,772,896	962,782	4,735,678	-
Total operating expenses	12,442,559	5,457,520	17,900,079	10,549,796
Operating income (loss)	6,598,210	(663,315)	5,934,895	(461,629)
Non-Operating Revenues (Expenses):				
Ad valorem taxes	416	-	416	-
Investment earnings	46,752	17,361	64,113	5,569
White goods disposal tax	-	21,925	21,925	-
Tire disposal tax	-	125,608	125,608	-
Franchise fees	-	57,400	57,400	-
Solid waste disposal tax	-	72,234	72,234	-
Federal and State grants, non-capital	-	20,000	20,000	-
Interest and fees	(1,956,897)	(144,431)	(2,101,328)	-
Total non-operating revenues (expenses)	(1,909,729)	170,097	(1,739,632)	5,569
Income (loss) before contributions	4,688,481	(493,218)	4,195,263	(456,060)
Capital contributions	1,903,130	-	1,903,130	-
Change in net position	6,591,611	(493,218)	6,098,393	(456,060)
Net position, beginning	86,040,545	4,486,555	90,527,100	2,060,683
Net position, ending	\$ 92,632,156	\$ 3,993,337	\$ 96,625,493	\$ 1,604,623

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, 2021

	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	\$ 18,743,208	\$ 4,872,410	\$ 23,615,618	\$ 10,087,786
Cash paid for goods and services	(5,032,122)	(2,134,652)	(7,166,774)	(10,006,274)
Cash paid on behalf of employees	(2,714,355)	(2,156,251)	(4,870,606)	-
Net cash provided (used) by operating activities	10,996,731	581,507	11,578,238	81,512
Cash flows from noncapital financing activities:				
Ad valorem taxes	416	-	416	-
White goods disposal tax	-	21,925	21,925	-
Tire disposal tax	-	125,608	125,608	-
Franchise fees	-	57,400	57,400	-
Solid waste disposal tax	-	72,234	72,234	-
Noncapital contributions	-	20,000	20,000	-
Net cash provided (used) by non-capital financing activities	416	297,167	297,583	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(11,093,172)	(2,264,535)	(13,357,707)	-
Debt issued	28,435,000	-	28,435,000	-
Premium on debt issue	6,002,315	-	6,002,315	-
Payment to refunding bond escrow agent	(17,489,386)	-	(17,489,386)	-
Interfund loan received	-	(1,000,000)	(1,000,000)	-
Debt principal paid	(1,180,408)	(481,091)	(1,661,499)	-
Interest and fees paid	(1,956,897)	(144,431)	(2,101,328)	-
Net cash (used) by capital and related financing activities	2,717,452	(3,890,057)	(1,172,605)	-
Cash flows from investing activities:				
Interest on investments	46,752	17,361	64,113	5,569
Net increase (decrease) in cash and cash equivalents	13,761,351	(2,994,022)	10,767,329	87,081
Cash and cash equivalents - beginning	33,313,450	11,768,059	45,081,509	3,492,524
Cash and cash equivalents - ending	\$ 47,074,801	\$ 8,774,037	\$ 55,848,838	\$ 3,579,605

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, 2021

	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)	\$ 6,598,210	\$ (663,315)	\$ 5,934,895	\$ (461,629)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,772,896	962,782	4,735,678	-
Amortization of deferred debt premium	(21,306)	-	(21,306)	-
Landfill closure and postclosure care costs	-	346,033	346,033	-
Change in assets, liabilities, and deferred outflows and inflows of resources:				
(Increase) decrease in receivables	(415,714)	54,077	(361,637)	(381)
Decrease in due from other governments	116,898	24,141	141,039	-
(Increase) decrease in prepaid items	1,998	(560)	1,438	2,284
(Increase) in deferred outflows-pension	(145,030)	(96,687)	(241,717)	-
(Increase) in deferred outflows-OPEB	(511,919)	(341,278)	(853,197)	-
Increase in net pension liability	316,322	210,881	527,203	-
Increase in net OPEB liability	504,241	336,160	840,401	-
(Decrease) in deferred inflows - pension	(2,765)	(1,843)	(4,608)	-
Increase in deferred inflows - OPEB	164,397	109,598	273,995	-
Increase (decrease) in accounts payable	601,167	(363,482)	237,685	541,238
Increase (decrease) in customer deposits	1,255	(13)	1,242	-
Increase in compensated absences payable	16,081	5,013	21,094	-
Total adjustments	4,398,521	1,244,822	5,643,343	543,141
Net cash provided (used) by operating activities	\$ 10,996,731	\$ 581,507	\$ 11,578,238	\$ 81,512
Non-cash investing, capital, and financing activities:				
Contributed depreciable assets, net of accumulated depreciation	\$ 1,903,130	\$ -	\$ 1,903,130	\$ -

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

LINCOLN COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2021**

	Custodial Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 205,383
Taxes receivable for other governments, net	<hr/> 86,135
Total assets	<hr/> 291,518 <hr/>
Liabilities:	
Accounts payable and other accrued liabilities	<hr/> 93,811
Total liabilities	<hr/> 93,811 <hr/>
Net Position:	
Restricted:	
Individuals, organizations, and other governments	<hr/> 197,707
Total net position	<hr/> \$ 197,707 <hr/>

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

LINCOLN COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 4,324,359
Collections of gathered evidence	29,253
Collections of executed court orders	7,662
Collections on behalf of inmates	243,292
Total additions	<u>4,604,566</u>
Deductions:	
Tax distributions to other governments	4,361,253
Distribution of gathered evidence	67,065
Distribution of executed court orders	7,668
Payments on behalf of inmates	240,337
Total deductions	<u>4,676,323</u>
Net change in fiduciary net position	(71,757)
Net Position, beginning	-
Prior period restatement-change in accounting principle	<u>269,464</u>
Net Position, beginning, as restated	<u>269,464</u>
Net Position, ending	<u><u>\$ 197,707</u></u>

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, 2021

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 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, 2021

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 primary 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, the Representative Payee 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, 2021

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.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for the Municipality within the County, but that are not revenues to the County; the Sheriff Evidence Fund, which holds evidence monies until their disposition after court proceedings; the Sheriff Execution Fund, which accounts for funds seized by the Sheriff's Department at the direction of the legal system; and the Jail Inmate Pay fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

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*. 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)

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

equal value in exchange, include property 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 in the fiscal year in which 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

until received in cash. All taxes, including those dedicated for specific purposes are reported as general 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 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 two special revenue funds – Representative Payee Fund and 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 two special revenue funds – Representative Payee Fund and 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, 2021

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 is authorized by G.S. 159-309(c)(8). The Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moodys Investor Services. The Government Portfolio is 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, 2020. 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 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Fund	Description	Amount
General Fund	QZAB Sinking Fund	\$ 1,895,461
General Fund	Unexpended proceeds	17,344
General Capital Projects Fund	Unexpended proceeds	20,231,748
Water and Sewer Capital Projects Fund	Unexpended proceeds	19,326,425
Water and Sewer Fund	Customer deposits	114,695
Solid Waste Fund	Customer deposits	2,614
Total restricted cash		<u>\$ 41,588,287</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, 2021

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 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$417,067 at June 30, 2021.

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, 2021

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, 2021 is as follows:

Purpose:	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Restricted, All Other:				
Stabilization by State statute	\$ 9,379,523	\$ 18,612,522	\$ 253,273	\$ 28,245,318
General government	89,076	18,330,279	23,347	18,442,702
Public safety	2,315,627	-	551,993	2,867,620
Transportation	-	-	249,571	249,571
Culture and recreation	-	-	1,046	1,046
Education	1,895,461	-	-	1,895,461
Human Services	101,551	-	125,521	227,072
	<u>\$ 13,781,238</u>	<u>\$ 36,942,801</u>	<u>\$ 1,204,751</u>	<u>\$ 51,928,790</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 \$18,347,623 and Register of Deeds' Pension Plan of \$204,209 for a net difference of \$18,143,414.

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 committed by the Board to be used for future traffic flow studies in various areas of the County, and a future capital project related to repurposing the old courthouse.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

Committed fund balance at June 30, 2021 is as follows:

Purpose:	General Fund	Other Governmental Funds
General government	\$ 1,786,532	\$ -
Future Capital Projects:		
General government	-	1,853,831
Public safety	-	3,707,661
Education	631,723	1,763,534
	<u>\$ 2,418,255</u>	<u>\$ 7,325,026</u>

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 for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the County Manager and the Finance Director limited authority to assign fund balance.

Assigned for General Government – portion of fund balance assigned for Welcome Signs and Elections equipment.

Assigned for Public Safety – portion of fund balance assigned for a new CAD System and Animal Services facility.

Assigned for Transportation - portion of fund balance assigned for a match for a grant awarded to the Lincoln-Lincoln County Regional Airport.

Assigned for Economic Development – portion of fund balance assigned for future business parks.

Assigned for Culture and Recreation – portion of fund balance assigned for a new park in East Lincoln.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Assigned fund balance at June 30, 2021 is as follows:

Purpose:	General Fund
Subsequent year's expenditures	\$ 2,557,869
Future Capital Projects:	
General government	305,000
Public safety	4,957,191
Transportation	300,000
Economic development	5,421,950
Culture and recreation	1,200,000
	<u>\$ 14,742,010</u>

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 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 54,579,832
Less:	
Prepays	(417,067)
Stabilization for State statute	(9,379,523)
Fund balance available	
for appropriation	<u>\$ 44,783,242</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
Encumbrances	<u>\$ 1,275,849</u>	<u>\$ 18,287,619</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 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the Carrying amount of the County's deposits with banks was \$24,881,441. Balances with banks equaled \$27,737,134. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$26,737,134 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 \$88,474.

B. Investments

At June 30, 2021, the County's investments consisted of the following:

Investment Type	Valuation	Fair Value	Less Than	6 - 12 Months
	Measurement Method		6 Months	
NC Capital Management Trust -				
Government Portfolio	Fair Value - Level 1	\$ 49,024,974	N/A	N/A
US government agencies	Fair Value - Level 2	991,454	991,454	-
Commercial Paper	Fair Value - Level 2	68,455,552	59,465,025	8,990,527
Total investments		\$ 118,471,980	\$ 60,456,479	\$ 8,990,527

Because the NCCMT Government Portfolio has 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 and AAAMf by Moody's Investor Service.

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.

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, 2021 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 and AAA-mf by Moody's Investor Services as of June 30, 2021. The County's

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, Credit Suisse, and US Bank National Association. These investments are 7.59%, 7.60% and 35%, respectively, of the County's total investments.

Note 3. Receivables

A. Detail

Receivables at the government-wide level at June 30, 2021 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General Fund	\$ 1,174,024	\$ 2,020,181	\$ 7,585,142	\$ 10,779,347
General Capital Projects Fund	-	61	324,842	324,903
Other governmental Funds	163,680	107	253,166	416,953
Total receivables	1,337,704	2,020,349	8,163,150	11,521,203
Allowance for doubtful accounts	(582,924)	(1,056,465)	-	(1,639,389)
Total governmental activities	<u>\$ 754,780</u>	<u>\$ 963,884</u>	<u>\$ 8,163,150</u>	<u>\$ 9,881,814</u>
Business-type activities:				
Water and Sewer Fund	\$ 4,839	\$ 2,324,389	\$ 311,463	\$ 2,640,691
Solid Waste Fund	-	224,312	136,557	360,869
Total receivables	4,839	2,548,701	448,020	3,001,560
Allowance for doubtful accounts	(4,839)	(656,378)	-	(661,217)
Total business-type activities	<u>\$ -</u>	<u>\$ 1,892,323</u>	<u>\$ 448,020</u>	<u>\$ 2,340,343</u>

The total due from other governments consists of the following:

Governmental activities	\$ 8,163,150
Business-type activities	448,020
Total due from other governments	<u>\$ 8,611,170</u>
Local option sales tax	\$ 5,589,620
Various federal and state grants	953,528
Local reimbursements and utility revenues	45,353
Scrap tire tax	34,729
Solid waste disposal tax	17,820
Sales tax reimbursements	1,187,728
Vehicle tax system	782,392
Total due from other governments	<u>\$ 8,611,170</u>

At June 30, 2021, taxes receivable for other governments in the Custodial Fund is net of an allowance for doubtful accounts of \$85,294.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

Year Levied	Tax	Interest	Total
2018	1,844,550	438,081	2,282,631
2019	2,102,376	310,101	2,412,477
2020	2,128,835	122,408	2,251,243
2021	2,216,911	-	2,216,911
Total	\$ 8,292,672	\$ 870,590	\$ 9,163,262

Note 4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 7,136,339	\$ 295,740	\$ -	\$ -	\$ 7,432,079
Construction in Progress	13,608,102	18,732,894	(792,661)	(10,131,244)	21,417,091
Total Capital Assets Not Being Depreciated	20,744,441	19,028,634	(792,661)	(10,131,244)	28,849,170
Capital Assets Being Depreciated:					
Buildings	65,008,002	17,204	-	9,315,138	74,340,344
Improvements	16,387,603	58,897	-	370,662	16,817,162
Equipment	18,950,837	1,005,051	-	445,444	20,401,332
Vehicles and motorized equipment	13,427,212	1,368,245	-	-	14,795,457
Total Capital Assets Being Depreciated	113,773,654	2,449,397	-	10,131,244	126,354,295
Less: Accumulated depreciation for:					
Buildings	(15,596,644)	(1,383,209)	-	-	(16,979,853)
Improvements	(5,499,432)	(682,819)	-	-	(6,182,251)
Equipment	(8,782,284)	(1,679,413)	-	-	(10,461,697)
Vehicles and motorized equipment	(8,445,503)	(1,179,327)	-	-	(9,624,830)
Total accumulated depreciation	(38,323,863)	(4,924,768)	-	-	(43,248,631)
Total capital assets being depreciated, net:	75,449,791				83,105,664
Governmental Activities Capital assets, net	\$ 96,194,232				\$ 111,954,834

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	\$ 838,427	\$ -	\$ -	\$ -	\$ 838,427
Construction in Progress	19,574,126	10,788,873	-	-	30,362,999
Total Capital Assets Not Being Depreciated	20,412,553	10,788,873	-	-	31,201,426
Capital Assets Being Depreciated:					
Buildings	41,787,579	-	-	-	41,787,579
Improvements	935,461	-	-	-	935,461
Water lines	43,229,763	1,160,288	-	-	44,390,051
Sewer lines	25,397,563	742,842	-	-	26,140,405
Vehicles and motorized equipment	5,167,934	304,299	-	-	5,472,233
Total Capital Assets Being Depreciated:	116,518,300	2,207,429	-	-	118,725,729
Less: Accumulated depreciation for:					
Buildings	(14,287,514)	(1,603,608)	-	-	(15,891,122)
Improvements	(459,113)	(40,898)	-	-	(500,011)
Water lines	(19,613,233)	(1,075,017)	-	-	(20,688,250)
Sewer lines	(7,125,164)	(732,435)	-	-	(7,857,599)
Vehicles and motorized equipment	(3,518,300)	(320,938)	-	-	(3,839,238)
Total accumulated depreciation	(45,003,324)	(3,772,896)	-	-	(48,776,220)
Total capital assets being depreciated, net:	71,514,976				69,949,509
Water & Sewer Fund Capital assets, net	91,927,529				101,150,935
Solid Waste Fund:					
Capital Assets Not Being Depreciated:					
Land	640,648	-	-	-	640,648
Construction in Progress	1,091,358	2,024,197	-	(3,115,555)	-
Total Capital Assets Not Being Depreciated	1,732,006	2,024,197	-	(3,115,555)	640,648
Capital Assets Being Depreciated:					
Buildings	590,143	-	-	-	590,143
Improvements	14,977,434	-	-	3,115,555	18,092,989
Machinery, equip, & vehicles	7,042,751	240,338	-	-	7,283,089
Total Capital Assets Being Depreciated	22,610,328	240,338	-	3,115,555	25,966,221
Less: Accumulated depreciation for:					
Buildings	(299,721)	(11,802)	-	-	(311,523)
Improvements	(10,625,532)	(597,881)	-	-	(11,223,413)
Machinery, equip, & vehicles	(4,731,754)	(353,099)	-	-	(5,084,853)
Total accumulated depreciation	(15,657,007)	(962,782)	-	-	(16,619,789)
Total capital assets being depreciated, net:	6,953,321				9,346,432
Solid Waste Fund capital assets, net	8,685,327				9,987,080
Business-type activities capital assets, net	\$ 100,612,856				\$ 111,138,015

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

General government	\$ 1,453,057
Public Safety	2,319,017
Transportation	135,875
Economic and Physical Development	191,886
Culture & Recreation	579,192
Human Services	245,741
Total	<u>\$ 4,924,768</u>

Business-Type Activities

Water and sewer	\$ 3,772,896
Solid Waste	962,782
	<u>\$ 4,735,678</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	<u>\$ 111,954,834</u>	<u>\$ 101,150,935</u>	<u>\$ 9,987,080</u>	<u>\$ 111,138,015</u>
Long-term debt outstanding	(99,290,575)	(51,329,775)	(4,033,511)	(55,363,286)
School debt for which the County does not hold asset title	40,056,942	-	-	-
Premium on school related debt	1,797,521	-	-	-
Discount on school related debt	(21,983)	-	-	-
Unspent debt proceeds	18,347,623	19,233,315	-	19,233,315
Total related debt	<u>(39,110,472)</u>	<u>(32,096,460)</u>	<u>(4,033,511)</u>	<u>(36,129,971)</u>
Net investment in capital assets	<u>\$ 72,844,362</u>	<u>\$ 69,054,475</u>	<u>\$ 5,953,569</u>	<u>\$ 75,008,044</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Note 5. Liabilities

A. Payables

Payables at the government-wide level at June 30, 2021 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	\$ 2,162,443	\$ 1,326,393	\$ 365,729	\$ 3,029,873	\$ 6,884,438
General Capital Projects Fund	223,957	-	-	-	223,957
Other governmental Funds	18,687	-	-	122,159	140,846
Total governmental activities	<u>\$ 2,405,087</u>	<u>\$ 1,326,393</u>	<u>\$ 365,729</u>	<u>\$ 3,152,032</u>	<u>\$ 7,249,241</u>
Business-type activities:					
Water and Sewer Fund	\$ 1,258,090	\$ 82,968	\$ 736,551	\$ 82,479	\$ 2,160,088
Solid Waste Fund	39,841	56,006	31,380	-	127,227
Total business-type activities	<u>\$ 1,297,931</u>	<u>\$ 138,974</u>	<u>\$ 767,931</u>	<u>\$ 82,479</u>	<u>\$ 2,287,315</u>

Construction Commitments

The government has active construction projects as of June 30, 2021. At that date, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Animal Services Expansion	132,846	1,001,479
Courthouse Construction	3,271,164	36,078,836
West Lincoln Passive Park	22,510	377,490
Emergency Services Facility	617,358	9,882,642
Probation Building Renovation	1,600	2,373,400
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	12,341,722	2,335,935
Highway 73 Waterline	7,542,818	1,059,454
Reepsville Road Waterline	604,678	7,459,287
Hovis Road Sewer Rework	127,574	122,426
Pump Station 7	9,312	490,688
Airlie Parkway Waterline	154,880	422,220
Wastewater Treatment Plant Exp	8,732,052	23,954,448
Total	<u>\$ 34,408,477</u>	<u>\$ 93,208,342</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 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	\$ 3,910,000
\$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	9,000,000
\$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	11,622,000
\$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>8,785,000</u>
Total direct placement general obligation bonds	<u><u>33,317,000</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 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	13,015,000
\$28,435,000 2020 Enterprise Revenue Bonds, due in annual installments ranging from \$880,000 to \$1,820,000 through August 1, 2041; interest rate of 1.65%; interest payments due August 1 and February 1	<u>28,435,000</u>
Total revenue bonds Water and Sewer Fund	<u>\$ 41,450,000</u>

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, 2021, are comprised of the following individual agreements:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	6,041,000
\$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	577,500
\$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	7,554,000
\$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	3,261,281
\$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	1,669,000
\$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%	8,241,875
\$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>34,675,000</u>
Total governmental activities	<u>64,019,656</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	22,790
\$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	30,614
\$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	<u>405,012</u>
Total direct borrowings	<u>458,416</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>2,929,000</u>
Total Water and Sewer Fund	<u>3,387,416</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	205,386
\$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%	1,733,125
\$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>2,095,000</u>
Total Solid Waste Fund	<u>4,033,511</u>
Total business-type activities	<u>7,420,927</u>
Total direct borrowings and direct placements	<u>\$ 71,440,583</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes in Long-Term Debt. The following is a summary of changes in long-term debt for the year ended June 30, 2021:

Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Bonds payable					
Direct placement general obligation bonds					
Direct placement	\$ 39,963,000	\$ -	\$ 6,646,000	\$ 33,317,000	\$ 6,644,000
Premium	2,467,387	-	470,601	1,996,786	-
Discount	(24,731)	-	(2,748)	(21,983)	-
Total direct placement general obligation bonds	42,405,656	-	7,113,853	35,291,803	6,644,000
Direct placement installment purchase					
Direct placement	69,361,398	-	5,341,742	64,019,656	7,335,743
Discount	(22,625)	-	(1,741)	(20,884)	-
Total direct placement installment purchase	69,338,773	-	5,340,001	63,998,772	7,335,743
Compensated absences	2,365,516	1,259,234	1,184,245	2,440,505	1,203,758
Net pension liability (LGERS)	12,358,951	4,744,823	-	17,103,774	-
Total pension liability (LEOSSA)	2,716,033	1,845,465	-	4,561,498	-
Net OPEB liability	50,150,313	7,563,605	-	57,713,918	-
Total governmental activities	<u>\$ 179,335,242</u>	<u>\$ 15,413,127</u>	<u>\$ 13,638,099</u>	<u>\$ 181,110,270</u>	<u>\$ 15,183,501</u>
Business-type activities:					
Water and Sewer Fund:					
Bonds payable					
Revenue bonds	\$ 13,615,000	\$ 28,435,000	\$ 600,000	\$ 41,450,000	\$ 1,510,000
Premium	511,350	6,002,315	21,306	6,492,359	-
Total revenue bonds	14,126,350	34,437,315	621,306	47,942,359	1,510,000
Direct placement revenue bonds	7,940,000	-	7,940,000	-	-
Direct borrowings	10,271,824	-	9,813,408	458,416	188,408
Direct placement installment purchase	3,078,000	-	149,000	2,929,000	153,001
Compensated absences	110,096	103,821	87,740	126,177	90,563
Net pension liability (LGERS)	823,930	316,322	-	1,140,252	-
Net OPEB liability	3,343,354	504,241	-	3,847,595	-
Total Water and Sewer Fund	<u>39,693,554</u>	<u>35,361,699</u>	<u>18,611,454</u>	<u>56,443,799</u>	<u>1,941,972</u>
Solid Waste Fund:					
Direct placement installment purchase	4,514,602	-	481,091	4,033,511	488,091
Accrued landfill closure and post-closure care costs	7,791,135	346,033	-	8,137,168	-
Compensated absences	84,941	38,873	33,860	89,954	40,663
Net pension liability (LGERS)	549,287	210,881	-	760,168	-
Net OPEB liability	2,228,903	336,160	-	2,565,063	-
Total Solid Waste Fund	<u>15,168,868</u>	<u>931,947</u>	<u>514,951</u>	<u>15,585,864</u>	<u>528,754</u>
Total business-type activities	<u>\$ 54,862,422</u>	<u>\$ 36,293,646</u>	<u>\$ 19,126,405</u>	<u>\$ 72,029,663</u>	<u>\$ 2,470,726</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Compensated absences 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, 2021, Lincoln County had a legal debt margin of approximately \$819,318,000.

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. The net revenues of the Water and Sewer Fund have been pledged to secure the repayment of the bonds. 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. The Principal and Interest payments made during the fiscal year on these bonds totaled \$1,152,400. The net revenues of the Water and Sewer Fund for FY 21 were \$19,040,769.

In October, 2020, the County issued \$28,435,000 Enterprise System Revenue Bonds to finance capital improvements for the Wastewater Treatment Plant. The interest rate of 1.65% is payable on February 1 and August 1. The revenue bonds, which mature on August 1, 2041, are reported in the Water and Sewer Fund. The net revenues of the Water and Sewer Fund have been pledged to secure the repayment of the bonds. 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. The Principal and Interest payments made during the fiscal year on these bonds totaled \$500,112. The net revenues of the Water and Sewer Fund for FY 21 were \$19,040,769.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2022	\$ 1,510,000	\$ 1,664,200
2023	1,245,000	1,595,325
2024	1,695,000	1,521,825
2025	1,770,000	1,435,200
2026	1,855,000	1,344,575
2027-2031	10,655,000	5,209,900
2032-2036	8,860,000	3,076,225
2037-2041	10,315,000	1,480,700
2042-2046	<u>3,545,000</u>	<u>152,963</u>
Total	<u>\$41,450,000</u>	<u>\$ 17,480,913</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 2020. Section 7.4(a) of the Bond Order requires the debt service coverage ratio to be no less than 120% of the 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, 2021, are as follows:

Operating revenues	\$	19,040,769
Operating expenses*		<u>8,669,663</u>
Operating income		10,371,106
Nonoperating revenues (expenses)		<u>(1,909,729)</u>
Income available for debt service		8,461,377
15% of unrestricted net position of System		<u>3,536,652</u>
Available for debt service	\$	<u>11,998,029</u>
Debt service, principal and interest paid (Revenue bond only)	\$	843,000
Debt service coverage ratio		1423.25%

*Per rate covenants, this does not include the depreciation expense of \$3,772,896.

Total debt service coverage ratio:

Operating revenues	\$	19,040,769
Operating expenses*		<u>8,669,663</u>
Operating income		10,371,106
Nonoperating revenues (expenses)		<u>(1,909,729)</u>
Income available for debt service	\$	<u>8,461,377</u>
Debt service, principal and interest paid	\$	2,495,812
Debt service coverage ratio		339.02%

*Per rate covenants, this does not include the depreciation expense of \$3,772,896.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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:						
2022	\$ 6,644,000	\$ 1,119,944	\$ -	\$ -	\$ 7,335,743	\$ 1,604,670
2023	6,547,000	912,639	-	-	5,328,742	1,469,982
2024	6,354,000	708,294	-	-	4,647,742	1,343,394
2025	3,591,000	465,377	-	-	4,628,742	1,224,997
2026	3,550,000	332,738	-	-	4,609,916	1,107,028
2027-2031	6,631,000	296,547	-	-	17,636,561	3,938,121
2032-2036	-	-	-	-	12,428,210	1,895,344
2037-2041	-	-	-	-	7,404,000	493,733
Total	<u>\$ 33,317,000</u>	<u>\$ 3,835,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,019,656</u>	<u>\$ 13,077,269</u>
Business-Type Activities:						
2022	\$ 1,510,000	\$ 1,664,200	\$ 188,408	\$ 12,194	\$ 641,092	\$ 148,356
2023	1,245,000	1,595,325	135,004	7,182	652,091	134,404
2024	1,695,000	1,521,825	135,004	3,592	664,091	120,237
2025	1,770,000	1,435,200	-	-	676,091	105,843
2026	1,855,000	1,344,575	-	-	687,917	91,223
2027-2031	10,655,000	5,209,900	-	-	2,013,439	287,929
2032-2036	8,860,000	3,076,225	-	-	1,410,790	93,488
2037-2041	10,315,000	1,480,700	-	-	217,000	2,051
2042-2046	3,545,000	154,763	-	-	-	-
Total	<u>\$ 41,450,000</u>	<u>\$ 17,482,713</u>	<u>\$ 458,416</u>	<u>\$ 22,968</u>	<u>\$ 6,962,511</u>	<u>\$ 983,531</u>

Debt Related to Capital Activities

Of the total governmental activities debt listed, \$57,279,714 relates to assets to which the County holds title, while the remaining \$40,056,942 is related to assets owned and utilized by the school system. Unspent restricted cash related to this debt amount equals \$18,330,279.

Advance Refunding

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

On August 26, 2020 the County issued \$13,760,000 Enterprise Revenue Bonds to provide resources to refund \$7,940,000 enterprise revenue bonds, Series 2019, dated October 10, 2019 and \$8,811,000 in State Revolving Loan, dated 2010. As a result, the refunded bonds are defeased and the liability has been removed from the business-type activities of the statement of net position. The refunding was undertaken to reduce total debt service payments by \$1,765,191 and resulted in an economic gain of \$1,566,741.

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. Investments are reported at fair value.

A. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer 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 Annual Comprehensive Financial Report (ACFR) for the State of

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

North Carolina. The State's ACFR 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, 2021 was 10.84% of compensation for law enforcement officers and 10.22% 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 \$3,847,368 for the year ended June 30, 2021.

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

At June 30, 2021, the County reported a liability of \$19,004,194 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, 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, 2021, the County's proportion was 0.53182% (measured as of June 30, 2020), which was an increase of 0.02898% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021 the County recognized pension expense of \$6,656,138. At June 30, 2021, 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	\$ 2,399,896	\$ -
Changes of assumptions	1,414,285	-
Net difference between projected and actual earnings on pension plan investments	2,674,332	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	417,821	41,247
County contributions subsequent to the measurement date	3,847,368	-
Total	<u>\$ 10,753,702</u>	<u>\$ 41,247</u>

\$3,847,368 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, 2022. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 1,942,902
2023	2,560,976
2024	1,569,743
2025	791,466
2026	-
Thereafter	-
Total	<u>\$ 6,865,087</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 valuation, with the exception of the discount rate, 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. 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, 2020 are summarized in the following table:

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%	

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 3.00%. 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)	<u>\$ 38,557,439</u>	<u>\$ 19,004,194</u>	<u>\$ 2,754,072</u>

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

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	117
Total	123

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, 2019 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	3.25 - 7.75% including inflation and productivity factor
Discount rate	1.93%

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality Assumptions: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior To Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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 \$105,632 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, 2021, the County reported a total pension liability of \$4,561,498. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$547,567.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 521,267	\$ 70,001
Changes of assumptions	1,183,005	58,010
County benefit payments and plan administrative expense made subsequent to the measurement date	53,433	-
Total	<u>\$ 1,757,705</u>	<u>\$ 128,011</u>

\$53,433, 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, 2022. 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, 2021

Year Ending June 30	Amount
2022	\$ 294,499
2023	299,880
2024	286,846
2025	318,602
2026	272,735
Thereafter	103,699
Total	<u>\$ 1,576,261</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 1.93 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 (0.93 percent) or one-percentage-point higher (2.93 percent) than the current rate.:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 4,968,773</u>	<u>\$ 4,561,498</u>	<u>\$ 4,190,344</u>

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

	2021
Beginning balance	\$ 2,716,033
Service cost	165,291
Interest on the total pension liability	86,821
Difference between expected and actual experience	426,784
Changes of assumptions and other inputs	1,272,201
Benefit payments	(105,632)
Ending balance of the total pension liability	<u>\$ 4,561,498</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26% at December 31, 2019 to 1.93% at December 31, 2020.

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, 2019 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, 2021

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State’s ACFR 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, 2021 were \$408,520 which consisted of \$327,230 from the County and \$81,290 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State’s ACFR 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, 2021

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 \$12,309 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$219,978 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was 0.95985%, which was an increase of 0.14145% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of (\$9,374). At June 30, 2021, 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	\$ -	\$ 4,482
Changes of assumptions	-	-
Net different between projected and actual earnings on pension plan investments	-	18,823
Changes in proportion and differences between County contributions and proportionate share of contributions	13,136	17,909
County contributions subsequent to the measurement date	12,309	-
Total	<u>\$ 25,445</u>	<u>\$ 41,214</u>

\$12,309, 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, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ (5,660)
2023	(9,181)
2024	(8,495)
2025	(4,742)
2026	-
Thereafter	-
Total	<u>\$ (28,078)</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ (186,844)	\$ (219,978)	\$ (248,016)

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

E. Pension Liabilities (Assets), 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, 2019, 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 LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. 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)	\$ 19,004,194	\$ (219,978)	\$ -	\$ 18,784,216
Proportion of the Net Pension Liability (Asset)	0.53182%	-0.95985%	n/a	n/a
Total Pension Liability	-	-	4,561,498	4,561,498
Pension Expense	\$ 6,656,138	\$ (9,374)	\$ 547,567	\$ 7,194,331

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, 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	\$ 2,399,896	\$ -	\$ 521,267	\$ 2,921,163
Changes of assumptions	1,414,285	-	1,183,005	2,597,290
Net difference between projected and actual earnings on plan investments	2,674,332	-	-	2,674,332
Changes in proportion and differences between County contributions and proportionate share of contributions	417,821	13,136	-	430,957
County contributions (LGERS, ROD) benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,847,368	12,309	53,433	3,913,110
Total Deferred Outflows of Resources:	\$ 10,753,702	\$ 25,445	\$ 1,757,705	\$ 12,536,852
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 4,482	\$ 70,001	\$ 74,483
Changes of assumptions	-	18,823	58,010	76,833
Changes in proportion and differences between County contributions and proportionate share of contributions	41,247	17,909	-	59,156
Total Deferred Inflows of Resources	\$ 41,247	\$ 41,214	\$ 128,011	\$ 210,472

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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 (LGERS), 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	149
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	281
Total	430

Total OPEB Liability

The County's total OPEB liability of \$64,126,576 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	3.50%
Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes in the Total OPEB Liability

Balance as of June 30, 2020	\$ 55,722,570
Changes for the year	
Service cost	1,320,880
Interest	1,969,263
Changes of benefit terms	-
Differences between expected and actual experience	(4,788,884)
Changes in assumptions or other inputs	11,473,854
Benefit payments	(1,571,107)
Net changes	8,404,006
Balance at June 30, 2021	<u>\$ 64,126,576</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.5% to 2.21%

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, 2020 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.

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, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 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 (1.21%) or one-percentage-point higher (2.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 77,237,217</u>	<u>\$ 64,126,576</u>	<u>\$ 54,026,412</u>

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:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 53,199,742</u>	<u>\$ 64,126,576</u>	<u>\$ 78,523,231</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$4,041,437. At June 30, 2021, 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	\$ 412,167	\$ 4,027,786
Changes of assumptions	11,693,327	3,716,648
County contributions subsequent to the measurement date	1,483,411	-
Total	<u>\$ 13,588,905</u>	<u>\$ 7,744,434</u>

\$1,483,411 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2022.

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	
2022	\$ 751,294
2023	751,294
2024	751,294
2025	1,478,003
2026	629,175
Thereafter	-
Total	<u>\$ 4,361,060</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 \$8,137,168 reported as landfill closure and post-closure care liability at June 30, 2021 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 \$6,816,986 to date based on the use

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

of 59% of Phase I through IV's estimated capacity. The C&D portion reported a cumulative amount of \$1,320,182 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 \$4,883,914 as the remaining estimated capacity is filled. Of this amount, \$4,737,227 is related to the remaining capacity in the sanitary landfill, and \$146,687 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 2021. 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.

Note 10. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred charges	\$ 1,096,737	\$ -
(Pensions, OPEB) - difference between expected and actual experience	3,333,330	4,102,269
(Pensions) - Net difference between projected and actual investment earnings	2,674,332	18,823
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	430,957	59,156
(Pensions, OPEB) - change in assumptions	14,290,617	3,774,658
Contributions to pension plan subsequent to measurement date (LERS, OPEB, LEOSSA)	5,384,212	-
Benefit payments and admin costs paid subsequent to the measurement date (ROD)	12,309	-
Prepaid taxes not yet earned (General)	-	322,467
Taxes receivable, net (General)	-	656,025
Taxes receivable, net (Special Revenue)	-	98,755
Other receivables, net (General)	-	444,222
Total	<u>\$ 27,222,494</u>	<u>\$ 9,476,375</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,

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 workers' 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 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 \$1,715,991 for claims incurred, but not reported, in the Health Benefits Fund and \$166,031 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:

	2021	2020
Unpaid claims, beginning	\$ 1,233,290	\$ 1,324,842
Incurred claims	9,602,733	8,247,688
Claim payments	(8,954,001)	(8,339,240)
Unpaid claims, ending	<u>\$ 1,882,022</u>	<u>\$ 1,233,290</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Note 12. Interfund Activity

The transfer to/from other funds for the year ended June 30, 2021 were for the purpose of funding capital projects and consist of the following:

From	To	Purpose	Amount
General Fund	General Capital Projects Fund	Annual transfer to project fund	\$ 2,880,400
Special Grants Fund	General Fund	To close projects	1,244
General Fund	Special Grants Fund	County match for grant projects	156,774
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	197,100
Water and Sewer Fund	Water & Sewer Capital Projects Fund	Annual transfer to project fund	697,100
General Capital Projects Fund	General Fund	To close projects	459,234
General Fund	Capital Reserve Fund	Annual transfer of 1 cent	4,495,769
Total			\$ 9,387,621

Note 13. Claims and Judgments

At June 30, 2021 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.

A lawsuit related to developer fees is pending. At the time of report release, it is the opinion of the County Attorney and County management that an amount of \$4,278,100 is reasonably estimated and possible for payment when the case goes to court in fiscal year 2023.

Note 14. Summary Disclosure of Significant Commitments and 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.

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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, 2021 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, 2021. 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, 2021. 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, 2021. 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

appoints one member to the Council's governing board. The County paid membership dues of \$20,340 to the Council during the fiscal year ended June 30, 2021.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$259,954 for operations for the year ended June 30, 2021.

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, 2021.

Note 18. Subsequent Event

The County was awarded \$16,726,052 from the Federal American Rescue Plan (ARP). Subsequent to year-end, the County received \$8,363,026. The remaining amount of \$8,363,026 is expected to be received within the next twelve months.

On September 22, 2021 the County issued an Installment Financing Contract, Series 2021, to Truist Bank for \$19,640,000 for the construction of the Emergency Services Facility. The financing is for a term of twenty years, with an interest rate of 1.92%.

On August 26, 2020 the County was approved for loan assistance from the Clean Water State Revolving Fund in the amount of \$14,000,000 to assist in the expansion of the Wastewater Treatment Plant. As of June 30, 2021, no funds had been received by the County on this loan, and no debt amortization has been recognized.

Note 19. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities - Net Position - Increase	General Fund Balance - Increase	Nonmajor Special Revenue Fund Balance - Increase	Fiduciary Net Position - Custodial Fund - Increase	
\$ 156,622	\$ -	\$ 156,622	\$ -	Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
7,118	7,118	-	-	Cash related to deed of trust fees collected and required to be remitted to the State of North Carolina were reclassified out of the Agency Fund into the General Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
110,829	110,829	-	-	Cash related to collections from taxpayers for the Soil and Water Conservation District for the No-till Drill program, road and street improvements, and community service programs were reclassified out of the Agency Fund into the General Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
-	-	-	123,029	Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes billed and collected by the County for the municipality within the County were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable taxes receivable at the beginning of the year were restated as custodial net position.
-	-	-	116,409	Cash related to evidence monies held by the County until disposition after court proceedings are complete were reclassified out of the Agency Fund into a newly created Sheriff Evidence Custodial Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as custodial net position.
-	-	-	5,034	Cash related to funds seized by the Sheriff at the direction of the legal system were reclassified out of the Agency Fund into a newly created Sheriff Execution Custodial Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as custodial net position.
-	-	-	24,992	Cash related to funds held on behalf of incarcerated inmates was reclassified out of the Agency Fund into a newly created Jail Inmate Pay Custodial Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as custodial net position.
<u>\$ 274,569</u>	<u>\$ 117,947</u>	<u>\$ 156,622</u>	<u>\$ 269,464</u>	

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 Employee 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 EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 2,716,033	\$ 2,265,319	\$ 2,320,148	\$ 2,102,988	\$ 2,030,142
Service cost	165,291	137,311	142,100	122,073	122,695
Interest on the total pension liability	86,821	80,809	72,123	79,548	71,269
Differences between expected and actual experience in the measurement of the total pension liability	426,784	239,370	(100,372)	(58,864)	-
Changes of assumptions or other inputs	1,272,201	83,810	(93,140)	158,714	(53,489)
Benefit payments	(105,632)	(90,586)	(75,540)	(84,311)	(67,629)
Ending balance of the total pension liability	<u>\$ 4,561,498</u>	<u>\$ 2,716,033</u>	<u>\$ 2,265,319</u>	<u>\$ 2,320,148</u>	<u>\$ 2,102,988</u>
Covered employee payroll	\$ 6,454,955	\$ 5,553,346	\$ 5,139,122	\$ 4,882,311	\$ 4,574,742
Total pension liability as a percentage of covered employee payroll	70.67%	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 EIGHT FISCAL YEARS*

	Local Governmental Employees' Retirement System							
	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.53182%	0.50284%	0.48901%	0.48765%	0.47918%	0.48338%	0.47701%	0.46080%
County's proportionate share of the net pension liability (asset) (\$)	\$ 19,004,194	\$ 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	\$ 36,390,836	\$ 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	52.22%	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**	88.61%	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 EIGHT FISCAL YEARS

Local Governmental Employees' Retirement System								
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,847,368	\$ 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	3,847,368	3,296,009	2,688,102	2,339,096	2,141,858	1,925,926	1,892,547	1,847,353
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$37,578,807	\$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	10.24%	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 EIGHT FISCAL YEARS*

	Register of Deeds' Supplemental Pension Fund							
	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.95985%	0.81840%	0.95402%	0.92902%	0.89590%	0.84183%	0.80800%	0.79900%
County's proportionate share of the net pension liability (asset) (\$)	\$ (219,978)	\$ (161,569)	\$ (158,014)	\$ (158,574)	\$ (167,497)	\$ (195,086)	\$ (183,245)	\$ 170,709
County's covered payroll	\$ 77,693	\$ 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	-283.14%	-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**	173.62%	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 EIGHT FISCAL YEARS

Register of Deeds' Supplemental Pension Fund								
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 12,309	\$ 9,191	\$ 7,779	\$ 8,164	\$ 8,072	\$ 7,320	\$ 6,736	\$ 6,601
Contributions in relation to the contractually required contribution	12,309	9,191	7,779	8,164	8,072	7,320	6,736	6,601
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 78,978	\$ 77,693	\$ 75,979	\$ 75,168	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058
Contributions as a percentage of covered payroll	15.59%	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 FOUR FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 55,722,570	\$ 50,470,936	\$ 51,200,087	\$ 54,218,205
Service cost	1,320,880	1,179,195	1,530,860	1,744,086
Interest on the total OPEB liability	1,969,263	1,929,361	1,799,667	1,611,903
Differences between expected and actual experience	(4,788,884)	443,027	(260,403)	238,436
Changes of assumptions or other inputs	11,473,854	3,462,816	(2,492,541)	(5,269,369)
Benefit payments	(1,571,108)	(1,762,765)	(1,306,734)	(1,343,174)
Ending balance of the total OPEB liability	<u>\$ 64,126,575</u>	<u>\$ 55,722,570</u>	<u>\$ 50,470,936</u>	<u>\$ 51,200,087</u>
Covered employee payroll	\$ 14,509,648	\$ 16,586,437	\$ 16,586,437	\$ 17,459,427
Total OPEB liability as a percentage of covered employee payroll	441.96%	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>
2021	2.21%
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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes			
Current year		\$ 67,685,795	
Prior years		636,610	
Penalties and interest		398,074	
Total	\$ 68,238,570	68,720,479	\$ 481,909
Local Option Sales Taxes:			
Article 39 one percent		12,299,323	
Article 40 one-half of one percent		5,932,887	
Article 42 one-half of one percent		6,160,036	
Article 44 one-half of one percent		1,630,798	
Article 46 one-half of one percent		3,161,437	
Medicaid hold harmless		1,708,185	
Total	21,165,074	30,892,666	9,727,592
Other Taxes and Licenses:			
Real estate transfer tax		2,274,241	
Local occupancy tax and car rental tax		241,012	
Utility franchise tax		198,194	
Total	2,169,000	2,713,447	544,447
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	305,000	317,225	12,225
Restricted Intergovernmental Revenues:			
Federal and State grants		11,995,606	
Court facilities fees		75,270	
ABC revenue		330,746	
Local/Other		792,125	
Total	13,603,566	13,193,747	(409,819)
Permits and Fees:			
Building permits		3,157,523	
Concealed carry permits		273,655	
Fire marshal		36,970	
Register of Deeds		812,769	
Environmental health		355,758	
Total	3,181,830	4,636,675	1,454,845
Sales and Services:			
Concessions, and fees		220,045	
Emergency medical services		3,784,866	
Animal control		48,981	
Sheriff department		113,636	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Transportation services		414,284	
Human services		529,852	
Other sales and services		406,033	
Total	5,219,088	5,517,697	298,609
Miscellaneous:			
Rentals		43,652	
Sale of property		208,614	
Contributions		152,898	
Indirect fees		775,603	
Other		346,509	
Total	1,044,575	1,527,276	482,701
Investment Earnings	250,000	196,024	(53,976)
Total revenues	115,176,703	127,715,236	12,538,533
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		155,715	
Other operating expenditures		201,714	
Total		357,429	
County Manager:			
Salaries and employee benefits		416,438	
Other operating expenditures		35,928	
Total		452,366	
Human Resources:			
Salaries and employee benefits		417,251	
Other operating expenditures		151,948	
Total		569,199	
Finance:			
Salaries and employee benefits		964,100	
Other operating expenditures		95,563	
Capital outlay		1,417	
Total		1,061,080	
Information Technology:			
Salaries and employee benefits		828,434	
Other operating expenditures		361,593	
Capital outlay		84,233	
Total		1,274,260	
Safety and Training:			
Other operating expenditures		43,341	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Taxes:			
Salaries and employee benefits		1,910,097	
Other operating expenditures		677,641	
Capital outlay		40,622	
Total		2,628,360	
Legal:			
Other operating expenditures		169,518	
Elections:			
Salaries and employee benefits		513,484	
Other operating expenditures		170,046	
Capital outlay		46,875	
Total		730,405	
Register of Deeds:			
Salaries and employee benefits		547,401	
Other operating expenditures		1,331,161	
Capital outlay		7,038	
Total		1,885,600	
Central Services:			
Other operating expenditures		1,059,463	
Facilities Management:			
Salaries and employee benefits		1,845,118	
Other operating expenditures		1,774,626	
Capital outlay		471,187	
Total		4,090,931	
District Court:			
Other operating expenditures		38,598	
Special Appropriations/Outside Agencies:			
Other operating expenditures		218,227	
Total general government	16,326,668	14,578,777	1,747,891
Public Safety:			
Sheriff Department:			
Salaries and employee benefits		10,646,383	
Other operating expenditures		1,961,010	
Capital outlay		1,005,148	
Total		13,612,541	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Communications:			
Salaries and employee benefits		1,442,073	
Other operating expenditures		351,786	
Capital outlay		134,827	
Total		1,928,686	
Jail:			
Salaries and employee benefits		2,935,888	
Other operating expenditures		1,322,258	
Capital outlay		23,475	
Total		4,281,621	
Jail Commissary:			
Other operating expenditures		18,822	
Capital outlay		84,311	
Total		103,133	
Emergency Management:			
Salaries and employee benefits		224,619	
Other operating expenditures		100,357	
Capital outlay		91,948	
Total		416,924	
Emergency Medical Services:			
Salaries and employee benefits		5,830,226	
Other operating expenditures		1,203,243	
Capital outlay		519,893	
Reimbursement - special revenue funds		(769,822)	
Total		6,783,540	
Medical Examiner:			
Other operating expenditures		76,534	
Fire Marshal:			
Salaries and employee benefits		371,718	
Other operating expenditures		77,714	
Capital outlay		11,678	
Total		461,110	
Assistance to Local Volunteer Fire Departments:			
Salaries and employee benefits		138,937	
Other operating expenditures		11,841	
Capital outlay		10,650	
Total		161,428	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Inspections:			
Salaries and employee benefits		1,262,700	
Other operating expenditures		267,037	
Capital outlay		67,842	
Total		1,597,579	
Animal Services:			
Salaries and employee benefits		1,135,677	
Other operating expenditures		544,893	
Capital outlay		44,727	
Total		1,725,297	
Special Appropriations/Outside Agencies:			
Other operating expenditures		74,044	
Total public safety	34,213,105	31,222,437	2,990,668
Transportation:			
Transportation Lincoln County:			
Salaries and employee benefits		850,335	
Other operating expenditures		246,261	
Total		1,096,596	
Special Appropriations/Outside Agencies:			
Other operating expenditures		104,400	
Total transportation	1,650,097	1,200,996	449,101
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		581,299	
Other operating expenditures		136,206	
Capital outlay		9,032	
Total		726,537	
Soil and Water Conservation:			
Salaries and employee benefits		176,659	
Other operating expenditures		19,252	
Total		195,911	
Natural Resources:			
Salaries and employee benefits		201,169	
Other operating expenditures		34,476	
Capital outlay		2,230	
Total		237,875	
Economic Development Commission/Projects:			
Other operating expenditures		1,511,077	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Cooperative Extension:			
Salaries and employee benefits		50,382	
Other operating expenditures		186,441	
Total		236,823	
Special Appropriations/Outside Agencies:			
Other operating expenditures		45,293	
Total economic and physical development	3,161,246	2,953,516	207,730
Culture and Recreation:			
Library:			
Salaries and employee benefits		1,189,111	
Other operating expenditures		854,452	
Capital outlay		65,621	
Total		2,109,184	
Recreation:			
Salaries and employee benefits		446,835	
Other operating expenditures		226,364	
Capital outlay		151,715	
Total		824,914	
Special Appropriations/Outside Agencies:			
Other operating expenditures		199,244	
Total culture and recreation	3,562,244	3,133,342	428,902
Education:			
Public schools - current expense		18,816,963	
Public schools		6,169,568	
Community college - current expense		259,954	
Total		25,246,485	
Special Appropriations/Outside Agencies:			
Other operating expenditures		11,560	
Total education	25,636,008	25,258,045	377,963
Human Services:			
Health Administration:			
Salaries and employee benefits		1,131,100	
Other operating expenditures		205,720	
Capital outlay		26,728	
Total		1,363,548	
Immunization:			
Salaries and employee benefits		79,910	
Other operating expenditures		42,016	
Total		121,926	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Adult Health:			
Salaries and employee benefits		64,882	
Other operating expenditures		1,796	
Total		66,678	
BCCP - Health:			
Other operating expenditures		22,912	
Total		22,912	
Communicable Disease:			
Salaries and employee benefits		92,571	
Other operating expenditures		25,481	
Total		118,052	
Lab:			
Salaries and employee benefits		119,569	
Other operating expenditures		25,167	
Total		144,736	
Contracted Services:			
Salaries and employee benefits		589,209	
Other operating expenditures		20,889	
Total		610,098	
Health Promotion:			
Salaries and employee benefits		13,119	
Other operating expenditures		2,525	
Capital outlay		1,588	
Total		17,232	
Maternal Health:			
Salaries and employee benefits		181,806	
Other operating expenditures		4,936	
Total		186,742	
Maternal Health Clinic:			
Salaries and employee benefits		54,471	
Other operating expenditures		2,061	
Total		56,532	
Family Planning:			
Salaries and employee benefits		89,831	
Other operating expenditures		25,032	
Total		114,863	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Child Health:			
Salaries and employee benefits		150,449	
Other operating expenditures		1,565	
Total		152,014	
Child Service Coordination:			
Salaries and employee benefits		154,248	
Other operating expenditures		4,676	
Total		158,924	
Women, Infants, and Children:			
Salaries and employee benefits		424,341	
Other operating expenditures		19,601	
Total		443,942	
School Health:			
Salaries and employee benefits		852,901	
Other operating expenditures		16,414	
Capital outlay		4,437	
Total		873,752	
Peer Counselor:			
Salaries and employee benefits		13,604	
Public Health Preparedness:			
Salaries and employee benefits		61,139	
Other operating expenditures		1,727	
Capital outlay		1,588	
Total		64,454	
Environmental Health:			
Salaries and employee benefits		740,015	
Other operating expenditures		77,905	
Capital outlay		25,955	
Total		843,875	
Social Services Administration:			
Salaries and employee benefits		1,269,048	
Other operating expenditures		544,784	
Capital outlay		56,975	
Total		1,870,807	
Children's Services:			
Salaries and employee benefits		2,914,491	
Other operating expenditures		900,409	
Total		3,814,900	

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Adolescent Parenting:			
Other operating expenditures		70	
Adult Services:			
Salaries and employee benefits		920,293	
Other operating expenditures		367,542	
Total		1,287,835	
State In-Home Care:			
Other operating expenditures		4,851	
Office on Aging - HCCBG:			
Other operating expenditures		235,814	
Child Support Enforcement:			
Salaries and employee benefits		599,592	
Other operating expenditures		16,815	
Total		616,407	
Guardianship			
Other operating expenditures		26,453	
Community Alternative Programs			
Other operating expenditures		23,258	
TANF Program:			
Salaries and employee benefits		239,393	
Other operating expenditures		3,958	
Total		243,351	
Family Medicaid:			
Salaries and employee benefits		877,061	
Other operating expenditures		1,375	
Total		878,436	
Adult Medicaid:			
Salaries and employee benefits		1,088,855	
Other operating expenditures		9,059	
Total		1,097,914	
Food and Nutrition:			
Salaries and employee benefits		994,600	
Other operating expenditures		692,478	
Total		1,687,078	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Food and Nutrition - Fraud:			
Salaries and employee benefits		65,819	
Other operating expenditures		70	
Total		65,889	
Assistance Programs:			
SA Blind		4,160	
Seniors' Health Insurance Information Program:			
Other operating expenditures		2,943	
Capital outlay		3,891	
Total		6,834	
Veterans Service Office:			
Salaries and employee benefits		186,995	
Other operating expenditures		10,472	
Capital outlay		1,041	
Total		198,508	
Juvenile Crime Prevention Council:			
Salaries and employee benefits		7,562	
Other operating expenditures		229,450	
Capital outlay		1,780	
Total		238,792	
Senior Services:			
Salaries and employee benefits		314,425	
Other operating expenditures		347,009	
Capital outlay		35,566	
Total		697,000	
Special Appropriations/Outside Agencies:			
Other operating expenditures		414,587	
Total human services	21,060,354	18,786,828	2,273,526
Debt Service:			
Principal retirement		11,987,742	
Interest and fees		3,147,908	
Total debt service	15,214,296	15,135,650	78,646
Total expenditures	120,824,018	112,269,591	8,554,427
Revenues over (under) expenditures	(5,647,315)	15,445,645	21,092,960
Other Financing Sources (Uses):			
Transfers from other funds:			
General Capital Projects Fund	464,025	459,234	(4,791)
Special Grants Fund	1,245	1,244	(1)

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
School Capital Reserve Fund	500,000	500,000	-
Solid Waste	250,000	-	(250,000)
Transfers to other funds:			
General Capital Projects Fund	(2,880,400)	(2,880,400)	-
Special Grants Fund	(162,545)	(156,774)	5,771
Capital Reserve Fund	(4,495,769)	(4,495,769)	-
Fund balance appropriated	11,970,759	-	(11,970,759)
Total other financing sources (uses)	5,647,315	(6,572,465)	(12,219,780)
Net change in fund balance	\$ -	8,873,180	\$ 8,873,180
Fund Balance, beginning		45,588,705	
Prior period restatement - change in accounting principle		117,947	
Fund balances, beginning, restated		45,706,652	
Fund Balance, ending		\$ 54,579,832	

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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental					
Federal and State grants	\$ 693,447	\$ 693,448	\$ -	\$ 650,001	\$ 43,447
Contributions and donations	43,000	43,000	-	43,000	-
Investment earnings	99,220	229,041	2,963	97,913	134,091
Total revenues	<u>835,667</u>	<u>965,489</u>	<u>2,963</u>	<u>790,914</u>	<u>177,538</u>
Expenditures:					
Capital outlay					
Development Services Renovation	1,360,651	1,360,653	-	1,360,653	-
Citizens Center Parking Lot	192,500	-	-	-	-
Probation/Veterans Building	2,375,000	-	1,600	-	1,600
PSAP Building	4,281,980	4,223,366	58,608	4,281,974	-
Trail Planning	200,000	-	-	-	-
Emergency Services Facility	10,500,000	78,786	538,572	-	617,358
Animal Services Expansion	1,134,325	132,846	38,836	-	171,682
Courthouse Renovation	39,350,000	3,271,164	17,268,864	-	20,540,028
West Lincoln Library	4,927,796	4,334,128	597,156	4,931,284	-
Greenways	43,447	10,397	-	-	10,397
West Lincoln Passive Park	905,400	22,510	44,892	-	67,402
Dog Park	104,749	95,917	8,833	104,750	-
Total expenditures	<u>65,375,848</u>	<u>13,529,767</u>	<u>18,557,361</u>	<u>10,678,661</u>	<u>21,408,467</u>
Revenues over (under) expenditures	<u>(64,540,181)</u>	<u>(12,564,278)</u>	<u>(18,554,398)</u>	<u>(9,887,747)</u>	<u>(21,230,929)</u>
Other Financing Sources (Uses):					
Long-term debt issued	55,185,362	44,685,362	-	8,435,362	36,250,000
Transfer from General Fund	9,884,519	7,004,119	2,880,400	1,911,619	7,972,900
Transfer to General Fund	(529,700)	(65,675)	(459,234)	(459,234)	(65,675)
Total other financing sources (uses)	<u>64,540,181</u>	<u>51,623,806</u>	<u>2,421,166</u>	<u>9,887,747</u>	<u>44,157,225</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,059,528</u>	<u>(16,133,232)</u>	<u>\$ -</u>	<u>\$ 22,926,296</u>
Fund Balance, beginning			<u>39,059,528</u>		
Fund Balance, ending			<u>\$ 22,926,296</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.

Representative Payee Fund – This fund accounts for financial resources on behalf of anyone that is not capable of managing their own benefits.

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, 2021

	Special Revenue Funds				
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Representative Payee Fund
Assets:					
Cash and cash equivalents	\$ 21,388	\$ 52,816	\$ 51,555	\$ 444,513	\$ 126,835
Taxes receivable, net	98,755	-	-	-	-
Accounts receivable, net	-	1	1	6	-
Due from other governments	100,455	19	-	25,090	-
Total assets	<u>\$ 220,598</u>	<u>\$ 52,836</u>	<u>\$ 51,556</u>	<u>\$ 469,609</u>	<u>\$ 126,835</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 121,843	\$ -	\$ -	\$ 4,074	\$ 1,314
Prepaid fees	-	-	-	-	-
Total liabilities	<u>121,843</u>	<u>-</u>	<u>-</u>	<u>4,074</u>	<u>1,314</u>
Deferred Inflows of Resources:					
Unavailable taxes	<u>98,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	100,455	20	1	25,096	-
General government	-	-	-	-	-
Public safety	-	52,816	51,555	440,439	-
Transportation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Human Services	-	-	-	-	125,521
Committed:					
Future capital projects	-	-	-	-	-
Unassigned	(100,455)	-	-	-	-
Total fund balances	<u>-</u>	<u>52,836</u>	<u>51,556</u>	<u>465,535</u>	<u>125,521</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 220,598</u>	<u>\$ 52,836</u>	<u>\$ 51,556</u>	<u>\$ 469,609</u>	<u>\$ 126,835</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Project Funds		
	Special Grants Fund	School Capital Reserve Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 168,152	\$ 1,763,534	\$ 5,561,492	\$ 8,190,285
Taxes receivable, net	-	-	-	98,755
Accounts receivable, net	-	24	75	107
Due from other governments	127,602	-	-	253,166
Total assets	<u>\$ 295,754</u>	<u>\$ 1,763,558</u>	<u>\$ 5,561,567</u>	<u>\$ 8,542,313</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 13,615	\$ -	\$ -	\$ 140,846
Prepaid fees	1,194	-	-	1,194
Total liabilities	<u>14,809</u>	<u>-</u>	<u>-</u>	<u>142,040</u>
Deferred Inflows of Resources:				
Unavailable taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,755</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	127,602	24	75	253,273
General Government	23,347	-	-	23,347
Public safety	7,183	-	-	551,993
Transportation	249,571	-	-	249,571
Culture and recreation	1,046	-	-	1,046
Human Services	-	-	-	125,521
Committed:				
Future capital projects	-	1,763,534	5,561,492	7,325,026
Unassigned	(127,804)	-	-	(228,259)
Total fund balances	<u>280,945</u>	<u>1,763,558</u>	<u>5,561,567</u>	<u>8,301,518</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 295,754</u>	<u>\$ 1,763,558</u>	<u>\$ 5,561,567</u>	<u>\$ 8,542,313</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Representative Payee Fund
Revenues:					
Ad valorem taxes	\$ 10,822,580	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenue	-	24,237	36,098	217,333	225,090
Contributions and donations	-	-	-	-	-
Investment earnings	-	105	43	692	-
Total revenues	10,822,580	24,342	36,141	218,025	225,090
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	10,822,580	30,256	3,121	306,152	-
Transportation	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Human services	-	-	-	-	256,191
Total expenditures	10,822,580	30,256	3,121	306,152	256,191
Revenues over (under) expenditures	-	(5,914)	33,020	(88,127)	(31,101)
Other Financing Sources (Uses):					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	(5,914)	33,020	(88,127)	(31,101)
Fund balances, beginning	-	58,750	18,536	553,662	-
Prior period restatement	-	-	-	-	156,622
Fund balances, beginning, restated	-	58,750	18,536	553,662	156,622
Fund balances, ending	\$ -	\$ 52,836	\$ 51,556	\$ 465,535	\$ 125,521

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Project Funds		
	Special Grants Fund	School Capital Reserve Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 10,822,580
Restricted intergovernmental revenue	1,283,631	1,637,400	-	3,423,789
Contributions and donations	19,715	-	-	19,715
Investment earnings	224	2,245	798	4,107
Total revenues	1,303,570	1,639,645	798	14,270,191
Expenditures:				
Current:				
General government	91,000	-	-	91,000
Public safety	872,094	-	-	12,034,203
Transportation	328,746	-	-	328,746
Economic and Physical Development	20,610	-	-	20,610
Culture and recreation	86,852	-	-	86,852
Human services	25,701	-	-	281,892
Total expenditures	1,425,003	-	-	12,843,303
Revenues over (under) expenditures	(121,433)	1,639,645	798	1,426,888
Other Financing Sources (Uses):				
Transfers from other funds	156,774	-	4,495,769	4,652,543
Transfers to other funds	(1,244)	(500,000)	-	(501,244)
Total other financing sources (uses)	155,530	(500,000)	4,495,769	4,151,299
Net change in fund balances	34,097	1,139,645	4,496,567	5,578,187
Fund balances, beginning	246,848	623,913	1,065,000	2,566,709
Prior period adjustment	-	-	-	156,622
Fund balances, beginning, restated	246,848	623,913	1,065,000	2,723,331
Fund balances, ending	\$ 280,945	\$ 1,763,558	\$ 5,561,567	\$ 8,301,518

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 10,876,438	\$ 10,822,580	\$ (53,858)
Expenditures:			
Alexis Fire District	469,539	468,456	1,083
Boger City Fire District	993,867	990,608	3,259
Crouse Fire District	185,102	180,778	4,324
Denver Fire District	2,959,345	2,954,208	5,137
East Lincoln Fire District	3,128,096	3,110,999	17,097
Howard's Creek Fire District	430,077	427,672	2,405
North 321 Fire District	661,047	661,590	(543)
North Brook Fire District	421,147	409,730	11,417
Pumpkin Center Fire District	763,288	761,374	1,914
South Fork Fire District	455,812	453,328	2,484
Union Fire District	409,118	403,837	5,281
Total expenditures	10,876,438	10,822,580	53,858
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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental			
Federal	\$ 10,668	\$ 24,237	\$ 13,569
Investment earnings	-	105	105
Total revenues	<u>10,668</u>	<u>24,342</u>	<u>13,674</u>
Expenditures:			
Public safety			
Other operating expenditures		280	
Capital Outlay		29,976	
Total expenditures	<u>30,256</u>	<u>30,256</u>	<u>-</u>
Revenues over (under) expenditures	(19,588)	(5,914)	13,674
Other Financing Sources (Uses):			
Fund balance appropriated	<u>19,588</u>	<u>-</u>	<u>(19,588)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,914)</u>	<u>\$ (5,914)</u>
Fund Balance, beginning		<u>58,750</u>	
Fund Balance, ending		<u>\$ 52,836</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental revenue			
Federal	\$ -	\$ 36,098	\$ 36,098
Investment earnings	-	43	43
Total revenues	-	36,141	36,141
Expenditures:			
Public Safety:			
Other operating expenditures		3,121	
Total expenditures	3,122	3,121	1
Revenues over (under) expenditures	(3,122)	33,020	36,142
Other Financing Sources (Uses):			
Fund balance appropriated	3,122	-	(3,122)
Net change in fund balance	\$ -	33,020	\$ 33,020
Fund Balance, beginning		18,536	
Fund Balance, ending		\$ 51,556	

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
North Carolina 911 funds	\$ 327,500	\$ 217,333	\$ (110,167)
Investment earnings	-	692	692
Total revenues	<u>327,500</u>	<u>218,025</u>	<u>(109,475)</u>
Expenditures:			
Public Safety:			
Other operating expenditures		246,485	
Capital outlay		59,667	
Total expenditures	<u>416,867</u>	<u>306,152</u>	<u>110,715</u>
Revenues over (under) expenditures	(89,367)	(88,127)	1,240
Other Financing Sources:			
Fund balance appropriated	89,367	-	(89,367)
Total other financing sources (uses)	<u>89,367</u>	<u>-</u>	<u>(89,367)</u>
Net change in fund balance	<u>\$ -</u>	(88,127)	<u>\$ (88,127)</u>
Fund Balance, beginning		<u>553,662</u>	
Fund Balance, ending		<u>\$ 465,535</u>	

LINCOLN COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEMS FUND UNSPENT BALANCE
PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ (88,127)
Revenue adjustment on PSAP report dated June 30, 2020	(21,086)
Total PSAP revenues and expenditures	<u>(109,213)</u>
Beginning balance, PSAP Revenue - Expenditure Report	<u>692,332</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 583,119</u></u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - REPRESENTATIVE PAYEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	Authorized		Actual	
	Budget	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Restricted intergovernmental revenue	\$ -	\$ -	\$ 225,090	\$ 381,712
Expenditures:				
Human services				
Payments made for the behalf				
of beneficiaries	-	-	256,191	256,191
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(31,101)	<u>\$ 125,521</u>
Fund Balance, beginning, as previously reports			-	
Prior period restatement - change in accounting principle			156,622	
Fund Balance, beginning, as restated			156,622	
Fund Balance, ending			<u>\$ 125,521</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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenue					
Federal and State grants	\$ 5,313,278	\$ 3,369,117	\$ 1,283,631	\$ 3,586,467	\$ 1,066,281
Contributions	293,397	233,894	19,715	36,810	216,799
Investment earnings	-	-	224	-	224
Total revenues	5,606,675	3,603,011	1,303,570	3,623,277	1,283,304
Expenditures:					
General government					
Register of Deeds Automation	114,123	-	91,000	-	91,000
Public safety					
Petco grant	175,000	172,209	2,713	-	174,922
Best Friends grant	40,000	4,385	28,510	-	32,895
CARES Act Funding	3,322,292	2,481,421	840,871	3,322,292	-
Transportation					
Transportation Lincoln County vehicles	1,609,488	786,435	244,576	-	1,031,011
Airport Authority	208,109	-	84,170	-	84,170
Economic and physical development					
NCHFA grant	181,100	143,485	20,610	164,095	-
Essential Single Family Rehab	190,000	-	-	-	-
Culture and recreation					
Rural gateway grant	2,075	2,667	907	3,574	-
Dorothy Louise Kyler	3,883	3,099	785	3,884	-
LSTA EZ Literacy	54,973	54,973	-	54,973	-
Beyond the Book	55,000	-	55,202	-	55,202
Silver STREAM	58,599	58,364	-	58,364	-
LSTA COVID	2,500	-	2,500	2,500	-
SLNC CARES	30,005	-	27,458	-	27,458
Human services					
Partners grants	74,332	14,829	19,715	32,745	1,799
MIPPA grants	10,724	4,278	5,986	10,264	-
Total expenditures	6,132,203	3,726,145	1,425,003	3,652,691	1,498,457
Revenues over (under) expenditures	(525,528)	(123,134)	(121,433)	(29,414)	(215,153)
Other Financing Sources (Uses):					
Transfers from other funds					
General Fund	526,773	369,982	156,774	30,658	496,098
Transfers to other funds					
General Fund	(1,245)	-	(1,244)	(1,244)	-
Total other financing sources (uses)	525,528	369,982	155,530	29,414	496,098
Net change in fund balance	\$ -	\$ 246,848	34,097	\$ -	\$ 280,945
Fund Balance, beginning			246,848		
Fund Balance, ending			\$ 280,945		

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
Lottery proceeds	\$ 500,000	\$ 1,637,400	\$ 1,137,400
Investment earnings	-	2,245	2,245
Total revenues	500,000	1,639,645	1,139,645
Other Financing Sources (Uses):			
Transfers to other funds			
General Fund	(500,000)	(500,000)	-
Net change in fund balance	\$ -	1,139,645	\$ 1,139,645
Fund Balance, beginning		623,913	
Fund Balance, ending		\$ 1,763,558	

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 798	\$ 798
Total revenues	-	798	798
Other Financing Sources (Uses):			
Transfers from other funds			
General Fund	\$ 4,495,769	\$ 4,495,769	\$ -
Reserve	(4,495,769)	-	4,495,769
Total other financing sources (uses)	-	4,495,769	4,495,769
Net change in fund balance	\$ -	4,496,567	\$ 4,496,567
Fund Balance, beginning		<u>1,065,000</u>	
Fund Balance, ending		<u>\$ 5,561,567</u>	

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water and sewer charges/fees		\$ 18,380,788	
Water and sewer taps		531,728	
Other operating revenues		128,253	
Total operating revenues	\$ 13,789,096	19,040,769	\$ 5,251,673
Non-Operating Revenues:			
Ad valorem taxes		416	
Investment income		34,467	
Total non-operating revenues	75,000	34,883	(40,117)
Total revenues	13,864,096	19,075,652	5,211,556
Expenditures:			
Water System:			
Salaries and employee benefits		1,223,107	
Other operating costs		2,706,129	
Capital outlay		129,805	
Total water system		4,059,041	
Sewer System:			
Salaries and employee benefits		647,281	
Other operating costs		1,133,779	
Capital outlay		194,033	
Total sewer system		1,975,093	
Indian Creek Water:			
Other operating costs		14,523	
Water Treatment Plant:			
Salaries and employee benefits		734,389	
Other operating costs		614,785	
Total water treatment plant		1,349,174	
Wastewater Treatment Plant - Killian Creek:			
Salaries and employee benefits		450,905	
Other operating costs		783,899	
Total wastewater treatment - Killian Creek		1,234,804	
Total environmental protection	9,626,759	8,632,635	994,124
Debt Service:			
Principal		1,180,408	
Interest		1,315,404	
Debt issuance costs		378,671	
Total debt service	5,295,035	2,874,483	2,420,552

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Total expenditures	14,921,794	11,507,118	3,414,676
Revenues over (under) expenditures	(1,057,698)	7,568,534	8,626,232
Other Financing Sources (Uses):			
Long-term debt issued	11,634,996	13,760,000	2,125,004
Premium on long-term debt issued	6,002,315	3,117,080	(2,885,235)
Payment to refunding bond escrow agent	(17,489,387)	(17,489,386)	1
Transfers from other funds:			
Water and Sewer Capital Projects Fund	197,100	197,100	-
Transfers to other funds:			
Water and Sewer Capital Projects Fund	(697,100)	(697,100)	-
Fund balance appropriated	1,409,774	-	(1,409,774)
Total other financing sources (uses)	1,057,698	(1,112,306)	(2,170,004)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 6,456,228	\$ 6,456,228

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 6,456,228
--	--------------

Reconciling items:

Debt principal	1,180,408
Capital outlay capitalized	304,299
Long-term debt issued	(13,760,000)
Debt premium received	(3,117,080)
Payment to refunding bond escrow agent	17,489,386
Water and Sewer Capital Fund activity:	
Interest income	12,285
Intrafund transfers	500,000
Capital contributions	1,903,130
Depreciation	(3,772,896)
Amortization of deferred debt premiums	21,306
Increase in deferred outflows of resources - pensions	145,030
(Increase) in net pension liability	(316,322)
Decrease in deferred inflows of resources - pensions	2,765
Increase in deferred outflows of resources - OPEB	511,919
(Increase) in total OPEB liability	(504,241)
(Increase) in deferred inflows of resources - OPEB	(164,397)
(Increase) in compensated absences	(16,081)
(Increase) in accrued interest payable	(284,128)
Total reconciling items	135,383
Change in net position	\$ 6,591,611

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 398,668	\$ 12,285	\$ 410,953
Expenditures:				
Capital outlay				
NC 16 Waterline Phase II	1,200,000	644,492	-	644,492
St James/Kidville Waterline	1,200,000	29,747	-	29,747
NC 16 Waterline Phase III	1,200,000	-	-	-
Water Transmission Line	6,100,000	175,724	-	175,724
NC 16 Waterline	1,002,900	-	-	-
Airlie Parkway Waterline	197,100	-	154,880	154,880
Water Plant Expansion	14,677,657	11,487,665	854,057	12,341,722
Highway 73 Waterline	8,602,272	5,585,104	1,957,714	7,542,818
Reepsville Road Waterline	8,063,965	468,356	136,322	604,678
Hovis Road Sewer Rework	250,000	16,000	111,574	127,574
Pump Station 7 Rehab	500,000	-	9,312	9,312
Wastewater Treatment Plant Expansion	32,686,500	1,167,038	7,565,014	8,732,052
Capital outlay	<u>75,680,394</u>	<u>19,574,126</u>	<u>10,788,873</u>	<u>30,362,999</u>
Revenues over (under) expenditures	<u>(75,680,394)</u>	<u>(19,175,458)</u>	<u>(10,776,588)</u>	<u>(29,952,046)</u>
Other Financing Sources (Uses):				
Long-term debt issued	61,605,336	21,829,100	14,675,000	36,504,100
Premium on long-term debt issued	3,518,873	633,638	2,885,235	3,518,873
Discount on long-term debt issued	(100,981)	(100,981)	-	(100,981)
Transfers from other funds:				
Water and Sewer Fund	10,854,266	10,157,167	697,100	10,854,267
Transfers to other funds:				
Water and Sewer Fund	(197,100)	-	(197,100)	(197,100)
Total other financing sources (uses)	<u>75,680,394</u>	<u>32,518,924</u>	<u>18,060,235</u>	<u>50,579,159</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 13,343,466</u>	<u>\$ 7,283,647</u>	<u>\$ 20,627,113</u>

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Solid waste charges/tipping fees		\$ 863,440	
Availability fees		3,929,807	
Other		958	
Total operating revenues	\$ 4,796,432	4,794,205	\$ (2,227)
Non-Operating Revenues:			
Federal and State grants		20,000	
White goods disposal tax		21,925	
Tire disposal tax		125,608	
Franchise fees		57,400	
Solid waste disposal tax		72,234	
Investment earnings		17,361	
Total non-operating revenues	374,362	314,528	(59,834)
Total revenues	5,170,794	5,108,733	(62,061)
Expenditures:			
Landfill Operations:			
Salaries and employee benefits		2,378,095	
Other operating costs		1,548,766	
Capital outlay		2,264,535	
Total Landfill Operations	6,531,470	6,191,396	340,074
Debt Service:			
Principal		481,091	
Interest		151,698	
Debt Issuance Cost		2,442	
Total Debt Service	706,886	635,231	71,655
Total expenditures	7,238,356	6,826,627	411,729
Revenues over (under) expenditures	(2,067,562)	(1,717,894)	349,668
Other Financing Sources (Uses):			
Fund balance appropriated	2,067,562	-	(2,067,562)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,717,894)	\$ (1,717,894)

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, 2021**

	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		\$ (1,717,894)	
Reconciling items:			
Debt principal		481,091	
Capital outlay capitalized		2,264,535	
Depreciation		(962,782)	
Increase in deferred outflows of resources - pensions		96,687	
(Increase) in net pension liability		(210,881)	
Decrease in deferred inflows of resources - pensions		1,843	
Increase in deferred outflows of resources - OPEB		341,278	
(Increase) in total OPEB liability		(336,160)	
(Increase) in deferred inflows of resources - OPEB		(109,598)	
(Increase) in compensated absences		(5,013)	
Decrease in accrued interest payable		9,709	
(Increase) in landfill closure and post-closure costs		(346,033)	
Total reconciling items		1,224,676	
Change in net position		\$ (493,218)	

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,463,920	\$ 1,115,685	\$ 3,579,605
Accounts receivable, net	947	15	962
Prepaid items	23,908	10,000	33,908
Total assets	<u>2,488,775</u>	<u>1,125,700</u>	<u>3,614,475</u>
Liabilities:			
Current liabilities:			
Accounts payable and other accrued liabilities	<u>1,726,450</u>	<u>283,402</u>	<u>2,009,852</u>
Net Position:			
Unrestricted	<u>762,325</u>	<u>842,298</u>	<u>1,604,623</u>
Total net position	<u>\$ 762,325</u>	<u>\$ 842,298</u>	<u>\$ 1,604,623</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, 2021

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues:			
Contributions from employer	\$ 8,115,085	\$ -	\$ 8,115,085
Contributions from employees	1,112,870	-	1,112,870
Workers' compensation premiums	-	786,259	786,259
Other contributions	68,613	5,340	73,953
Total operating revenues	9,296,568	791,599	10,088,167
Operating Expenses:			
Administration and consulting fees	1,446,413	141,901	1,588,314
Health and workers' compensation claims	8,404,854	556,628	8,961,482
Total operating expenses	9,851,267	698,529	10,549,796
Operating income (loss)	(554,699)	93,070	(461,629)
Non-Operating Revenues:			
Investment earnings	4,359	1,210	5,569
Change in net position	(550,340)	94,280	(456,060)
Net position, beginning	1,312,665	748,018	2,060,683
Net position, ending	\$ 762,325	\$ 842,298	\$ 1,604,623

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from customers	\$ 9,296,070	\$ 791,716	\$ 10,087,786
Cash paid for goods and services	(9,536,038)	(470,236)	(10,006,274)
Net cash provided (used) by operating activities	(239,968)	321,480	81,512
Cash flows from investing activities:			
Interest on investments	4,359	1,210	5,569
Net increase (decrease) in cash and cash equivalents	(235,609)	322,690	87,081
Cash and cash equivalents - beginning	2,699,529	792,995	3,492,524
Cash and cash equivalents - ending	<u>\$ 2,463,920</u>	<u>\$ 1,115,685</u>	<u>\$ 3,579,605</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (554,699)</u>	<u>\$ 93,070</u>	<u>\$ (461,629)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in receivables	(498)	117	(381)
(Increase) in prepaid items	2,284	-	2,284
(Decrease) in accounts payable	312,945	228,293	541,238
Total adjustments	<u>314,731</u>	<u>228,410</u>	<u>543,141</u>
Net cash provided (used) by operating activities	<u>\$ (239,968)</u>	<u>\$ 321,480</u>	<u>\$ 81,512</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, 2021

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Contributions from employer	\$ 8,117,686	\$ 8,115,085	\$ (2,601)
Contributions from employees	1,169,328	1,112,870	(56,458)
Other contributions	58,000	68,613	10,613
Total operating revenues	<u>9,345,014</u>	<u>9,296,568</u>	<u>(48,446)</u>
Operating Expenditures:			
Administration and consulting fees	1,560,000	1,446,413	113,587
Health claims	7,867,014	8,404,854	(537,840)
Total operating expenditures	<u>9,427,014</u>	<u>9,851,267</u>	<u>(424,253)</u>
Operating income (loss)	(82,000)	(554,699)	(472,699)
Non-Operating Revenues:			
Investment earnings	30,000	4,359	(25,641)
Other Financing Sources:			
Fund balance appropriated	<u>52,000</u>	<u>-</u>	<u>(52,000)</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ (550,340)</u>	<u>\$ (550,340)</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, 2021

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Workers' compensation premiums	\$ 845,000	\$ 786,259	\$ (58,741)
Other contributions	-	5,340	5,340
Total operating revenues	845,000	791,599	(53,401)
Operating Expenditures:			
Administration and consulting fees	152,401	141,901	10,500
Workers' compensation claims	693,099	556,628	136,471
Total operating expenditures	845,500	698,529	146,971
Operating income (loss)	(500)	93,070	93,570
Non-Operating Revenues:			
Investment earnings	500	1,210	710
Change in net position - budgetary basis	\$ -	\$ 94,280	\$ 94,280

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

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial Funds are used to account for assets the County holds on behalf of others that meet certain criteria.

Municipal Tax Fund - This fund accounts for ad valorem and vehicle property taxes that are billed and collected by the County for the municipality within the County but that are not revenues to the County.

Sheriff Evidence Fund - This fund holds evidence monies until disposition after court proceedings are complete.

Sheriff Execution Fund - This fund is used to account for funds seized by the Sheriff at the direction of the legal system.

Jail Inmate Pay Fund - This fund is used to hold cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2021

	Municipal Tax Fund	Sheriff Evidence Fund	Sheriff Execution Fund	Jail Inmate Pay Fund	Total Custodial Funds
Assets:					
Cash and cash equivalents	\$ 93,765	\$ 78,597	\$ 5,028	\$ 27,993	\$ 205,383
Taxes receivable for other governments, net	86,135	-	-	-	86,135
Total assets	<u>179,900</u>	<u>78,597</u>	<u>5,028</u>	<u>27,993</u>	<u>291,518</u>
Liabilities:					
Accounts payable and other accrued liabilities	93,765	-	-	46	93,811
Total liabilities	<u>93,765</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>93,811</u>
Net Position:					
Restricted:					
Individuals, organizations, and other governments	86,135	78,597	5,028	27,947	197,707
Total net position	<u>\$ 86,135</u>	<u>\$ 78,597</u>	<u>\$ 5,028</u>	<u>\$ 27,947</u>	<u>\$ 197,707</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Municipal Tax Fund	Sheriff Evidence Fund	Sheriff Execution Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions:					
Ad valorem taxes for other governments	\$ 4,324,359	\$ -	\$ -	\$ -	\$ 4,324,359
Collections of gathered evidence	-	29,253	-	-	29,253
Collections of executed court orders	-	-	7,662	-	7,662
Collections on behalf of inmates	-	-	-	243,292	243,292
Total additions	<u>4,324,359</u>	<u>29,253</u>	<u>7,662</u>	<u>243,292</u>	<u>4,604,566</u>
Deductions:					
Tax distributions to other governments	4,361,253	-	-	-	4,361,253
Distribution of gathered evidence	-	67,065	-	-	67,065
Distribution of executed court orders	-	-	7,668	-	7,668
Payments on behalf of inmates	-	-	-	240,337	240,337
Total deductions	<u>4,361,253</u>	<u>67,065</u>	<u>7,668</u>	<u>240,337</u>	<u>4,676,323</u>
Net change in fiduciary net position	(36,894)	(37,812)	(6)	2,955	(71,757)
Net Position, beginning	-	-	-	-	-
Prior period restatement-change in accounting principle	123,029	116,409	5,034	24,992	269,464
Net Position, beginning, as restated	<u>123,029</u>	<u>116,409</u>	<u>5,034</u>	<u>24,992</u>	<u>269,464</u>
Net Position, ending	<u>\$ 86,135</u>	<u>\$ 78,597</u>	<u>\$ 5,028</u>	<u>\$ 27,947</u>	<u>\$ 197,707</u>

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, 2021**

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 69,100,072	\$ 68,666,401	\$ 433,671
2019-2020	593,641	-	410,119	183,522
2018-2019	283,588	-	174,888	108,700
2017-2018	96,631	-	40,226	56,405
2016-2017	63,079	-	16,890	46,189
2015-2016	48,933	-	12,542	36,391
2014-2015	51,825	-	10,231	41,594
2013-2014	100,547	-	12,548	87,999
2012-2013	100,419	-	11,681	88,738
2011-2012	95,666	-	4,851	90,815
2010-2011	65,642	-	65,642	-
Total	\$ 1,499,971	\$ 69,100,072	\$ 69,426,019	1,174,024

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund

(517,999)

Ad Valorem Taxes Receivable, Net

General Fund

\$ 656,025

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund

\$ 68,720,479

Reconciling items:

Interest collected

(308,465)

Abatements related to prior years

59,057

2% discount allowed

890,964

Taxes written off

64,437

Collection of taxes previously written off

(453)

Total collections and credits

\$ 69,426,019

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide		Total Levy	
	Property Valuation	Rate	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:				
Property taxed at current year's rate	\$ 11,515,484,641	\$ 0.599	\$ 68,977,753	\$ 62,386,081
Penalties	-		80,741	80,741
Total	11,515,484,641		69,058,494	62,466,822
Discoveries:				
Current year taxes	5,433,055	0.599	32,544	28,677
Prior year taxes	-		73,852	73,852
Penalties	-		8,868	8,868
Total	5,433,055		115,264	111,397
Releases	(12,301,503)		(73,686)	(73,686)
Total property valuation	\$ 11,508,616,193			
Net Levy			69,100,072	62,504,533
Uncollected taxes at June 30, 2021			433,671	433,671
Current Year's Taxes Collected			\$ 68,666,401	\$ 62,070,862
Current Levy Collection Percentage			99.37%	99.31%

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ⁽¹⁾	100%
Real property	\$ 9,091,640,284
Personal property	817,778,695
Public service companies ⁽²⁾	498,105,561
Registered vehicles	1,101,091,653
Total assessed valuation	11,508,616,193
Tax rate per \$100 ⁽³⁾	0.599
Levy (includes discoveries, releases, and abatements)⁽⁴⁾	\$ 69,100,072

In addition to the County-wide rate, the County levies taxes on behalf of several fire districts \$ 10,888,034

⁽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 Annual Comprehensive 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
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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
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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
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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.

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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.

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 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	\$ 72,844,362
Restricted	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	33,785,376
Unrestricted	(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)	(69,875,145)
Total governmental activities net position	(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	36,754,593
Business-type activities										
Net investment in capital assets	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	75,008,044
Unrestricted	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	21,617,449
Total business-type activities	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	96,625,493
Primary government										
Net investment in capital assets	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	147,852,406
Restricted	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	33,785,376
Unrestricted	(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)	(48,257,696)
Total primary government net position	\$ 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	\$ 133,380,086

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 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	\$ 17,272,581
Public safety	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	46,549,280
Transportation	-	-	-	-	321,507	217,002	1,345,334	1,780,923	1,205,030	1,570,268
Economic and physical development	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	3,226,573
Culture and recreation	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	4,172,234
Education	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	25,258,045
Human services	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	20,674,988
Interest on long term debt	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	2,770,422
Total governmental activities	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	121,494,391
Business-type activities:										
Water and sewer	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	14,399,456
Solid waste	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	5,601,951
East Lincoln water and sewer	162,434	136,426	94,001	109,284	85,894	7,176	-	-	-	-
Total business activities	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	20,001,407
Total primary government expenses	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	141,495,798
Program Revenues										
Governmental activities										
Charges for services:										
General government	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	2,194,936
Public safety	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	7,484,899
Transportation	-	-	-	-	-	-	774,363	632,597	567,891	414,284
Economic and physical development	-	-	-	-	-	-	660,641	560,855	92,451	361,560
Culture and recreation	21,337	20,134	20,461	91,436	81,187	90,851	142,589	157,579	104,324	187,461
Human services	3,118,534	2,753,487	2,486,344	2,075,201	1,405,400	1,381,443	639,791	622,996	322,107	950,451
Operating grants and contributions:										
General government	965,069	1,031,533	1,545,655	726,230	3,059,063	1,031,959	629,541	170,835	103,302	230,457
Public safety	755,636	677,364	507,169	688,347	923,587	940,929	1,743,045	2,574,238	3,982,649	2,080,374
Transportation	-	-	-	-	-	-	297,422	377,961	475,122	889,366
Economic and physical development	260,283	112,909	9,255	30,360	30,229	30,330	90,036	176,097	29,915	187,589
Culture and recreation	-	-	-	-	118,195	122,615	297,809	160,426	193,082	269,411
Education	820,381	116,456	112,836	132,620	-	-	-	-	-	-
Human services	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	11,294,965
Capital grants and contributions:										
General government	508,081	1,288,253	1,143,064	1,314,334	626,090	27,957	261,168	-	-	-

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety	-	55,295	-	-	-	-	75,000	-	-	-
Transportation	-	-	-	-	-	-	48,985	302,990	401,562	200,586
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	1,637,400
Human services	-	-	-	-	-	-	-	175,000	-	-
Total governmental activities										
program revenues	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	28,383,739
Business-type activities:										
Charges for service - water and sewer	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	19,040,769
Capital grants and cont. - water/sewer	78,841	346,610	834,730	-	2,962,527	10,000	3,689,013	-	5,023,169	1,903,130
Charges for service - solid waste	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	5,071,372
Operating grants - solid waste	-	-	-	-	-	-	-	-	-	20,000
Total business-type activities										
program revenues	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	26,035,271
Total primary government										
program revenues	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	54,419,010
Net (Expense)/Revenue										
Governmental activities	(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)	(93,110,652)
Business-type activities	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	6,033,864
Total primary government net										
(expense)/revenue	(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)	(87,076,788)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	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	79,291,113
Local option sales tax	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	30,892,666
Utility franchise tax	238,690	233,252	228,408	229,091	220,188	223,349	218,729	211,971	200,508	198,194
Real estate transfer tax	534,686	697,046	737,628	858,192	974,733	1,380,914	1,404,356	1,404,036	1,517,698	2,274,241
Other taxes and licenses	365,652	431,955	430,687	476,454	401,490	436,698	173,497	196,250	180,960	241,012
Unrestricted intergovernmental	479,922	289,491	317,328	330,007	306,511	320,620	309,222	314,288	319,066	317,225
Investment earnings	87,795	75,727	162,391	90,279	172,123	152,094	538,815	1,156,824	877,657	208,663
Transfers	-	-	(563,160)	-	-	-	-	-	-	-
Gain(loss) disposal of capital assets	(79,006)	(80,631)	-	-	-	-	-	-	-	-
Total governmental activities:										
	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	113,423,114

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Property taxes	495,073	878,437	931,496	912,435	875,860	23,339	4,282	21	1,099	416
Investment earnings	46,465	55,390	19,989	48,656	71,362	67,004	258,768	600,997	491,701	64,113
Transfers	-	-	563,160	-	-	-	-	-	-	-
Gain(loss) disposal of capital assets	-	(9,647,031)	-	-	-	-	-	-	-	-
Total business-type activities	541,538	(8,713,204)	1,514,645	961,091	947,222	90,343	263,050	601,018	492,800	64,529
Total primary government	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	113,487,643
Change in Net Position										
Governmental activities	(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	20,312,462
Business-type activities	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	6,098,393
Total primary government	\$ 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	\$ 26,410,855

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable										
Prepays	\$ 588,275	\$ 616,277	\$ 630,872	\$ 631,607	\$ 256,545	\$ 229,546	\$ 226,528	\$ 227,019	\$ 256,963	\$ 417,067
Restricted										
Stabilization for State statute	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	9,379,523
Restricted, all other	48,767	50,322	39,044	1,073,458	1,180,740	1,329,743	1,503,833	2,261,857	2,863,067	4,401,715
Committed	-	-	-	-	1,000,000	-	-	840,504	2,139,910	2,418,255
Assigned	2,050,429	2,105,045	2,202,711	-	5,500,388	3,405,237	3,346,021	-	2,525,562	14,742,010
Unassigned	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	23,221,262
Total General Fund	<u>\$ 19,225,055</u>	<u>\$ 19,796,381</u>	<u>\$ 23,606,489</u>	<u>\$ 27,162,136</u>	<u>\$ 33,256,233</u>	<u>\$ 34,570,359</u>	<u>\$ 38,479,554</u>	<u>\$ 37,441,707</u>	<u>\$ 45,588,705</u>	<u>\$ 54,579,832</u>
All Other Governmental Funds										
Restricted										
Stabilization for State statute	\$ 706,133	\$ 3,086,065	\$ 471,952	\$ 298,605	\$ 127,173	\$ 5,601,764	\$ 5,999,264	\$ 10,441,450	\$ 34,433,666	\$ 18,865,795
Restricted, all other	1,159,312	1,262,891	6,734,600	-	1,145,108	1,006,715	2,010,007	5,076,251	36,656,666	19,281,757
Committed	3,668,293	1,613,295	749,985	-	303,043	421,667	556,532	877,406	1,688,809	7,325,026
Unassigned	-	(3,627,036)	(3,428,193)	(446,330)	(1,303,300)	(4,897,896)	(3,368,449)	(4,141,637)	(31,152,904)	(14,244,764)
Total all other governmental funds	<u>\$ 5,533,738</u>	<u>\$ 2,335,215</u>	<u>\$ 4,528,344</u>	<u>\$ (147,725)</u>	<u>\$ 272,024</u>	<u>\$ 2,132,250</u>	<u>\$ 5,197,354</u>	<u>\$ 12,253,470</u>	<u>\$ 41,626,237</u>	<u>\$ 31,227,814</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Ad valorem taxes	\$ 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	\$ 79,543,059
Local option sales taxes	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	30,892,666
Other taxes and licenses	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	2,713,447
Unrestricted intergovernmental revenues	479,922	289,491	317,328	330,007	306,511	320,620	309,222	314,288	319,066	317,225
Restricted intergovernmental revenues	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	16,617,536
Permits and fees	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	4,636,675
Sales, service and rents	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	5,517,697
Miscellaneous	70,272	64,404	1,625,197	1,470,514	154,122	137,836	1,825,278	1,574,323	3,068,329	1,546,991
Investment earnings	973,684	1,138,844	157,173	79,964	3,164,036	921,331	487,203	1,080,684	835,421	203,094
Total Revenues	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	141,988,390
Expenditures										
General Government	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	14,669,777
Public Safety	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	43,256,640
Transportation	-	-	-	-	321,507	171,298	1,265,141	1,654,791	1,709,841	1,529,742
Economic and physical development	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	2,974,126
Culture and Recreation	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	3,220,194
Education	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	25,258,045
Human services	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	19,068,720
Capital Outlay	-	7,436,995	7,594,533	8,477,934	2,540,899	4,487,994	9,870,439	10,084,082	10,111,184	18,557,361
Debt Service:										
Principal	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	11,987,742
Interest	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	3,147,908
Total Expenditures	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	143,670,255
Excess of revenues over (under) expenditures	(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	(1,681,865)
Other Financing Sources (Uses)										
Transfers in	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	8,493,421
Transfers out	(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)	(8,493,421)
Bonds & installment financing issued	30,255,000	-	15,440,691	-	5,244,000	2,088,470	24,329,000	19,741,000	36,500,000	-
Bond premium (discount)	2,868,507	-	-	-	-	-	(60,823)	1,793,965	-	-
Advance refunding payments to trustee	(32,763,202)	-	(7,740,891)	-	(5,141,066)	-	(13,016,852)	(11,800,000)	-	-
Total other financing sources (uses)	705,237	-	7,699,800	-	102,934	2,088,470	11,251,325	9,734,965	36,500,000	-
Net change in fund balances	\$ 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	\$ (1,681,865)
Debt service as a percentage of noncapital expenditures	20.03%	16.72%	17.55%	13.54%	13.21%	13.71%	12.06%	12.01%	10.96%	12.39%

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					
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%
2021	8,068,057,617	904,461,494	554,611,824	435,490,651	1,101,091,653	817,778,695	498,105,561	11,508,616,193	0.599	12,437,257,193	92.53%

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.
- (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

	2012(1)	2013	2014	2015	2016(1)	2017	2018	2019	2020(1)	2021
Lincoln County	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.5990	\$ 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)	.0290	0.0355	0.0359	0.0342	0.0325	0.0000	0.0000	0.0000	0.0000	0.0000
<u>Fire Districts (4)</u>										
Alexis	0.1100	0.1100	0.1100	0.1100	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165
Boger City	0.0925	0.0925	0.0925	0.0925	0.0999	0.0999	0.0999	0.1050	0.1050	0.1050
Crouse	0.0609	0.0609	0.0609	0.0609	0.0640	0.0640	0.0640	0.0860	0.0860	0.0860
Denver	0.1099	0.1099	0.1099	0.1099	0.1125	0.1125	0.1150	0.1150	0.1150	0.1150
East Lincoln	0.0680	0.0785	0.0785	0.0850	0.0850	0.0860	0.0890	0.0890	0.0980	0.0980
Howards Creek	0.1050	0.1050	0.1150	0.1150	0.1203	0.12233	0.12233	0.12233	0.1355	0.1355
North 321	0.0600	0.0350	0.0800	0.0400	0.0400	0.0400	0.0400	0.0700	0.0700	0.0700
North Brook	0.0350	0.0600	0.0350	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Pumpkin Center	0.0951	0.0951	0.0938	0.0900	0.0970	0.9700	0.0970	0.0970	0.0970	0.0970
South Fork	0.0910	0.0910	0.1236	0.1236	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250
Union	0.0750	0.0900	0.0900	0.0900	0.0900	0.0900	0.1250	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 2021				Fiscal Year 2012			
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Duke Energy Corp.	Utility	\$ 356,672,247	1	3.10%	\$	\$ 238,015,037	1	2.89%	
The Timken Company	Bearing manufacturer	80,703,800	2	0.70%		86,774,240	2	1.05%	
Cataler North America Corp	Auto parts manufacturer	72,965,372	3	0.63%		62,540,313	4	0.76%	
Blum Inc	Furniture Hardware manf.	70,179,668	4	0.61%		69,526,897	3	0.84%	
Charlotte IND LL LLC	Manufacturing	55,057,186	5	0.48%					
Lincolnton Partners LLC	Manufacturing	53,298,713	6	0.46%					
APTARGROUP INC	Manufacturing	42,331,091	7	0.37%					
Piedmont Natural Gas Co.	Gas, propane	38,873,465	8	0.34%					
Medline Industries	Medical Supply Manufacturing	38,822,951	9	0.34%					
Rutherford Electric Membership	Utility	35,962,662	10	0.31%		30,541,910	6	0.37%	
Actavis Mid atlantic LLC	Manufacturing Cosmetics					24,304,206	8	0.29%	
Bellsouth TEL CORP	Utility					25,379,608	7	0.31%	
Wal Mart Real Estate Budiness	Retail					21,973,634	9	0.27%	
TKC LIV LLC	Real Estate / Manufacturing					30,980,955	5	0.38%	
TKC LXXIII LLC	Real Estate / Manufacturing					16,775,235	10	0.20%	
Totals		\$ 844,867,155		7.34%		\$ 606,812,035		7.36%	

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	
2012	49,318,299	19,177	49,337,476	48,213,572	97.76%	1,033,089	49,246,661	99.82%	90,815
2013	49,575,234	563,425	50,138,659	48,908,152	98.65%	1,141,769	50,049,921	99.82%	88,738
2014	51,400,496	151,116	51,551,612	50,570,651	98.39%	892,962	51,463,613	99.83%	87,999
2015	50,455,214	105,063	50,560,277	49,283,713	97.68%	1,234,970	50,518,683	99.92%	41,594
2016	52,246,531	106,268	52,352,799	51,605,464	98.77%	710,944	52,316,408	99.93%	36,391
2017	53,404,086	384,500	53,788,586	53,010,615	99.26%	731,782	53,742,397	99.91%	46,189
2018	55,859,280	209,575	56,068,855	55,385,593	99.15%	626,857	56,012,450	99.90%	56,405
2019	58,234,059	16,838	58,250,897	57,519,842	98.77%	622,355	58,142,197	99.81%	108,700
2020	65,905,710	207,857	66,113,567	65,519,926	99.41%	410,119	65,930,045	99.72%	183,522
2021	69,058,494	41,578	69,100,072	68,666,401	99.43%	-	68,666,401	99.37%	433,671
Source: Lincoln County Tax Department									<u>\$1,174,024</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						
2012	98,868,507	21,462,915		2,675,000	-	1,250,000		-	21,804,848	146,061,270	1,848	5.03%
2013	91,642,152	19,405,757		2,135,000	-	1,000,000		-	20,370,950	134,553,859	1,692	4.58%
2014	84,425,797	24,753,975		1,605,000	-	750,000		-	19,351,064	130,885,836	1,641	4.19%
2015	77,214,442	22,664,779		1,085,000	-	500,000		-	18,356,716	119,820,937	1,494	3.81%
2016	70,043,087	20,874,972		575,000	-	250,000		-	16,897,825	108,640,884	1,335	3.30%
2017	62,871,733	21,041,742		-	-	-		-	22,211,020	106,124,495	1,294	2.96%
2018	56,584,151	29,979,785		-	-	-		-	19,599,692	106,163,628	1,238	2.77%
2019	49,595,509	36,249,324		-	14,427,657	-		11,335,232	7,917,405	119,525,127	1,389	2.94%
2020	42,405,656	69,338,773		-	22,066,350	-		10,271,824	7,592,602	151,675,205	1,721	*
2021	35,291,803	63,998,772		-	47,942,359	-		458,416	6,962,511	154,653,861	1,744	*

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)
2012	101,543,507	3.50%	1.23%	1,285
2013	93,777,152	3.19%	1.13%	1,179
2014	86,030,797	2.75%	1.00%	1,079
2015	78,299,442	2.49%	0.91%	976
2016	70,618,087	2.14%	0.83%	868
2017	62,871,733	1.76%	0.71%	766
2018	56,584,151	1.48%	0.62%	660
2019	49,595,509	1.22%	0.52%	576
2020	42,405,656	*	0.39%	481
2021	35,291,803	*	0.31%	398

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
Last Three Fiscal Years

	Fiscal Year	
	2019	2020
		2021
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	\$ 9,959,618	\$ 11,006,052
		\$ 11,998,029
Debt service, principal and interest paid (Revenue Bond only)	\$ 188,669	\$ 850,000
		\$ 843,000
Debt service coverage ratio	5278.88%	1294.83%
		1423.25%
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	\$ 7,005,282	\$ 7,282,446
		\$ 8,461,377
Debt service, principal and interest paid (all debt)	\$ 2,938,878	\$ 2,300,801
		\$ 2,495,812
Debt service coverage ratio	238.37%	316.52%
		339.02%

*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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value of Property	\$ 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	\$ 11,508,616
Debt Limit, 8% of Assessed Value (Statutory Limitation)	659,380	666,700	689,000	684,666	684,649	703,528	730,455	760,694	878,022	920,689
Amount of Debt Applicable to Limit										
Gross debt	143,193	131,932	130,886	117,691	108,641	106,124	104,830	116,106	148,744	146,208
Debt outstanding for water and sewer	25,730	23,506	21,706	19,942	17,723	18,386	16,685	28,349	34,905	44,837
Total net debt applicable to limit	117,463	108,426	109,180	97,749	90,918	87,738	88,145	87,757	113,839	101,371
Legal Debt Margin	\$ 541,917	\$ 558,274	\$ 579,820	\$ 586,917	\$ 593,731	\$ 615,790	\$ 642,310	\$ 672,937	\$ 764,183	\$ 819,318

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

17.81%

16.26%

15.85%

14.28%

13.28%

12.47%

12.07%

11.54%

12.97%

11.01%

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, 2021

<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 Lincolnnton (1)	\$ 1,329,019	100.00%	\$ 1,329,019
Direct - Lincoln County			<u>99,290,575</u>
Total direct and overlapping debt			<u><u>\$ 100,619,594</u></u>

(1) Source: City of Lincolnnton 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)
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	4,062,577	47,178	11,483	3.40%	37,424
2020	88,151	*	*	11,438	6.80%	36,199
2021	88,699	*	*	11,170	3.80%	44,844

* 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	Fiscal Year 2021			Fiscal Year 2012		
	Product or Service	Employees	Rank	Percentage of Total County Employment	Employees	Rank
Lincoln County Schools	Education	1,353	1	3.06%	1,600	1
County of Lincoln	Public Administration	988	2	2.24%	750	2
RSI Home Products	Vanities and Marble Counter Tops	822	3	1.86%	570	6
Atrium Health	Medical Care	818	4	1.85%		
Wal-Mart Stores, Inc.	Discount Stores	705	5	1.60%	730	4
Timken Company	Tapered Roller Bearings	591	6	1.34%	750	3
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	533	7	1.21%		
Julius Blum, Inc.	Cabinet and Furniture Hardware	436	8	0.99%	370	7
Lowes Home Centers, Inc.	Retail/Home Improvement	400	9	0.90%	270	9
Cataler North America	Automobile Components	350	10	0.79%		
Lincoln Medical Center	Medical Care				720	5
Actavis Corp.	Pharmaceuticals				330	8
Mohican Mills	Lace and Tricot Goods				240	10
Total		6,996			6,330	
Total Civilian Labor Force for the County		44,200			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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	15.5	20.0	20.0	21.0	23.0	23.0
Management Information Systems	7.0	8.0	8.0	8.0	8.0	8.0	8.5	10.0	9.0	11.0
Elections	3.8	3.8	4.0	4.0	4.0	11.8	11.8	20.0	15.2	20.8
Tax	24.0	25.0	25.0	25.0	25.5	26.8	29.3	27.8	27.4	30.8
Register of Deeds	8.0	8.0	7.0	7.0	6.5	7.5	8.5	8.5	8.0	8.0
Public Buildings	13.4	13.4	13.4	13.4	16.0	28.8	29.8	28.8	33.4	36.8
Public safety										
Sheriff	128.0	128.0	128.0	128.0	144.5	132.0	131.5	142.0	137.4	140.4
Communications	22.5	22.5	19.8	19.8	22.5	22.0	23.0	22.0	22.0	25.4
Jail	43.4	43.4	44.6	44.6	45.0	44.0	45.8	41.5	46.2	46.2
Emergency Management	2.0	2.0	2.0	2.0	2.0	2.5	3.0	3.0	2.0	3.0
Ambulance Services	76.3	76.3	78.4	78.4	94.3	92.3	89.3	90.3	84.6	85.4
Fire Marshal	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0
Building and Land Development	18.0	18.0	20.0	20.0	21.0	23.0	23.0	24.0	23.0	25.0
Animal Control	11.0	11.0	11.2	11.2	13.5	15.5	19.5	19.5	18.2	21.0
Economic and physical development										
Cooperative Extension	1.6	1.6	1.6	1.6	2.0	1.8	1.8	1.8	1.8	1.0
Soil and Water Conservation	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.8	5.2	5.8
Human services										
Health	78.4	78.4	73.4	73.4	66.3	65.0	64.5	67.0	67.6	69.0
Social Services	121.7	121.7	125.7	130.7	129.0	128.3	130.3	135.5	134.2	144.8
Veterans Service	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	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	5.5	4.0	4.0	5.8	5.5	6.0	5.5	4.0	5.0
Transportation										
Transportation Lincoln County	22.4	22.4	16.6	16.6	23.3	25.5	24.8	27.5	20.8	18.0
Cultural and recreation										
Recreation	29.7	29.7	25.4	25.4	24.0	15.3	19.3	19.5	13.6	15.0
Library	16.4	16.4	18.4	18.4	18.3	18.8	18.3	22.0	20.4	23.6
Water and Sewer	42.6	42.6	39.8	39.8	37.3	36.8	35.5	40.0	43.0	49.0
Solid Waste	43.6	43.6	40.2	40.2	46.3	49.8	51.5	46.8	45.6	41.6
Total	741.9	744.0	729.2	734.2	781.1	792.0	806.5	837.3	814.1	858.1

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government										
Management Information Systems										
Work orders	5,604	5,679	4,110	3,325	3,926	4,630	4,753	5,464	5,968	4,939
Elections										
Registered voters	53,240	51,728	52,544	52,661	55,744	58,634	57,324	56,416	59,141	62,638
Votes cast in general elections (votes odd years city; even county wide)	36,892	1,943	6,905	24,032	24,372	36,241	11,055	n/a	17,701	50,381
Tax										
Number of land records created	250	n/a	73	485	651	862	892	888	913	1,230
Number of ownership transfers-real estate/mfg. homes	3,995	n/a	3,671	4,350	4,792	5,391	6,074	7,614	7,231	6,000
Number of tax bills created - real/personal	68,400	n/a	70,635	71,596	73,854	74,902	77,141	79,327	81,040	82,500
Number of tax bills created - registered vehicles	84,814	n/a	n/a	84,928	78,076	79,651	80,459	79,497	92,525	84,000
Register of Deeds										
Total documents recorded	n/a	14,589	12,566	12,092	13,647	15,069	14,771	14,150	16,644	22,302
Deeds recorded	n/a	2,747	3,029	3,028	3,405	3,956	3,958	3,948	3,904	5,053
Marriage licenses issued		497	537	567	583	516	571	552	530	822
Births occurring	*	413	438	461	464	458	454	503	540	488
Deaths occurring	*	494	500	495	555	546	598	602	665	722
Certified copies issued	n/a	4,929	4,918	4,902	5,499	5,404	5,995	6,240	6,495	7,510
Public safety										
Arrests	3,979	4,205	4,607	3,848	3,025	2,921	4,317	4,300	2,305	2,062
Civil papers served	12,586	12,591	11,755	13,174	11,394	10,544	10,361	12,065	9,322	8,469
Jail bookings	3,773	4,198	4,138	4,065	4,548	4,399	4,451	4,196	3,225	1,545
Average daily jail population	133	136	134	135	138	154	153	154	139	100
Communications total calls	94,480	76,336	106,520	111,509	113,207	144,171	141,165	126,027	111,663	89,557
Building permits issued	3,019	2,616	2,849	2,960	7,514	4,191	5,183	5,192	5,576	5,899
Building inspections conducted	13,149	13,219	15,465	19,868	24,373	29,446	38,431	37,424	36,199	44,844
Emergency medical calls answered	16,763	18,679	17,517	14,957	14,521	15,237	15,959	16,126	15,824	16,772
Emergency patients transported	8,213	8,718	8,241	10,036	10,239	8,858	8,687	8,751	8,593	8,544
Number of firemen and officers	450	564	450	453	411	554	511	530	528	521
Number of fire calls answered	6,348	7,300	8,203	9,746	8,401	8,567	7,169	9,496	10,941	8,769
Number of fire marshal inspections	1,750	2,000	1,750	1,776	1,135	1,309	2,539	2,231	2,361	2,248
Animals entering shelter	4,163	3,883	3,309	3,285	3,262	2,834	1,883	2,821	2,948	3,097
Animals euthanized	2,271	2,107	1,114	735	484	423	98	100	93	89

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation										
Clients served	930	970	1,096	815	790	833	893	867	829	643
Trips provided	63,071	72,149	71,366	63,499	60,174	64,261	65,482	66,628	54,912	25,387
Economic and physical development										
Cooperative Extension client contacts	63,688	73,990	50,790	77,013	23,500	51,500	61,500	65,000	55,000	7,700
Soil and Water Conservation										
Clients assisted	3,750	3,713	3,752	3,752	3,707	3,684	7,000	6,338	5,755	3,724
Funds landowners received from federal and state programs	\$ 346,154	\$ 496,530	\$ 247,227	\$ 667,686	\$ 441,710	\$ 480,047	\$ 754,652	\$ 663,008	\$ 867,171	\$ 1,181,201
Human services										
Health Department patient visits										
Adult Health	2,684	2,568	3,108	3,055	1,949	2,515	1,012	842	621	575
Child Health	1,083	1,075	1,103	1,061	425	1,173	1,001	1,248	1,151	751
Family Planning	4,723	3,935	4,357	4,413	4,107	4,153	3,618	4,146	3,744	4,352
Immunizations/Flu	1,144	1,014	1,352	1,481	1,187	1,657	1,739	1,752	1,622	1,836
Maternal Health	374	750	940	1,519	1,517	1,484	-	-	-	-
Primary Care	5,899	4,172	3,355	3,191	2,855	3,837	3,735	3,493	3,217	768
Sexually transmitted diseases	2,562	1,924	2,296	2,745	2,695	3,360	4,075	4,819	5,082	5,312
Tuberculosis	477	494	294	661	845	889	920	1,040	725	832
Case Management(child service & maternity care)	-	-	-	-	-	-	-	-	-	-
Lab services (in-house)	9,536	8,153	8,237	7,650	5,490	5,864	4,405	4,650	4,284	2,925
Lab services (referred)	4,030	3,863	4,121	4,454	3,951	4,410	3,202	3,733	3,754	3,410
WIC (women infants and children)	24,490	24,864	23,381	20,910	20,765	19,855	18,905	17,961	18,644	20,922
Home Health (unduplicated patients)	504	567	518	478	-	-	-	-	-	-
Environmental Health										
Food & Lodging permits	77	39	26	40	27	18	30	34	23	21
Food, Lodging & Institutional Inspections	1,257	802	842	863	860	864	835	750	583	523
Sewage system permits	349	317	433	471	605	803	854	682	923	1,197
Sewage system finals	213	168	235	247	263	332	356	386	395	465
Water samples	308	284	401	397	447	436	545	316	222	320
New well permits (began 7/1/07)	137	68	107	76	179	207	281	213	254	297
Wells Inspected (water for sampling)	85	98	107	148	147	150	187	174	207	314
Swimming pools	31	27	32	33	39	22	39	46	44	67
Lead investigations	-	-	-	1	-	-	2	-	1	3
Complaint investigations	175	75	94	70	57	65	56	41	47	64
Social Services cases (may contain duplicates)										
Child & adult protective services	109	97	92	98	93	85	93	108	94	101
Children in foster care	62	78	82	80	86	108	108	116	93	81
Work first cases	121	119	119	120	108	106	102	98	111	96
NC health choice cases	817	866	866	866	776	784	907	1,034	1,058	984
Medicaid cases	9,098	9,163	9,364	12,075	11,678	11,822	12,293	11,961	11,582	12,356

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Food stamp cases	5,654	4,922	5,365	5,505	5,163	4,591	4,437	4,128	4,299	5,098
Child support cases	2,920	2,919	2,874	2,834	2,767	2,714	2,677	2,649	2,706	2,600
Culture and recreation										
Recreation (shelter & facility reservations)	896	1,157	1,296	n/a	n/a	1,339	1,316	1,409	358	1,359
Library volumes in collection	142,853	144,907	143,880	173,251	157,541	141,099	144,012	145,212	146,058	190,910
Library circulation	280,413	285,669	283,041	245,675	252,018	241,229	243,902	247,054	197,751	118,532
Business-type activities:										
Water and Sewer										
Number of water customers	9,901	10,165	10,680	9,743	10,420	12,491	12,109	12,695	13,299	14,235
Average daily water production	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	4,393,267
Number of sewer customers	3,843	4,027	3,851	4,472	5,022	5,196	5,686	6,185	6,692	7,598
Average daily sewage treatment	880,000	825,000	799,250	900,000	1,045,000	1,019,628	1,129,590	765,148	1,125,000	1,239,667
Landfill										
Tons of waste sanitary landfill	43,093	38,766	39,008	39,008	35,969	36,814	38,538	37,775	44,273	41,754
Tons of waste demolition landfill	18,282	12,342	9,283	9,283	7,308	8,505	7,628	8,656	6,841	8,231
Tons of recyclables	2,048	2,423	2,537	2,537	1,870	3,009	1,760	1,804	1,702	1,640
Tons of white goods	1,125	1,411	1,616	1,616	2,334	2,669	2,965	3,155	3,540	3,252
Tons of tires	1,280	1,064	1,069	1,069	1,064	1,190	1,556	1,370	1,529	1,372

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government										
Buildings	24	25	25	25	26	27	30	28	28	40
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	77	77	79	83	83	95	95	95	99	110
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	7	7	9	6	6	8	8	8	8	8
Emergency medical apparatus	24	24	24	24	24	24	24	24	24	24
Fire department stations	16	17	18	19	19	19	20	20	22	22
Transportation										
Number of transportation vehicles	19	19	21	21	21	22	22	23	22	22
Cultural and recreation										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	5	5	6	6	6	6	6	6	6	6
Undeveloped	1	1	-	-	-	-	1	1	1	1
Park acreage:										
Developed	149	149	265	265	265	265	265	265	265	265
Undeveloped	116	116	-	-	-	-	30	30	30	30
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	2	2	2	2	2	2	2	2	1	1
Business-type activities:										
Water and Sewer										
Number of water plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	313	313	322	325	332	332	337	339	347	338
Number of wastewater plants	2	1	1	1	1	1	1	1	1	1
Miles of sanitary sewer	171	171	171	176	176	233	185	183	196	200
Landfill										
Number of sanitary landfills	1	1	1	1	1	1	1	1	1	1
Number of demolition landfills	1	1	1	1	1	1	1	1	1	1
Number of convenience sites	7	7	7	7	7	7	7	7	7	8

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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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, 2021, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated January 25, 2022. 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

January 25, 2022, except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is April 25, 2023

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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, 2021. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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, 2021.

Other Matters

As discussed in Note 4 to the Schedule of Expenditures of Federal and State Awards, the schedule was restated to increase AL No. 66.458 expenditures by \$6,835,782. Finding number 2021-001 was added as a result of this restatement. The previously issued auditor's report dated January 25, 2022 is not to be relied upon due to the restatement of the Schedule of Expenditures of Federal and State Awards. Audit procedures applied subsequent to the original audit report date were limited solely to the restatement of the Schedule of Expenditures of Federal and State Awards. Our opinion on each major federal program is not modified as a result of this restatement.

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Lincoln County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Lincoln County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-001 that we consider to be a material weakness.

Lincoln County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Lincoln County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

January 25, 2022, except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is April 25, 2023

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

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

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, 2021. 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, 2021.

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

January 25, 2022, except for the restated Schedule of Expenditures of Federal and State Awards and notes to the Schedule of Expenditures of Federal and State Awards, for which the date is April 25, 2023

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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? Yes
- 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)? Yes

<u>Federal Program/Cluster Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
Foster Care	93.658
Adoption Assistance	93.659
COVID-19 Coronavirus Relief Fund	21.019
Formula Grants for Rural Areas	20.509
Child Support Enforcement	93.563
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458

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, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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

Any findings disclosed that are required to
be reported in accordance with the State
Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Medicaid Cluster
Public School Building Capital Fund
Foster Care and Adoption Cluster
Formula Grants for Rural Areas
Child Support Enforcement

2. Financial Statement Findings

None reported.

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

3. Federal Award Findings and Questioned Costs

Material Weakness

Non-Compliance

Finding 2021-001

Criteria: In accordance with 2 CFR 200 and the State Single Audit Implementation Act, an auditee must prepare a complete and accurate Schedule of Expenditures of Federal and State Awards for the period covered by the auditee's financial statements.

Condition: Subsequent to the issuance of the County's single audit reporting package for the year ended June 30, 2021, the County discovered expenditures for the Capitalization Grants for Clean Water State Revolving Funds Cluster (AL No. 66.458) were incorrectly reported. The amount excluded from the cluster was material, resulting in a restatement of the Schedule of Expenditures of Federal and State Awards and resubmission of the data collection form reporting package.

Effect: Recall and reissue of the 2021 Single Audit and data collection form reporting package.

Cause: The County excluded the cluster total from the Schedule of Expenditures of Federal and State Awards.

Recommendation: Management should reconcile all grant awards involving both federal and state awards to the grant document and reimbursement request for proper classification of expenditures.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding and will adhere to the correction action plan.

4. State Award Findings and Questioned Costs

None reported.



LINCOLN COUNTY FINANCE DEPARTMENT

Corrective Action Plan for the Year Ended June 30, 2021

3. Federal Award Findings and Questioned Costs

Finding: 2021-001

Name of Contact Person: Deanna Rios, Finance Director

Corrective Action/Management's Response:

Notations and procedures have been implemented to assist in reporting and reconciling all grant awards involving both federal and state awards to the grant documents and reimbursement requests for proper classification of expenditures.

Proposed Completion Date: Immediately and ongoing.

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

None

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing 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	\$ 798,082	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			798,082	-	-
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, GB, 4V;13A2-5404-GA, GB, 4V;13A2-5405-GA, GB, 4V;13A2-5409-GA, GB;13A2-570C-JQ;13A2-570E-JQ	334,759	-	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Housing Finance Agency:					
HOME Investment Partnerships Program	14.239	ESFRLP1713	157,995	-	-
<u>U.S. Department of Treasury</u>					
Passed-through the Office of State and Budget Management: NC Pandemic					
Recovery Office:					
COVID-19-Coronavirus Relief Fund	21.019	02-54	840,871	-	-
COVID-19-Coronavirus Relief Fund	21.019	103-01-076-01	48,353	-	-
Passed-through N.C. Division of Public Health:					
COVID-19-Coronavirus Relief Fund	21.019	1175-4026-HN; 1175-4026-P5	112,491	-	-
<u>U.S. Department of Justice</u>					
Direct Program:					
Equitable Sharing Program	16.922		3,121	-	-
<u>U.S. Election Assistance Commission</u>					
Passed-through the N.C. State Board of Elections:					
HAVA Election Security Grants	90.404	NC20101001-055	52,042	-	-
HAVA Election Security Grants	90.404	03-25-55	90,525	-	-
<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	51001.73.5.3	67,227	8,404	-
Total Transit Services Program Cluster			67,227	8,404	-
<u>Federal Transit Administration</u>					
Formula Grants for Rural Areas and Tribal Transit Program- Admin	20.509	36233.114.10.1	197,685	12,354	-
Formula Grants for Rural Areas and Tribal Transit Program- Capital	20.509	36233.114.10.3	178,296	22,290	-
COVID-19-Formula Grants for Rural Areas and Tribal Transit Program- Operating	20.509	49233.37.1.2	651,177	-	-
<u>National Science Foundation</u>					
Direct Program:					
Education and Human Resources	47.076		834	-	-
<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-2020-202054	53,753	-	-
COVID-19-Emergency Management Performance Grants-Supplemental	97.042	EMA-2020-EP-00016	12,695	-	-
<u>National Endowment for the Humanities (NEH)</u>					
Passed-through N.C. Dept. of Natural & Cultural Resources					
Institute of Museum and Library Services					
Grants to States	45.310	LS-00-19-0034-19	81,004	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through N.C. Dept. of Environmental Quality					
<u>Division of Water Infrastructure:</u>					
<u>Clean Water State Revolving Fund Cluster</u>					
Capitalization Grants for Clean Water State Revolving Funds	66.458	E-SRF-T-20-0510	6,835,782	-	-
Total Clean Water State Revolving Fund Cluster			6,835,782	-	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>U.S. Department of Health & Human Services</u>					
Health Resources and Services Administration					
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	7,602	-	-
Medicare Enrollment Assistance Program	93.071	14AANCMSHI	3,177	-	-
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	57,345	12,474	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	131,107	195,743	-
COVID-19-Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	42,549	-	-
Special Programs for the Aging, Title III, Part C, Nutrition Services - Families First	93.045	AANCT3CM	68,019	-	-
Special Programs for the Aging, Title III, Part C, Nutrition Services - Home Delivered Meals	93.045	AANCT3CM	56,190	34,106	-
COVID-19-Special Programs for the Aging, Title III, Part C, Nutrition Services - Home Delivered Meals	93.045	AANCT3CM	63,524	-	-
Nutrition Services Incentive Program	93.053	AANCNSIP	9,328	-	-
Total Aging Cluster			428,062	242,323	-
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	26,995	1,800	-
COVID-19-National Family Caregiver Support, Title III, Part E Services - Family Caregiver Support	93.052	AANCT3FC	10,631	-	-
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	AANCT3PH	2,763	163	-
Social Services Block Grant - In Home & Support Services	93.667		22,448	642	-
<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, Adoption and Guardianship Assistance Cluster (Note 3):</u>					
Administration:					
Adoption Assistance	93.659	2001NCADPT	18,513	-	-
Foster Care - Title IV-E	93.658	2001NCFOST	561,906	36,232	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	2001NCFOST	177,584	46,859	-
Total Foster Care, Adoption and Guardianship Assistance Cluster (Note 3)			758,003	83,091	-
<u>Special Children Adoption Fund Cluster (Note 3)</u>					
Administration:					
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	2001NCFPSS	39,787	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2001NCCWSS	14,391	-	-
Total Special Children Adoption Fund Cluster (Note 3)			54,178	-	-
<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	128,137	-	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558	2001NCTANF	731,810	-	-
<u>Division of Public Health:</u>					
Administration:					
Temporary Assistance for Needy Families	93.558	13A1-5151-T2	8,383	-	-
Administration:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	22,336	5,584	-
Low Income Home Energy Assistance	93.568	G20B1NCLIEA	587,363	-	-
COVID-19-Low Income Home Energy Assistance	93.568	G20B1NCLIEA	129,060	-	-
COVID-19-Low Income Home Energy Assistance-Admin	93.568	G20B1NCLIEA	2,342	-	-
Child Support Enforcement	93.563	2004NC4005	586,812	504	-
Social Services Block Grant	93.667	G2001NCSOSR	331,650	3,432	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Direct Benefit Payments:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	45,808	3,601	-
<u>Administration for Children and Families:</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<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	78,791	-	-
Total Subsidized Child Care Cluster/Child Care Devel Fund Cluster (Note 3)			78,791	-	-
<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-MAP21	2,304,854	6,667	-
Total Medicaid Cluster			2,304,854	6,667	-
<u>Children's Health Insurance Program - North Carolina Health Choice:</u>					
Administration:					
Children's Health Insurance Program	93.767	CHIP21	61,176	2,899	-
<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-AP	60,350	2,726	-
<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	13A1-592C-FP; 13A1-592D-FP	53,362	-	-
<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>					
Public Health Emergency Preparedness (PHEP)	93.069	1264-2679-EN; 1264-2679-EQ	43,114	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460-272A-NF; 1460-2720-NF	50	-	-
Immunization Cooperative Agreements	93.268	1331-631B-EJ; 1331-629B-4Q; 1331-639B-P7	158,857	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175-870A-WT; 1175-878A-HH	81,404	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health funds	93.898	1320-310D-D7	32,500	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.991	1261-5503-PH	30,607	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311-462B-NB	58	-	-
Total U.S. Department of Health and Human Services			6,903,501	353,432	-
Total Federal Awards			17,420,193	396,480	-
State Awards:					
<u>N.C. Department of Agriculture and Consumer Services</u>					
<u>Division of Soil & Water:</u>					
N.C. Agriculture Cost Share Funds				29,594	-
<u>N.C. Department of Natural and Cultural Resources</u>					
<u>Division of State Library:</u>					
State Aid to Public Libraries				121,434	-
<u>N.C. Department of Environmental Quality</u>					
<u>Division of Environmental Assistance and Customer Service:</u>					
Community Waste Reduction and Recycling				20,000	-
<u>N.C. Department of Health and Human Services</u>					
<u>Division of Social Services:</u>					
State Child Welfare/CPS/CS LD				125,188	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
DCD Smart Start				70,414	-
COVID-19-APS/CPS Care				93,081	-
Extended F/C Maximization Non Title IV-E - Direct Benefit Payments				34,647	-
F/C At Risk Maximization- Direct Benefit Payments				258	-
COVID-19-Foster Care Stipend				42,500	-
SFHF Maximization- Direct Benefit Payments				53,065	-
State Foster Home- Direct Benefit Payments				98,285	-
<u>Division of Public Health:</u>					
Food and Lodging Fees				15,383	-
General Aid to Counties				100,554	-
General Communicable Disease Control				12,488	-
Breast and Cervical Cancer Program				5,850	-
Health Community Activities				3,747	-
Child Health				5,936	-
Women's Health Service Fund				7,958	-
HMHC-Family Planning				2,031	-
Maternal Health (HMHC)				25,952	-
HIV/STD State				400	-
HIV/STD SSBG Aid				100	-
Sexually Transmitted Diseases				1,852	-
School Nurse Funding Initiative				150,000	-
TB Medical Service				787	-
Tuberculosis				1,825	-
Passed through Centralina Council of Governments					
<u>Division of Aging and Adult Services:</u>					
Administration:					
Senior Center General				10,514	-
<u>N.C. Department of Military & Veterans Affairs</u>					
Dept of Military & Veterans Affairs Community Grant				2,084	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund				1,637,400	-
<u>N.C. Department of Public Safety</u>					
<u>Division of Juvenile Justice:</u>					
CIS After School Program				17,410	-
CIS Gives Back				30,000	-
CIS Transition				26,889	-
Family Centered Treatment				31,500	-
JCPC Administration				11,000	-
Juvenile Mediation				24,000	-
Kids At Work				32,000	-
CIS Strengthening Families				20,000	-
Teen Court-Mediation Center for the Southern Piedmont				27,550	-
Total State awards				<u>2,893,676</u>	-
Total Federal and State awards			<u>\$ 17,420,193</u>	<u>\$ 3,290,156</u>	<u>\$ -</u>

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, 2021. 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, Adoption and Guardianship Assistance Program, Special Children Adoption Fund, and Subsidized Child Care.

Note 4: Restatement

The County has restated its original Schedule to increase expenditures reported under AL No. 66.458 by \$6,835,782.