

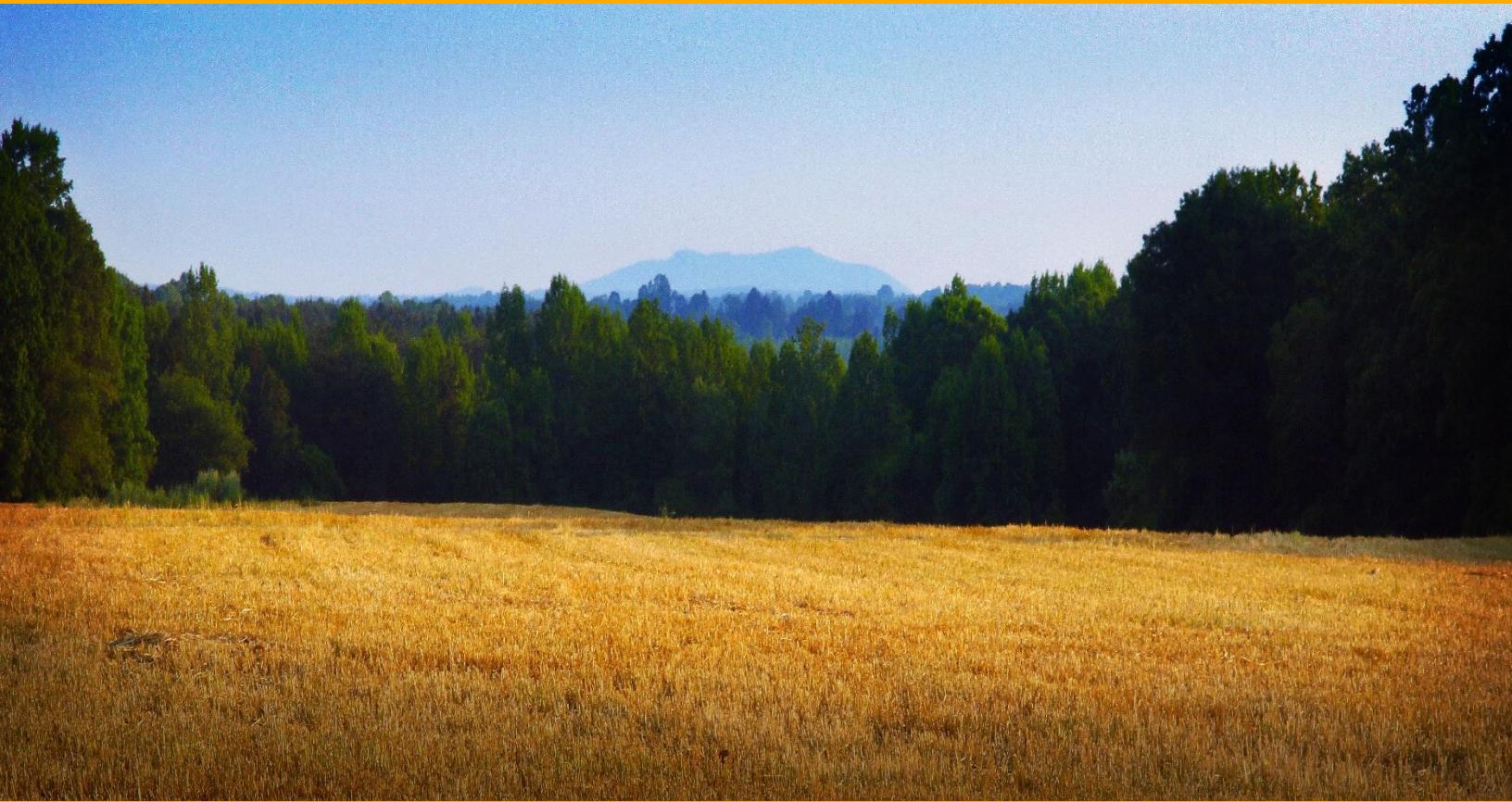


# LINCOLN COUNTY<sup>1</sup>

*North Carolina*

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2022



**LINCOLN COUNTY  
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**PREPARED BY  
LINCOLN COUNTY FINANCE DEPARTMENT**

# LINCOLN COUNTY, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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# LINCOLN COUNTY, NORTH CAROLINA

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# LINCOLN COUNTY, NORTH CAROLINA

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## **INTRODUCTORY SECTION**

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- **Letter of Transmittal**
  - **GFOA Certificate of Achievement**
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  - **List of Principal Officials**
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## FINANCE DEPARTMENT

November 29, 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, 2022, 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, 2022, 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, 2022, 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 Accounting 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 4<sup>th</sup> 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 2022 again saw steady demand 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. Multiple new and expanded industry announcements were made in fiscal year 2022. The Lincolnton Business Park and the Airlie Business Park continue to have strong tenant demand.

## **Capital Improvement Program**

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 late calendar year 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, is a state of the art facility for the North Carolina court system. It has 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 was opened in July, 2022 and is scheduled to be completed in late 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.

In fiscal year 2022, the County issued debt of \$19,640,000 for the construction of an Emergency Services facility. A state of the art facility which will house EMS, Emergency Management, the Fire Marshal, and the Medical Examiner's office. This facility should be complete in late 2023.

## **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 \$27,265,673 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, 2017, the GASB issued Statement No. 87, *Leases*. This statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures for lease transactions, both for the lessor and the lessee. The County implemented GASB Statement No. 87 in fiscal year 2022.

## **Awards and Acknowledgements**

### *Certificate of Achievement for Excellence in Financial Reporting*

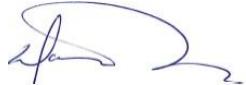
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lincoln County for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the twenty sixth consecutive 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,



Davin Madden  
County Manager



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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Monell*

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

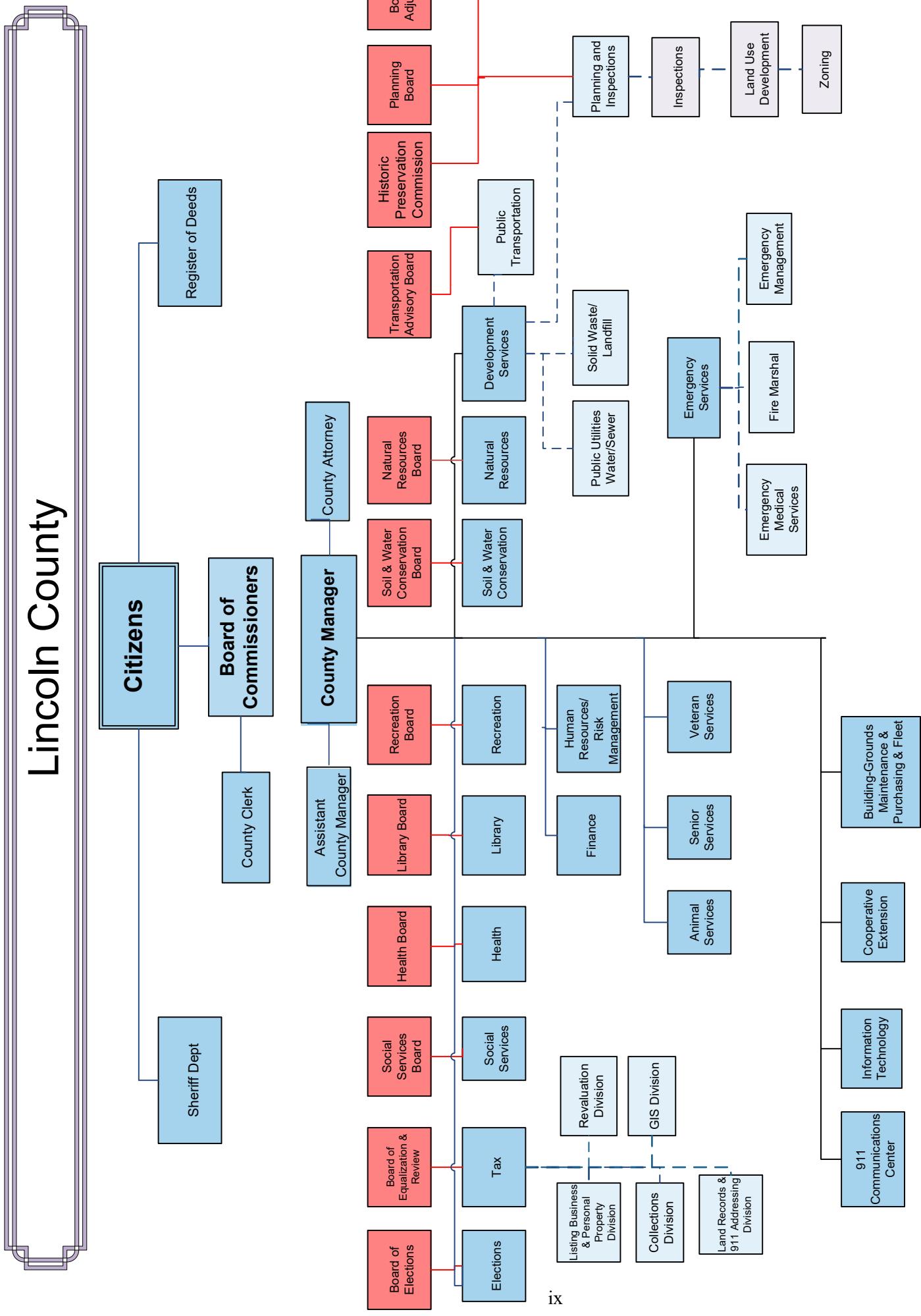
## **COUNTY ADMINISTRATION**

Davin Madden, 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  
Lena Jones, Interim Health Director  
John Henry, Facilities Management Director & Purchasing Agent  
Kathryn Saine, Senior Services Director  
John Davis, Parks & Recreation Director  
Susan Sain, Tax Administrator  
Matthew Hillman, 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  
Nancy Keith, Interim Director of NC Cooperative Extension Office

# Lincoln County



## **FINANCIAL SECTION**

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- **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

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## & 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 Audit of the Financial Statements**

##### ***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of the Lincoln County ABC Board, which represents 99%, 99% and 99%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*.

### ***Change in Accounting Principle***

As discussed in Note 21 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 Governmental 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 is the responsibility of management and, 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, economic, 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 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 combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to 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 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 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  
November 29, 2022

## **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, 2022. 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.

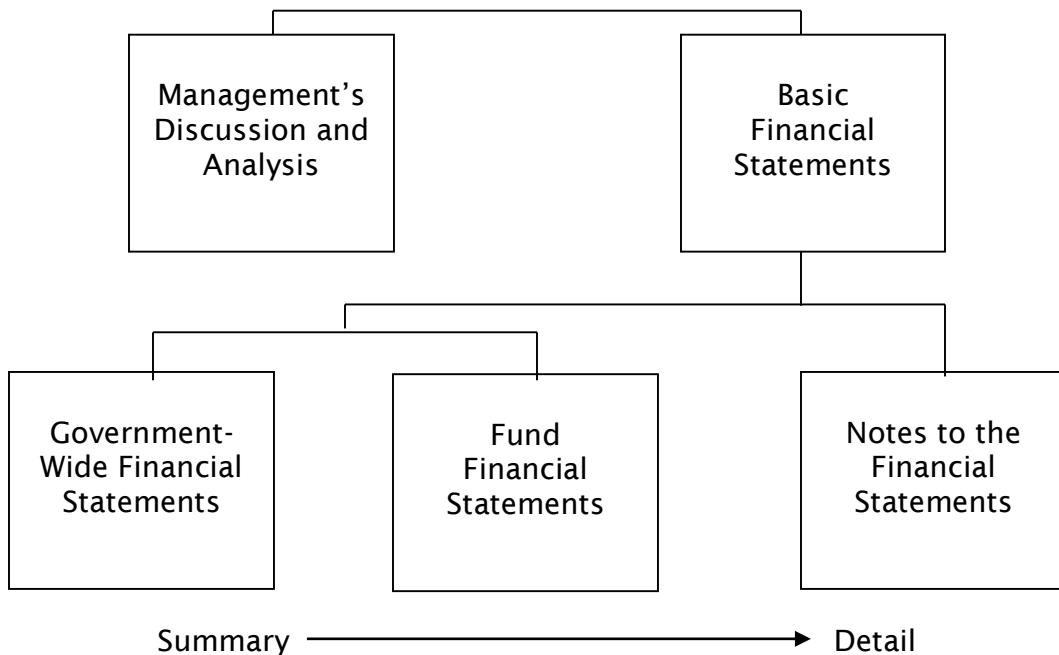
### **Financial Highlights**

- 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 \$170,131,618 (*net position*).
- Current year increase in the sales tax, effective tax collections, Federal American Rescue Act funds received, and conservative spending were the primary factors contributing to the increase in the government's total net position of \$36,751,532.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$98,821,362, an increase of \$13,013,716, in comparison with the prior year amount. This increase was primarily due to the multiple Federal and State grants that the County was awarded. Approximately 65% of this amount, or \$63,892,397, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$25,889,504, or 20.7%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total long term debt decreased by \$1,056,070, or 0.42%, during the current fiscal year. The key factor in this decrease was the payment of debt.
- 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	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 122,383,644	\$ 97,940,441	\$ 52,722,250	\$ 58,191,796	\$ 175,105,894	\$ 156,132,237
Capital assets	133,891,702	111,954,834	131,567,874	111,138,015	265,459,576	223,092,849
Right to use leased assets	600,707	-	-	-	600,707	-
Total assets	<u>256,876,053</u>	<u>209,895,275</u>	<u>184,290,124</u>	<u>169,329,811</u>	<u>441,166,177</u>	<u>379,225,086</u>
Deferred outflows of resources	<u>25,248,341</u>	<u>24,620,847</u>	<u>2,567,274</u>	<u>2,601,647</u>	<u>27,815,615</u>	<u>27,222,494</u>
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	178,921,330	181,110,270	73,162,533	72,029,663	252,083,863	253,139,933
Other liabilities	<u>21,045,485</u>	<u>9,152,454</u>	<u>7,470,198</u>	<u>2,497,734</u>	<u>28,515,683</u>	<u>11,650,188</u>
Total liabilities	<u>199,966,815</u>	<u>190,262,724</u>	<u>80,632,731</u>	<u>74,527,397</u>	<u>280,599,546</u>	<u>264,790,121</u>
Deferred inflows of resources	<u>16,633,015</u>	<u>7,498,805</u>	<u>1,617,613</u>	<u>778,568</u>	<u>18,250,628</u>	<u>8,277,373</u>
<b>Net Position:</b>						
Net investment in capital assets	80,496,053	72,844,362	85,975,909	75,008,044	166,471,962	147,852,406
Restricted	44,152,021	33,785,376	-	-	44,152,021	33,785,376
Unrestricted	(59,123,510)	(69,875,145)	18,631,145	21,617,449	(40,492,365)	(48,257,696)
Total net position	<u>\$ 65,524,564</u>	<u>\$ 36,754,593</u>	<u>\$ 104,607,054</u>	<u>\$ 96,625,493</u>	<u>\$ 170,131,618</u>	<u>\$ 133,380,086</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 \$170,131,618, as of June 30, 2022. The County's net position increased by \$36,751,532, for the fiscal year ended June 30, 2022. One of the largest portions, \$166,471,962, 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, \$44,152,021, 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 99.45%.
- Long-term liabilities decreased due to normally scheduled debt payments. 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 lingering effects of the pandemic.
- Continued low cost of debt due to the County's high bond rating.

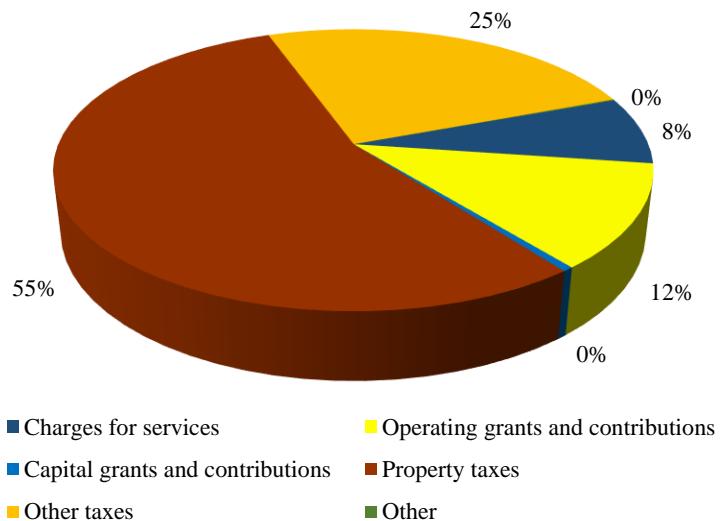
**Lincoln County's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,150,268	\$ 11,593,591	\$ 24,631,068	\$ 24,112,141	\$ 36,781,336	\$ 35,705,732
Operating grants and contributions	18,728,957	14,952,162	2,000	20,000	18,730,957	14,972,162
Capital grants and contributions	788,070	1,837,986	2,649,817	1,903,130	3,437,887	3,741,116
General revenues:						
Property taxes	86,106,451	79,291,113	338	416	86,106,789	79,291,529
Other taxes	38,951,043	33,606,113	-	-	38,951,043	33,606,113
Other	214,990	525,888	(46,454)	64,113	168,536	590,001
<b>Total revenues</b>	<b><u>156,939,779</u></b>	<b><u>141,806,853</u></b>	<b><u>27,236,769</u></b>	<b><u>26,099,800</u></b>	<b><u>184,176,548</u></b>	<b><u>167,906,653</u></b>
<b>Expenses:</b>						
General government	19,030,850	17,272,581	-	-	19,030,850	17,272,581
Public safety	48,904,609	46,549,280	-	-	48,904,609	46,549,280
Transportation	1,745,663	1,570,268	-	-	1,745,663	1,570,268
Economic and physical development	3,590,114	3,226,573	-	-	3,590,114	3,226,573
Culture and recreation	3,933,893	4,172,234	-	-	3,933,893	4,172,234
Education	27,265,673	25,258,045	-	-	27,265,673	25,258,045
Human services	21,166,193	20,674,988	-	-	21,166,193	20,674,988
Interest on long-term debt	2,532,813	2,770,422	-	-	2,532,813	2,770,422
Water and sewer	-	-	13,988,552	14,399,456	13,988,552	14,399,456
Solid waste	-	-	5,266,656	5,601,951	5,266,656	5,601,951
<b>Total expenses</b>	<b><u>128,169,808</u></b>	<b><u>121,494,391</u></b>	<b><u>19,255,208</u></b>	<b><u>20,001,407</u></b>	<b><u>147,425,016</u></b>	<b><u>141,495,798</u></b>
Change in net position	28,769,971	20,312,462	7,981,561	6,098,393	36,751,532	26,410,855
<b>Net Position</b>						
Beginning of year - July 1	36,754,593	16,167,562	96,625,493	90,527,100	133,380,086	106,694,662
Prior period adjustment	-	274,569	-	-	-	274,569
Beginning net position, restated	<u>36,754,593</u>	<u>16,442,131</u>	<u>96,625,493</u>	<u>90,527,100</u>	<u>133,380,086</u>	<u>106,969,231</u>
<b>End of year - June 30</b>	<b><u>\$ 65,524,564</u></b>	<b><u>\$ 36,754,593</u></b>	<b><u>\$ 104,607,054</u></b>	<b><u>\$ 96,625,493</u></b>	<b><u>\$ 170,131,618</u></b>	<b><u>\$ 133,380,086</u></b>

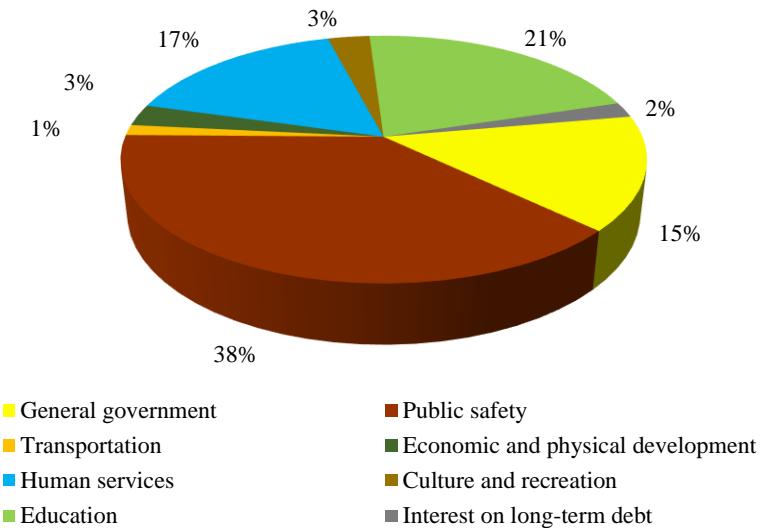
**Governmental Activities.** Governmental activities increased the County's net position by \$28,769,971. The key elements of this increase are as follows:

- The current year property taxes increased by \$6,815,338, or 8.6%, compared to the prior year due to increased construction on the east end of the County and collection rate of 99.45%.
- Increased sales tax revenues of \$4,967,517, or 16.08%, this is due to increased online purchases resulting from pandemic-learned habits, and the continued strong economy.
- Expenses for education increased by \$2,007,628 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 \$7,981,561. 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 \$43,567,165, while total fund balance was \$56,678,000. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 34.8% of total General Fund expenditures, while total fund balance represents 45.2% of the same amount. This percentage decrease is the result of larger expenditures due to Federal and State grant projects.

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 \$23,889,185, an increase of \$962,889. The increase is attributed to expenditures and other financing uses coming in slightly lower than revenues and other financing sources.

At June 30, 2022, the governmental funds of Lincoln County reported a combined fund balance of \$98,821,362 a 15.17% increase from last year.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget projections on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$4,964,817. The largest part of this increase, \$3,945,818, was to increase Education for expenditures due to the COVID-19 pandemic and increase Sales Tax revenues that are allotted to the Schools. 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 \$20,252,314, and the Solid Waste Fund at the end of the fiscal year amounted to (\$1,621,169). The total change in net position for the two funds was \$7,473,740 and \$557,821, 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. 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, 2022 totals \$265,459,576 (net of accumulated depreciation). These assets include land, buildings, water and sewer lines, treatment facilities, machinery and equipment, park facilities and vehicles.

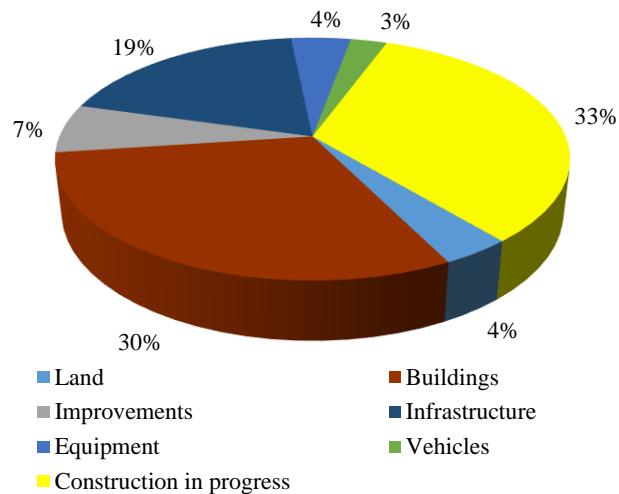
Major capital asset transactions during the year include:

- Highway 73 Waterline construction was completed.
- Water Treatment Plant expansion was nearly completed.
- The Courthouse Construction was nearly completed.
- Waste Water Treatment Plant expansion has continued.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 8,394,859	\$ 7,432,079	\$ 1,479,075	\$ 1,479,075	\$ 9,873,934	\$ 8,911,154
Buildings	55,883,958	57,360,491	24,500,755	26,175,077	80,384,713	83,535,568
Improvements	10,653,754	10,634,911	6,592,421	7,305,026	17,246,175	17,939,937
Infrastructure	-	-	50,434,897	41,984,607	50,434,897	41,984,607
Equipment	9,580,875	9,939,635	2,329,196	2,677,989	11,910,071	12,617,624
Vehicles	5,497,851	5,170,627	1,744,314	1,153,242	7,242,165	6,323,869
Construction in progress	43,880,405	21,417,091	44,487,216	30,362,999	88,367,621	51,780,090
Total	<u>\$133,891,702</u>	<u>\$111,954,834</u>	<u>\$131,567,874</u>	<u>\$111,138,015</u>	<u>\$265,459,576</u>	<u>\$223,092,849</u>

**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, 2022, Lincoln County had total general obligation bonded debt outstanding of \$26,673,000, 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**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Direct placement general obligation bonds	<u>\$26,673,000</u>	<u>\$33,317,000</u>

Lincoln County's total general obligation bonded debt decreased by \$6,644,000, or 19.9%, during the past fiscal year, primarily due to paying off debt.

As of June 30, 2022, Lincoln County had total enterprise revenue bonded debt outstanding of \$39,940,000, all of which is debt backed by the revenues of the water and sewer utility system.

#### **Enterprise Revenue Bonds** **Figure 6**

	<b>Business-Type Activities</b>	
	<b>2022</b>	<b>2021</b>
Revenue bonds	<u>\$39,940,000</u>	<u>\$41,450,000</u>

Lincoln County's total enterprise revenue bonded debt decreased by \$1,510,000, during the past fiscal year, due to paying off debt.

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 \$854,687,000.

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 2021-2022 averaged approximately 3.1%, slightly lower than the State average of 3.4%.
- 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 4<sup>th</sup> 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 6<sup>th</sup> lowest tax rate of adjoining counties and we have the 2<sup>nd</sup> 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.

## **Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities.** The County adopted a General Fund budget in the amount of \$130,381,496 for the fiscal year ending June 30, 2023, an increase of \$7,014,039, or 5.69%, from the fiscal year 2022 budget. The majority of the budget increases were in Public Safety and Human Services.

**Business-type Activities.** The Water and Sewer and Solid Waste funds have budgets that allow them to continue to be self-sufficient and provide necessary services for the citizens of the County.

## **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**

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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.

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## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincoln Community Friends
<b>Assets:</b>					
Cash and cash equivalents	\$ 78,869,044	\$ 33,503,406	\$ 112,372,450	\$ 666,880	\$ 40,758
Taxes receivable (net)	636,198	-	636,198	-	-
Accounts receivable (net)	1,600,868	1,201,147	2,802,015	-	-
Due from other governments	10,507,819	1,215,791	11,723,610	-	-
Inventory	-	-	-	824,338	-
Lease receivable, current	3,477	-	3,477	-	-
Prepaid items	275,797	2,786	278,583	500	-
Cash and cash equivalents, restricted	30,283,628	16,799,120	47,082,748	-	-
Net pension asset	197,060	-	197,060	-	-
Lease receivable, non-current	9,753	-	9,753	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	52,275,264	45,966,291	98,241,555	797,412	-
Other assets, net of depreciation	81,616,438	85,601,583	167,218,021	2,330,887	-
Right to use leased assets, net of amortization	600,707	-	600,707	-	-
Total assets	<u>256,876,053</u>	<u>184,290,124</u>	<u>441,166,177</u>	<u>4,620,017</u>	<u>40,758</u>
<b>Deferred Outflows of Resources:</b>					
Pension deferrals	13,101,018	1,151,257	14,252,275	79,868	-
OPEB deferrals	11,349,479	1,261,053	12,610,532	-	-
Deferred charges, net	797,844	154,964	952,808	-	-
Total deferred outflows of resources	<u>25,248,341</u>	<u>2,567,274</u>	<u>27,815,615</u>	<u>79,868</u>	<u>-</u>
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	10,055,590	2,299,300	12,354,890	417,045	-
Liabilities to be paid from restricted assets:					
Accounts payable	2,826,999	3,297,492	6,124,491	-	-
Advance from grantor	8,162,896	1,750,000	9,912,896	-	-
Customer deposits	-	123,406	123,406	-	-
Long-term liabilities:					
Due within one year	14,196,292	2,161,065	16,357,357	-	-
Due in more than one year	164,725,038	71,001,468	235,726,506	27,759	-
Total liabilities	<u>199,966,815</u>	<u>80,632,731</u>	<u>280,599,546</u>	<u>444,804</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>					
Prepaid taxes	344,400	-	344,400	-	-
Leases	13,142	-	13,142	-	-
Pension deferrals	11,149,521	1,048,063	12,197,584	39,658	-
OPEB deferrals	5,125,952	569,550	5,695,502	-	-
Total deferred inflows of resources	<u>16,633,015</u>	<u>1,617,613</u>	<u>18,250,628</u>	<u>39,658</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	80,496,053	85,975,909	166,471,962	3,128,299	-
Restricted for Stabilization by State statute	34,453,391	-	34,453,391	-	-
Restricted for general government	555,874	-	555,874	-	-
Restricted for Register of Deeds' pension plan	210,591	-	210,591	-	-
Restricted for public safety	5,938,787	-	5,938,787	-	-
Restricted for transportation	1,643,815	-	1,643,815	-	-
Restricted for culture and recreation	1,027,231	-	1,027,231	-	-
Restricted for human services	322,332	-	322,332	-	-
Restricted for working capital	-	-	-	254,472	-
Unrestricted	(59,123,510)	18,631,145	(40,492,365)	832,652	40,758
Total net position	<u>\$ 65,524,564</u>	<u>\$ 104,607,054</u>	<u>\$ 170,131,618</u>	<u>\$ 4,215,423</u>	<u>\$ 40,758</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs:	Expenses	Program Revenues			
		Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and	Contributions
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ 19,030,850	\$ 2,217,090	\$ 2,411,683	\$ -	-
Public safety	48,904,609	7,959,321	2,202,060	-	-
Transportation	1,745,663	421,705	681,440	8,910	
Economic and physical development	3,590,114	313,690	231,370	-	
Culture and recreation	3,933,893	116,429	236,260	-	
Education	27,265,673	-	-	779,160	
Human services	21,166,193	1,122,033	12,966,144	-	
Interest and fees	2,532,813	-	-	-	
Total governmental activities	<u>128,169,808</u>	<u>12,150,268</u>	<u>18,728,957</u>	<u>788,070</u>	
<b>Business-Type Activities:</b>					
Water and sewer	13,988,552	18,795,290	-	2,649,817	
Solid waste	5,266,656	5,835,778	2,000	-	
Total business-type activities	<u>19,255,208</u>	<u>24,631,068</u>	<u>2,000</u>	<u>2,649,817</u>	
Total primary government	<u><u>\$ 147,425,016</u></u>	<u><u>\$ 36,781,336</u></u>	<u><u>\$ 18,730,957</u></u>	<u><u>\$ 3,437,887</u></u>	
<b>Component Units:</b>					
Lincoln County ABC Board	\$ 5,748,574	\$ 6,627,359	\$ -	\$ -	-
Lincoln Community Friends	5,000	-	5,000	-	
Total component units	<u>\$ 5,753,574</u>	<u>\$ 6,627,359</u>	<u>\$ 5,000</u>	<u>\$ -</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Net (Expense)Revenue and Changes in Net Position</b>			<b>Component Units</b>	
	<b>Primary Government</b>			<b>Lincoln County ABC Board</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Lincoln Community Friends</b>	
<b>Functions/Programs:</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (14,402,077)	\$ -	\$ (14,402,077)		
Public safety	(38,743,228)	-	(38,743,228)		
Transportation	(633,608)	-	(633,608)		
Economic and physical development	(3,045,054)	-	(3,045,054)		
Culture and recreation	(3,581,204)	-	(3,581,204)		
Education	(26,486,513)	-	(26,486,513)		
Human services	(7,078,016)	-	(7,078,016)		
Interest and fees	(2,532,813)	-	(2,532,813)		
Total governmental activities	<u>(96,502,513)</u>	<u>-</u>	<u>(96,502,513)</u>		
<b>Business-Type Activities:</b>					
Water and sewer	-	7,456,555	7,456,555		
Solid waste	-	571,122	571,122		
Total business-type activities	<u>-</u>	<u>8,027,677</u>	<u>8,027,677</u>		
Total primary government	<u>\$ (96,502,513)</u>	<u>\$ 8,027,677</u>	<u>\$ (88,474,836)</u>		
<b>Component Units:</b>					
Lincoln County ABC Board				\$ 878,785	\$ -
Lincoln Community Friends				<u>-</u>	<u>-</u>
Total component units				<u>\$ 878,785</u>	<u>\$ -</u>
<b>General Revenues:</b>					
Ad valorem taxes	86,106,451	338	86,106,789	-	-
Local option sales tax	35,860,183	-	35,860,183	-	-
Utility franchise tax	197,350	-	197,350	-	-
Real estate transfer tax	2,552,594	-	2,552,594	-	-
Other taxes	340,916	-	340,916	-	-
Unrestricted intergovernmental	301,712	-	301,712	-	-
Investment earnings	(86,722)	(46,454)	(133,176)	934	-
Total general revenues	<u>125,272,484</u>	<u>(46,116)</u>	<u>125,226,368</u>	<u>934</u>	<u>-</u>
Change in net position	28,769,971	7,981,561	36,751,532	879,719	-
Net position, beginning	<u>36,754,593</u>	<u>96,625,493</u>	<u>133,380,086</u>	<u>3,335,704</u>	<u>40,758</u>
Net position, ending	<u>\$ 65,524,564</u>	<u>\$ 104,607,054</u>	<u>\$ 170,131,618</u>	<u>\$ 4,215,423</u>	<u>\$ 40,758</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Major Funds</b>			<b>Nonmajor Funds</b>	
	<b>General</b>		<b>Special Grants Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>			
<b>Assets:</b>					
Cash and cash equivalents	\$ 52,515,640	\$ 4,156,783	\$ 1,632,393	\$ 16,797,789	\$ 75,102,605
Taxes receivable, net	576,395	-	-	59,803	636,198
Accounts receivable, net	1,595,943	571	1,370	2,195	1,600,079
Due from other governments	9,252,539	817,660	277,143	160,477	10,507,819
Lease receivable	13,230	-	-	-	13,230
Prepaid items	257,147	-	-	-	257,147
Cash and cash equivalents, restricted	33,007	22,087,725	7,933,571	229,325	30,283,628
<b>Total assets</b>	<b>\$ 64,243,901</b>	<b>\$ 27,062,739</b>	<b>\$ 9,844,477</b>	<b>\$ 17,249,589</b>	<b>\$ 118,400,706</b>
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 5,851,968	\$ 346,555	\$ 211,381	\$ 405,809	\$ 6,815,713
Liabilities to be paid from restricted assets:					
Accounts payable	-	2,826,999	-	-	2,826,999
Unearned revenue	-	-	7,933,571	229,325	8,162,896
<b>Total liabilities</b>	<b>5,851,968</b>	<b>3,173,554</b>	<b>8,144,952</b>	<b>635,134</b>	<b>17,805,608</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable taxes	576,395	-	-	59,803	636,198
Leases	13,142	-	-	-	13,142
Prepaid taxes	344,400	-	-	-	344,400
Unearned revenue	779,996	-	-	-	779,996
<b>Total deferred inflows of resources</b>	<b>1,713,933</b>	<b>-</b>	<b>-</b>	<b>59,803</b>	<b>1,773,736</b>
<b>Fund Balances:</b>					
Non-spendable:					
Prepaid items	257,147	-	-	-	257,147
Leases	88	-	-	-	88
Restricted:					
Stabilization by State statute	12,853,600	18,703,509	2,722,511	173,771	34,453,391
General government	12,893	5,000,925	59,858	-	5,073,676
Public safety	2,764,009	17,355,839	-	594,869	20,714,717
Transportation	-	-	1,643,815	-	1,643,815
Economic and physical development	-	400,000	-	-	400,000
Culture and recreation	-	1,002,231	25,000	-	1,027,231
Human services	187,862	-	-	134,470	322,332
Committed	1,568,572	-	-	15,766,599	17,335,171
Assigned	13,144,325	-	-	-	13,144,325
Unassigned	25,889,504	(18,573,319)	(2,751,659)	(115,057)	4,449,469
<b>Total fund balances</b>	<b>56,678,000</b>	<b>23,889,185</b>	<b>1,699,525</b>	<b>16,554,652</b>	<b>98,821,362</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 64,243,901</b>	<b>\$ 27,062,739</b>	<b>\$ 9,844,477</b>	<b>\$ 17,249,589</b>	

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

**LINCOLN COUNTY, NORTH CAROLINA**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total Fund Balance, Governmental Funds	98,821,362
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	133,891,702
Right to use assets, net of accumulated amortization, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	600,707
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>(924,899)</u>
	797,844
Net pension asset - ROD	197,060
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	4,603,021
Total pension liability - LEOSSA	(4,254,620)
Net pension liability - LGERS	(7,250,835)
Total OPEB liability	(59,485,467)
Pension related deferrals	(2,651,524)
OPEB related deferrals	6,223,527
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(107,930,408)
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.	(327,119)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.	1,416,194
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.	873,120
Net position of governmental activities, per Exhibit A	<u><u>\$ 65,524,564</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, 2022

	Major Funds			Nonmajor Funds			
	General		Special Grants Fund	Other Governmental Funds	Total Governmental Funds		
	General Fund	Capital Projects Fund					
<b>Revenues:</b>							
Ad valorem taxes	\$ 74,006,315	\$ -	\$ -	\$ 12,218,718	\$ 86,225,033		
Local option sales taxes	35,860,183	-	-	-	35,860,183		
Other taxes and licenses	3,090,860	-	-	-	3,090,860		
Unrestricted intergovernmental revenues	301,712	-	-	-	301,712		
Restricted intergovernmental revenues	14,379,278	-	3,455,762	1,381,887	19,216,927		
Permits and fees	3,847,066	-	-	-	3,847,066		
Sales and service	6,549,792	-	54,267	-	6,604,059		
Miscellaneous	1,663,469	-	-	-	1,663,469		
Investment earnings	(51,077)	635	(11,428)	(21,153)	(83,023)		
Total revenues	<u>139,647,598</u>	<u>635</u>	<u>3,498,601</u>	<u>13,579,452</u>	<u>156,726,286</u>		
<b>Expenditures:</b>							
Current:							
General government	16,364,541	-	2,219,923	-	18,584,464		
Public safety	35,802,168	-	473,357	12,514,323	48,789,848		
Transportation	1,539,944	-	24,250	-	1,564,194		
Economic and physical development	3,397,569	-	1,350	-	3,398,919		
Culture and recreation	3,564,927	-	75,978	-	3,640,905		
Education	27,265,673	-	-	-	27,265,673		
Human services	20,297,521	-	719,949	215,902	21,233,372		
Capital outlay	-	22,463,314	-	-	22,463,314		
Debt service:							
Principal repayments	14,043,213	-	-	-	14,043,213		
Interest	3,037,533	-	-	-	3,037,533		
Total expenditures	<u>125,313,089</u>	<u>22,463,314</u>	<u>3,514,807</u>	<u>12,730,225</u>	<u>164,021,435</u>		
Revenues over (under) expenditures	<u>14,334,509</u>	<u>(22,462,679)</u>	<u>(16,206)</u>	<u>849,227</u>	<u>(7,295,149)</u>		
<b>Other Financing Sources (Uses):</b>							
Long-term debt issued	140,000	19,500,000	-	-	19,640,000		
Lease liabilities issued	668,865	-	-	-	668,865		
Transfers from other funds	992,500	4,118,068	1,434,786	8,484,852	15,030,206		
Transfers to other funds	(14,037,706)	(192,500)	-	(800,000)	(15,030,206)		
Total other financing sources (uses)	<u>(12,236,341)</u>	<u>23,425,568</u>	<u>1,434,786</u>	<u>7,684,852</u>	<u>20,308,865</u>		
Net change in fund balances	2,098,168	962,889	1,418,580	8,534,079	13,013,716		
<b>Fund balances, beginning</b>	<u>54,579,832</u>	<u>22,926,296</u>	<u>280,945</u>	<u>8,020,573</u>	<u>85,807,646</u>		
<b>Fund balances, ending</b>	<u>\$ 56,678,000</u>	<u>\$ 23,889,185</u>	<u>\$ 1,699,525</u>	<u>\$ 16,554,652</u>	<u>\$ 98,821,362</u>		

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

## LINCOLN COUNTY, NORTH CAROLINA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

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)	\$ 13,013,716
Capital outlays and right to use assets are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay and right to use assets are not expenses, rather they are an increase in assets.	27,889,579
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,265,782)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(86,222)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,536,307
Benefit payments and administrative costs for LEOSSA are not included on the Statement of Activities	66,714
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	2,482,610
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	(118,582)
Other fees for service	335,776
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	(399,788)
Pension expense	(3,769,760)
OPEB plan expense	(3,290,655)
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.	14,043,213
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.	373,213
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	(731,503)
The issuance of long-term debt (e.g., bonds, leases) and the refunding of long-term debt provide current financial resources to governmental funds. The repayment of refunded long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reported in the Statement of Activities.	<u>(20,308,865)</u>
Change in net position of governmental activities	<u>\$ 28,769,971</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, 2022

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 72,132,428	\$ 72,222,213	\$ 74,006,315	\$ 1,784,102
Local option sales taxes	24,185,153	26,913,133	35,860,183	8,947,050
Other taxes and licenses	1,925,000	2,405,000	3,090,860	685,860
Unrestricted intergovernmental revenues	310,000	310,000	301,712	(8,288)
Restricted intergovernmental revenues	12,382,764	12,850,006	14,379,278	1,529,272
Permits and fees	3,121,600	3,272,126	3,847,066	574,940
Sales and service	5,212,377	5,891,990	6,549,792	657,802
Miscellaneous	827,270	1,196,941	1,663,469	466,528
Investment earnings	100,000	100,000	(51,077)	(151,077)
Total revenues	<u>120,196,592</u>	<u>125,161,409</u>	<u>139,647,598</u>	<u>14,486,189</u>
<b>Expenditures:</b>				
Current:				
General government	16,530,140	18,584,475	16,364,541	2,219,934
Public safety	35,499,558	37,760,251	35,802,168	1,958,083
Transportation	1,687,657	1,692,657	1,539,944	152,713
Economic and physical development	3,492,092	3,712,786	3,397,569	315,217
Culture and recreation	3,773,372	5,165,131	3,564,927	1,600,204
Education	23,215,847	27,161,665	27,265,673	(104,008)
Human services	21,206,528	22,339,890	20,297,521	2,042,369
Debt service:				
Principal	12,188,372	14,049,057	14,043,213	5,844
Interest and fees	2,734,615	3,670,840	3,037,533	633,307
Total expenditures	<u>120,328,181</u>	<u>134,136,752</u>	<u>125,313,089</u>	<u>8,823,663</u>
Revenues over (under) expenditures	<u>(131,589)</u>	<u>(8,975,343)</u>	<u>14,334,509</u>	<u>23,309,852</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	140,000	140,000	-
Lease liabilities issued	-	-	668,865	668,865
Transfers from other funds	800,000	992,500	992,500	-
Transfers to other funds	(3,039,276)	(14,037,706)	(14,037,706)	-
Fund balance appropriated	2,370,865	21,880,549	-	(21,880,549)
Total other financing sources (uses)	<u>131,589</u>	<u>8,975,343</u>	<u>(12,236,341)</u>	<u>(21,211,684)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,098,168</u>	<u>\$ 2,098,168</u>
<b>Fund balance, beginning of year</b>			<u>54,579,832</u>	
<b>Fund balance, end of year</b>			<u>\$ 56,678,000</u>	

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	<b>Business-Type Activities</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 24,244,939	\$ 9,258,467	\$ 33,503,406	\$ 3,766,439
Accounts receivable, net	1,051,102	150,045	1,201,147	789
Due from other governments	1,007,895	207,896	1,215,791	-
Prepaid items	710	2,076	2,786	18,650
Cash and cash equivalents, restricted	15,046,709	1,752,411	16,799,120	-
Total current assets	<u>41,351,355</u>	<u>11,370,895</u>	<u>52,722,250</u>	<u>3,785,878</u>
Capital assets:				
Non-depreciable capital assets	45,325,643	640,648	45,966,291	-
Depreciable capital assets, net	76,524,484	9,077,099	85,601,583	-
Total non-current assets	<u>121,850,127</u>	<u>9,717,747</u>	<u>131,567,874</u>	<u>-</u>
Total assets	<u>163,201,482</u>	<u>21,088,642</u>	<u>184,290,124</u>	<u>3,785,878</u>
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	767,505	383,752	1,151,257	-
OPEB deferrals	756,632	504,421	1,261,053	-
Deferred charges, net	154,964	-	154,964	-
Total deferred outflows of resources	<u>1,679,101</u>	<u>888,173</u>	<u>2,567,274</u>	<u>-</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and other accrued liabilities	2,097,516	201,784	2,299,300	2,912,758
Current portion of compensated absences	93,975	34,995	128,970	-
Current portion of long-term debt	1,536,004	496,091	2,032,095	-
Liabilities to be paid from restricted assets:				
Accounts payable	3,297,492	-	3,297,492	-
Advance from grantor	-	1,750,000	1,750,000	
Customer deposits	120,995	2,411	123,406	-
Total current liabilities	<u>7,145,982</u>	<u>2,485,281</u>	<u>9,631,263</u>	<u>2,912,758</u>
Non-current liabilities:				
Accrued landfill closure/post-closure care costs	-	8,368,252	8,368,252	-
Compensated absences	55,728	62,783	118,511	-
Net pension liability	478,077	239,039	717,116	-
Total OPEB liability	3,965,698	2,643,799	6,609,497	-
Long-term debt	52,138,763	3,049,329	55,188,092	-
Total non-current liabilities	<u>56,638,266</u>	<u>14,363,202</u>	<u>71,001,468</u>	<u>-</u>
Total liabilities	<u>63,784,248</u>	<u>16,848,483</u>	<u>80,632,731</u>	<u>2,912,758</u>
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	698,709	349,354	1,048,063	-
OPEB deferrals	341,730	227,820	569,550	-
Total deferred inflows of resources	<u>1,040,439</u>	<u>577,174</u>	<u>1,617,613</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	79,803,582	6,172,327	85,975,909	-
Unrestricted	20,252,314	(1,621,169)	18,631,145	873,120
Total net position	<u>\$ 100,055,896</u>	<u>\$ 4,551,158</u>	<u>\$ 104,607,054</u>	<u>\$ 873,120</u>

*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, 2022**

	<b>Business-Type Activities</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 17,365,281	\$ 852,800	\$ 18,218,081	\$ -
Water and sewer taps	333,186	-	333,186	-
Availability fee	-	4,664,625	4,664,625	-
Other operating revenues	1,096,823	-	1,096,823	10,370,849
Total operating revenues	<u>18,795,290</u>	<u>5,517,425</u>	<u>24,312,715</u>	<u>10,370,849</u>
<b>Operating Expenses:</b>				
Water treatment and maintenance	5,448,842	-	5,448,842	-
Sewage collection	3,214,615	-	3,214,615	-
Landfill operations	-	3,884,784	3,884,784	-
Landfill closure and post-closure costs	-	231,084	231,084	-
Other services	-	-	-	11,098,653
Depreciation	3,881,092	1,088,054	4,969,146	-
Total operating expenses	<u>12,544,549</u>	<u>5,203,922</u>	<u>17,748,471</u>	<u>11,098,653</u>
Operating income (loss)	<u>6,250,741</u>	<u>313,503</u>	<u>6,564,244</u>	<u>(727,804)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Ad valorem taxes	338	-	338	-
Investment earnings	(33,153)	(13,301)	(46,454)	(3,699)
Gain(Loss) on disposal of capital assets	(9,893)	27,836	17,943	-
White goods disposal tax	-	33,323	33,323	-
Tire disposal tax	-	145,747	145,747	-
Franchise fees	-	48,342	48,342	-
Solid waste disposal tax	-	76,271	76,271	-
NC electronics management fund distribution	-	14,670	14,670	-
Contributions	-	2,000	2,000	-
Interest and fees	(1,434,110)	(90,570)	(1,524,680)	-
Total non-operating revenues (expenses)	<u>(1,476,818)</u>	<u>244,318</u>	<u>(1,232,500)</u>	<u>(3,699)</u>
Income (loss) before contributions	<u>4,773,923</u>	<u>557,821</u>	<u>5,331,744</u>	<u>(731,503)</u>
Capital contributions	<u>2,649,817</u>	<u>-</u>	<u>2,649,817</u>	<u>-</u>
Change in net position	<u>7,423,740</u>	<u>557,821</u>	<u>7,981,561</u>	<u>(731,503)</u>
<b>Net position, beginning</b>	<u>92,632,156</u>	<u>3,993,337</u>	<u>96,625,493</u>	<u>1,604,623</u>
<b>Net position, ending</b>	<u><u>\$ 100,055,896</u></u>	<u><u>\$ 4,551,158</u></u>	<u><u>\$ 104,607,054</u></u>	<u><u>\$ 873,120</u></u>

*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, 2022**

	<b>Business-Type Activities</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 18,799,223	\$ 5,442,994	\$ 24,242,217	\$ 10,371,022
Cash paid for goods and services	(1,917,860)	(1,315,424)	(3,233,284)	(10,180,489)
Cash paid on behalf of employees	(3,871,544)	(2,578,235)	(6,449,779)	-
Net cash provided (used) by operating activities	<u>13,009,819</u>	<u>1,549,335</u>	<u>14,559,154</u>	<u>190,533</u>
<b>Cash flows from noncapital financing activities:</b>				
Ad valorem taxes	338	-	338	-
White goods disposal tax	-	33,323	33,323	-
Tire disposal tax	-	145,747	145,747	-
Franchise fees	-	48,342	48,342	-
Solid waste disposal tax	-	76,271	76,271	-
NC electronics management fund distribution	-	14,670	14,670	-
Noncapital grants and contributions	-	1,752,000	1,752,000	-
Net cash provided (used) by non-capital financing activities	<u>338</u>	<u>2,070,353</u>	<u>2,070,691</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(21,940,360)	(838,185)	(22,778,545)	-
Debt issued	4,465,721	-	4,465,721	-
Debt principal paid	(1,851,408)	(488,091)	(2,339,499)	-
Interest and fees paid	(1,434,110)	(90,570)	(1,524,680)	-
Proceeds from sale of assets	-	47,300	47,300	-
Net cash (used) by capital and related financing activities	<u>(20,760,157)</u>	<u>(1,369,546)</u>	<u>(22,129,703)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Interest on investments	<u>(33,153)</u>	<u>(13,301)</u>	<u>(46,454)</u>	<u>(3,699)</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,783,153)</u>	<u>2,236,841</u>	<u>(5,546,312)</u>	<u>186,834</u>
<b>Cash and cash equivalents - beginning</b>	<u>47,074,801</u>	<u>8,774,037</u>	<u>55,848,838</u>	<u>3,579,605</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ 39,291,648</u></u>	<u><u>\$ 11,010,878</u></u>	<u><u>\$ 50,302,526</u></u>	<u><u>\$ 3,766,439</u></u>

*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, 2022**

	<b>Business-Type Activities</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 6,250,741	\$ 313,503	\$ 6,564,244	\$ (727,804)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation	3,881,092	1,088,054	4,969,146	-
Amortization of deferred debt premium	(269,321)	-	(269,321)	-
Amortization of deferred charges of debt issuances	12,422	-	12,422	-
Landfill closure and postclosure care costs	-	231,084	231,084	-
<b>Change in assets, liabilities, and deferred outflows and inflows of resources:</b>				
(Increase) decrease in receivables	694,065	(2,889)	691,176	173
(Increase) in due from other governments	(696,432)	(71,339)	(767,771)	-
(Increase) decrease in prepaid items	(30)	(141)	(171)	15,258
(Increase) decrease in deferred outflows-pension	(122,283)	46,396	(75,887)	-
Decrease in deferred outflows-OPEB	58,703	39,135	97,838	-
(Decrease) in net pension liability	(662,175)	(521,129)	(1,183,304)	-
Increase in net OPEB liability	118,103	78,736	196,839	-
Increase in deferred inflows - pension	696,234	347,704	1,043,938	-
(Decrease) in deferred inflows - OPEB	(122,936)	(81,957)	(204,893)	-
Increase in accounts payable	3,141,810	74,557	3,216,367	902,906
Increase (decrease) in customer deposits	6,300	(203)	6,097	-
Increase in compensated absences payable	23,526	7,824	31,350	-
Total adjustments	6,759,078	1,235,832	7,994,910	918,337
Net cash provided (used) by operating activities	\$ 13,009,819	\$ 1,549,335	\$ 14,559,154	\$ 190,533
<b>Non-cash investing, capital, and financing activities:</b>				
Contributed depreciable assets, net of accumulated depreciation	\$ 2,649,817	\$ -	\$ 2,649,817	\$ -

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

	<b>Custodial Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 150,993
Taxes receivable for other governments, net	71,046
Accounts receivable, net	3,130
Due from other governments	71,362
<b>Total assets</b>	<b><u>296,531</u></b>
<b>Liabilities:</b>	
Accounts payable and other accrued liabilities	98,794
<b>Total liabilities</b>	<b><u>98,794</u></b>
<b>Net Position:</b>	
Restricted:	
Individuals, organizations, and other governments	197,737
<b>Total net position</b>	<b><u>\$ 197,737</u></b>

*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, 2022

	Custodial Funds
<b>Additions:</b>	
Ad valorem taxes for other governments	\$ 5,592,115
Collections of gathered evidence	45,504
Collections of executed court orders	53,335
Collections on behalf of inmates	259,834
Total additions	<u>5,950,788</u>
<b>Deductions:</b>	
Tax distributions to other governments	5,604,074
Distribution of gathered evidence	24,745
Distribution of executed court orders	53,335
Payments on behalf of inmates	268,604
Total deductions	<u>5,950,758</u>
Net change in fiduciary net position	30
<b>Net Position, beginning</b>	<u>197,707</u>
<b>Net Position, ending</b>	<u>\$ 197,737</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, 2022**

### **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, 2022

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.

**Special Revenue Special Grants Fund.** The Special Grants Fund is used to account for Federal and State grants that have been awarded to the County. This fund contains ARPA Funds, Opioid Funds and several smaller State and Federal grants.

**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 non-major special revenue funds: the Fire Districts Fund, the Law Enforcement Fund, the Federal Law Enforcement Fund, the Emergency Telephone Systems Fund, the Opioid Settlement Fund, and the Representative Payee Fund.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

**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 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 of 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.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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) 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 judgements, 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.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County, are recognized as revenues. Other intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### **D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Capital Reserve Funds, enterprise funds and special revenue funds, except for 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

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

entered into the minutes of the governing board. During the year, some changes to the original financial plan were necessary.

### **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)(8)] 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 SEC registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAA 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, 2021. 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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*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 unexpended bond proceeds are classified as restricted assets, because their use is completely restricted to the purpose for which the bonds were originally issued. Unearned revenue, prepaid grants are grants awarded and paid to the County before grant activities have commenced.

Fund	Description	Amount
General Fund	Unexpended proceeds	33,007
General Capital Projects Fund	Unexpended proceeds	22,087,725
Special Revenue - Special Grants Fund	Unearned revenue, prepaid grants	7,933,571
Water and Sewer Fund	Unexpended proceeds	14,925,714
Water and Sewer Fund	Customer deposits	120,995
Solid Waste Fund	Customer deposits	2,411
Solid Waste Fund	Unearned revenue, prepaid grants	1,750,000
Opioid Fund	Unexpended settlement proceeds	229,325
Total restricted cash		\$ 47,082,748

*Lease Receivable.* The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

*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.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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.

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

<b>Asset</b>	<b>Years</b>
Buildings	25-50 years
Infrastructure	30-50 years
Furniture and office equipment	5-20 years
Equipment	7-15 years
Heavy duty vehicles	10 years
Vehicles	6 years
Computer software	5 years
Water and sewer lines	25-80 years

### **Right to Use Assets**

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related last liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

### **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 assets 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 assets 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, unearned revenue, leases, and other pension and OPEB related deferrals.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

### **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.

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.

### **Opioid Settlement Funds**

In April, 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 1) 15% directly to the State (State Abatement Fund)
- 2) 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 3) 5% to a County incentive

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County received \$229,325 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County put these funds in the Special Revenue – Opioid Settlement Fund, to account for them. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

### **Reimbursement for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replaced lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$16,726,052 of fiscal recovery funds to be paid in two equal installments. The first installment of \$8,363,026 was received in July, 2021. The second installment was received in August, 2022. County staff and the Board of Commissioners have elected to use \$2,105,718 of the ARPA funds for premium pay, \$10,073 for an Interactive Voice Response System for Billing and Collections, and \$139,000 for a full body scanner for the new Courthouse. The County plans on using \$10,000,000 for revenue replacement in Fiscal Year 2023. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined. The remaining funds will be used on various projects allowed by the ARPA.

*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 \$257,147 at June 30, 2022.

*Leases* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource. The lease receivable excess balance was \$88 at June 30, 2022. This is an immaterial amount, but GASB requires us to disclose.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

**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.

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

*Restricted for Economic and Physical Development* – portion of fund balance restricted by revenue source to be used for economic development 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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Restricted fund balance at June 30, 2022 is as follows:

<b>Purpose:</b>	<b>General</b>	<b>Capital</b>	<b>Special</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Projects</b>	<b>Grants</b>	<b>Governmental</b>	
<b>Restricted, All Other:</b>					
Stabilization by State statute	\$ 12,853,600	\$ 18,703,509	\$ 2,722,511	\$ 173,771	\$ 34,453,391
General government	12,893	5,000,925	59,858	-	5,073,676
Public safety	2,764,009	17,355,839	-	594,869	20,714,717
Transportation	-	-	1,643,815	-	1,643,815
Economic and physical development	-	400,000	-	-	400,000
Culture and recreation	-	1,002,231	25,000	-	1,027,231
Human Services	187,862	-	-	134,470	322,332
	<b><u>\$ 15,818,364</u></b>	<b><u>\$ 42,462,504</u></b>	<b><u>\$ 4,451,184</u></b>	<b><u>\$ 903,110</u></b>	<b><u>\$ 63,635,162</u></b>

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 \$19,693,732 and Register of Deeds' Pension Plan of \$210,591 for a net difference of \$19,483,141.

**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.

*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 Economic and Physical Development* – portion of fund balance committed by the Board to be used for future business parks.

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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Committed fund balance at June 30, 2022 is as follows:

<b>Purpose:</b>	<b>Other</b>	
	<b>General Fund</b>	<b>Governmental Funds</b>
General government	\$ 1,568,572	\$ -
Future Capital Projects:		
General government	-	4,675,327
Public safety	-	4,675,327
Economic and physical development	-	4,675,326
Education	-	1,740,619
	<b><u>\$ 1,568,572</u></b>	<b><u>\$ 15,766,599</u></b>

**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 approved the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by function or appropriation within funds up to \$50,000.

*Assigned for General Government* – portion of fund balance assigned for a possible building purchase and increase pension costs.

*Assigned for Public Safety* – portion of fund balance assigned for an expansion of the Jail Facility and increased costs for a new Animal Services facility.

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

Assigned fund balance at June 30, 2022 is as follows:

<b>Purpose:</b>	<b>General Fund</b>	
	<b>General Fund</b>	<b>General Fund</b>
Subsequent year's expenditures	\$ 576,532	
Future Capital Projects:		
General government	2,300,000	
Public safety	10,122,549	
Economic development	145,244	
	<b><u>\$ 13,144,325</u></b>	

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

**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.

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	\$ 56,678,000
Less:	
Prepays	(257,147)
Leases	(88)
Stabilization for State statute	<u>(12,853,600)</u>
Fund balance available for appropriation	<u>\$ 43,567,165</u>

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

	General			
	General Fund	Capital Projects Fund	Special Grants Fund	Other Governmental Funds
Encumbrances	\$ 2,785,114	\$ 17,885,278	\$ 2,443,998	\$ 11,099

*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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*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 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, 2022, the Carrying amount of the County's deposits with banks was \$43,958,649. Balances with banks equaled \$44,563,177. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$43,563,177 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 \$6,862.

#### B. Investments

At June 30, 2022, the County's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 55,690,899	N/A	N/A
US government agencies	Fair Value - Level 2	6,184,984	6,184,984	-
Commercial Paper	Fair Value - Level 2	<u>53,764,797</u>	<u>44,938,901</u>	<u>8,825,896</u>
Total investments		<u>\$ 115,640,680</u>	<u>\$ 51,123,885</u>	<u>\$ 8,825,896</u>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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 AAA rating from S&P and AAA-mf 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, 2022 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 AAA by Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2022. The County's investments in US government agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

*Concentration of Credit Risk.* The County has a policy that investments will be diversified to alleviate the risk of over concentration of assets in a specific issuer or a specific class of securities. More than 5% of the County's investments in commercial paper are in Paper V Co LLC, Toyota, Natixis, and US Bank National Association. These investments are 5.18, 7.70%, 7.68% and 20.79%, respectively, of the County's total investments.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Note 3. Receivables

#### A. Detail

Receivables at the government-wide level at June 30, 2022 were as follows:

			Due from Other Governments	Lease	Total
	Taxes	Accounts			
<b>Governmental activities:</b>					
General Fund	\$ 1,017,451	\$ 2,858,272	\$ 9,252,539	\$ 13,230	\$ 13,141,492
General Capital Projects Fund	-	571	817,660	-	818,231
Special Grants Fund	-	1,370	277,143	-	278,513
Other governmental Funds	144,892	2,195	160,477	-	307,564
Total receivables	1,162,343	2,862,408	10,507,819	13,230	14,545,800
Allowance for doubtful accounts	(526,145)	(1,261,540)	-	-	(1,787,685)
<b>Total governmental activities</b>	<b><u>\$ 636,198</u></b>	<b><u>\$ 1,600,868</u></b>	<b><u>\$ 10,507,819</u></b>	<b><u>\$ 13,230</u></b>	<b><u>\$ 12,758,115</u></b>
<b>Business-type activities:</b>					
Water and Sewer Fund	\$ 3,720	\$ 2,333,354	\$ 1,007,895	\$ -	\$ 3,344,969
Solid Waste Fund	-	238,474	207,896	-	446,370
Total receivables	3,720	2,571,828	1,215,791	-	3,791,339
Allowance for doubtful accounts	(3,720)	(1,370,681)	-	-	(1,374,401)
<b>Total business-type activities</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,201,147</u></b>	<b><u>\$ 1,215,791</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,416,938</u></b>
The total due from other governments consists of the following:					
Governmental activities			\$ 10,507,819		
Business-type activities			1,215,791		
<b>Total due from other governments</b>			<b><u>\$ 11,723,610</u></b>		
Local option sales tax			\$ 6,034,190		
Various federal and state grants			566,404		
Warrant Amount Settlement			908,502		
Medicare settlement			332,055		
Local reimbursements and utility revenues			65,367		
White goods disposal tax			11,462		
Scrap tire tax			39,313		
Solid waste disposal tax			17,683		
Sales tax reimbursements			2,952,861		
Vehicle tax system			795,773		
<b>Total due from other governments</b>			<b><u>\$ 11,723,610</u></b>		

On 07/01/2021, Lincoln County entered into a 56-month lease as Lessor for the use of a Nursing Home. An initial lease receivable was recorded in the amount of \$16,680. As of 06/30/2022, the value of the lease receivable is \$13,230. The lessee is required to make monthly fixed payments of \$300. The lease has an interest rate of 1.0590%. The Land estimated useful life was zero months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$13,142, and Lincoln County recognized lease revenue of \$3,539 during the fiscal year. The lessee has one extension option(s), each for 180 months.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, taxes receivable for other governments in the Custodial Fund is net of an allowance for doubtful accounts of \$70,147.

### **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.

<b>Year Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2019	2,059,941	489,238	2,549,179
2020	2,084,629	307,483	2,392,112
2021	2,170,616	124,812	2,295,428
2022	2,198,415	-	2,198,415
<b>Total</b>	<b>\$ 8,513,601</b>	<b>\$ 921,533</b>	<b>\$ 9,435,134</b>

### **Note 4. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 7,432,079	\$ 962,780	\$ -	\$ 8,394,859
Construction in Progress	21,417,091	22,463,314	-	43,880,405
<b>Total Capital Assets Not Being Depreciated</b>	<b>28,849,170</b>	<b>23,426,094</b>	<b>-</b>	<b>52,275,264</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	74,340,344	-	-	74,340,344
Improvements	16,817,162	742,208	(150,341)	17,409,029
Equipment	20,401,332	1,367,978	(170,455)	21,598,855
Vehicles	14,795,457	1,684,434	(1,190,142)	15,289,749
<b>Total Capital Assets Being Depreciated</b>	<b>126,354,295</b>	<b>3,794,620</b>	<b>(1,510,938)</b>	<b>128,637,977</b>
<b>Less: Accumulated depreciation for:</b>				
Buildings	(16,979,853)	(1,476,533)	-	(18,456,386)
Improvements	(6,182,251)	(700,814)	127,790	(6,755,275)
Equipment	(10,461,697)	(1,723,956)	167,673	(12,017,980)
Vehicles	(9,624,830)	(1,296,321)	1,129,253	(9,791,898)
<b>Total accumulated depreciation</b>	<b>(43,248,631)</b>	<b>(5,197,624)</b>	<b>1,424,716</b>	<b>(47,021,539)</b>
<b>Total capital assets being depreciated, net:</b>	<b>83,105,664</b>			<b>81,616,438</b>
<b>Governmental Activities Capital assets, net</b>	<b>\$ 111,954,834</b>			<b>\$ 133,891,702</b>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
<b>Water and Sewer Fund:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 838,427	\$ -	\$ -	\$ -	\$ 838,427
Construction in Progress	30,362,999	21,794,609	-	(7,670,392)	44,487,216
Total Capital Assets Not Being Depreciated	<u>31,201,426</u>	<u>21,794,609</u>	<u>-</u>	<u>(7,670,392)</u>	<u>45,325,643</u>
<b>Capital Assets Being Depreciated:</b>					
Buildings	41,787,579	-	-	-	41,787,579
Improvements	935,461	-	-	-	935,461
Water lines	44,390,051	1,247,539	-	7,542,818	53,180,408
Sewer lines	26,140,405	1,412,537	-	127,574	27,680,516
Equipment	4,052,056	97,444	(72,862)	-	4,076,638
Vehicles	1,420,177	38,048	(71,095)	-	1,387,130
Total Capital Assets Being Depreciated	<u>118,725,729</u>	<u>2,795,568</u>	<u>(143,957)</u>	<u>7,670,392</u>	<u>129,047,732</u>
Less: Accumulated depreciation for:					
Buildings	(15,891,122)	(1,643,567)	-	-	(17,534,689)
Improvements	(500,011)	(40,898)	-	-	(540,909)
Water lines	(20,688,250)	(1,111,307)	-	-	(21,799,557)
Sewer lines	(7,857,599)	(768,871)	-	-	(8,626,470)
Equipment	(2,799,784)	(214,015)	72,862	-	(2,940,937)
Vehicles	(1,039,454)	(102,434)	61,202	-	(1,080,686)
Total accumulated depreciation	<u>(48,776,220)</u>	<u>(3,881,092)</u>	<u>134,064</u>	<u>-</u>	<u>(52,523,248)</u>
Total capital assets being depreciated, net	<u>69,949,509</u>				<u>76,524,484</u>
<b>Water &amp; Sewer Fund Capital assets, net</b>	<u>101,150,935</u>				<u>121,850,127</u>
<b>Solid Waste Fund:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	640,648	-	-	-	640,648
<b>Capital Assets Being Depreciated:</b>					
Buildings	590,143	-	(51,220)	-	538,923
Improvements	18,092,989	-	-	-	18,092,989
Equipment	4,839,021	(537,195)	-	-	4,301,826
Vehicles	2,444,068	838,185	(76,180)	-	3,206,073
Total Capital Assets Being Depreciated	<u>25,966,221</u>	<u>838,185</u>	<u>(664,595)</u>	<u>-</u>	<u>26,139,811</u>
Less: Accumulated depreciation for:					
Buildings	(311,523)	(11,291)	31,756	-	(291,058)
Improvements	(11,223,413)	(671,707)	-	-	(11,895,120)
Equipment	(3,413,304)	(232,222)	537,195	-	(3,108,331)
Vehicles	(1,671,549)	(172,834)	76,180	-	(1,768,203)
Total accumulated depreciation	<u>(16,619,789)</u>	<u>(1,088,054)</u>	<u>645,131</u>	<u>-</u>	<u>(17,062,712)</u>
Total capital assets being depreciated, net	<u>9,346,432</u>				<u>9,077,099</u>
<b>Solid Waste Fund capital assets, net</b>	<u>9,987,080</u>				<u>9,717,747</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 111,138,015</u>				<u>\$ 131,567,874</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

General government	\$ 1,524,503
Public Safety	2,444,628
Transportation	141,536
Economic and Physical Development	191,886
Culture & Recreation	648,512
Human Services	246,559
<b>Total</b>	<b>\$ 5,197,624</b>

### **Business-Type Activities**

Water and sewer	\$ 3,881,092
Solid Waste	1,088,054
	<b>\$ 4,969,146</b>

### **Net Investment in Capital Assets**

	<b>Governmental Activities</b>	<b>Water &amp; Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Business-type Activities</b>
Capital assets, net	\$ 133,891,702	\$ 121,850,127	\$ 9,717,747	\$ 131,567,874
Right to use leased assets, net	600,707	-	-	-
	<b>134,492,409</b>	<b>121,850,127</b>	<b>9,717,747</b>	<b>131,567,874</b>
Long-term debt outstanding	(105,090,115)	(53,674,767)	(3,545,420)	(57,220,187)
School debt for which the County does not hold asset title	30,459,131	-	-	-
Premium on school related debt	1,360,131	-	-	-
Discount on school related debt	(19,235)	-	-	-
Unspent debt proceeds	19,293,732	11,628,222	-	11,628,222
Total related debt	<b>(53,996,356)</b>	<b>(42,046,545)</b>	<b>(3,545,420)</b>	<b>(45,591,965)</b>
Net investment in capital assets	<b>\$ 80,496,053</b>	<b>\$ 79,803,582</b>	<b>\$ 6,172,327</b>	<b>\$ 85,975,909</b>

### **Right to Use Leased Assets**

The County has recorded three right to use leased assets. The assets are two right to use assets for leased buildings and leased equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of these notes. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Right to use asset activity for the Primary Government for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Right to Use Assets</b>				
Leased buildings	\$ -	\$ 563,141	\$ -	\$ 563,141
Leased equipment	- -	105,724	- -	105,724
Total right to use assets	- -	668,865	- -	668,865
Less accumulated amortization for:				
Leased buildings	- -	42,035	- -	42,035
Leased equipment	- -	26,123	- -	26,123
Total accumulated amortization	- -	68,158	- -	68,158
Right to use assets, net	<u>\$ - -</u>	<u>\$ 600,707</u>	<u>\$ - -</u>	<u>\$ 600,707</u>

### Note 5. Liabilities

#### A. Payables

Payables at the government-wide level at June 30, 2022 were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Accrued Interest</b>	<b>Other</b>	<b>Total</b>
<b>Governmental activities:</b>					
General Fund	\$ 3,356,325	\$ 1,641,381	\$ 327,119	\$ 3,767,020	\$ 9,091,845
General Capital Projects Fund	346,555	- -	- -	- -	346,555
Special Grants Fund	211,381	- -	- -	- -	211,381
Other governmental Funds	13,105	- -	- -	392,704	405,809
Total governmental activities	<u>\$ 3,927,366</u>	<u>\$ 1,641,381</u>	<u>\$ 327,119</u>	<u>\$ 4,159,724</u>	<u>\$ 10,055,590</u>
<b>Business-type activities:</b>					
Water and Sewer Fund	\$ 1,168,716	\$ 115,749	\$ 702,932	\$ 110,119	\$ 2,097,516
Solid Waste Fund	108,576	65,700	27,508	- -	201,784
Total business-type activities	<u>\$ 1,277,292</u>	<u>\$ 181,449</u>	<u>\$ 730,440</u>	<u>\$ 110,119</u>	<u>\$ 2,299,300</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Construction Commitments

The government has active construction projects as of June 30, 2022. At that date, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Animal Services Expansion	\$ 319,445	\$ 814,880
Courthouse Construction	34,368,242	4,999,103
West Lincoln Passive Park	876,218	969,182
Emergency Services Facility	4,837,363	14,662,637
Communication/CAD System	1,083,422	1,877,301
NC 16 Waterline Phase II	644,492	1,755,508
St James/Kidville Waterline	29,747	1,170,253
Water Transmission Line	175,724	5,924,276
Water Treatment Plant Expansion	12,462,278	2,215,379
Reepsville Road Waterline	6,399,429	1,664,536
Pump Station 7	348,169	151,831
Airlie Parkway Waterline	165,950	31,150
Wastewater Treatment Plant Exp	24,261,425	11,625,075
	<hr/> <u>\$ 85,971,904</u>	<hr/> <u>\$ 47,861,111</u>

### B. Long-Term Debt

**Leases Payable.** For the year ended 6/30/22, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings or the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 7/1/21, Lincoln County entered into a 48 month lease as Lessee for the use of Sharp-Copiers. An initial lease liability was recorded in the amount of \$105,724. As of 6/30/22, the value of the lease liability is \$79,620. Lincoln County is required to make monthly payments of \$2,242. The lease has an interest rate of 0.8930%. The Equipment has an estimated useful life of forty eight months as of the contract commencement. The value of the right to use asset as of 6/30/22 of \$105,724 with accumulated amortization of \$26,123 is included with Equipment on the Lease Class activities table.

On 7/1/21, Lincoln County entered into a 360 month lease as Lessee for the use of Howards Creek VFD. An initial lease liability was recorded in the amount of \$472,499. As of 6/30/22, the value of the lease liability is \$461,297. Lincoln County is required to make annual fixed payments of \$22,797. The lease has an interest rate of 2.583%. The buildings estimated useful life was two hundred forty months as of the contract commencement. The value of the right to use asset as of 6/30/22 of \$472,499 with accumulated amortization of \$15,725 is included with Equipment on the Lease Class activities table.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On 8/12/21, Lincoln County entered into a 36 month lease as Lessee for the use of Sheriff Space. An initial lease liability was recorded in the amount of \$90,642. As of 6/30/22, the value of the lease liability is \$64,477. Lincoln County is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 0.719%. The Building estimated useful life was 36 months as of the contract commencement. The value of the right to use asset as of 6/30/22 of \$90,642 with accumulated amortization of \$26,310 is included with Buildings on the Lease Class activities table.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 66,819	\$ 12,885	\$ 79,704
2024	67,550	12,154	79,704
2025	43,224	11,480	54,704
2026	11,747	11,050	22,797
2027	12,050	10,747	22,797
2028-2032	65,083	48,901	113,984
2033-2037	73,934	40,050	113,984
2038-2042	83,989	29,995	113,984
2043-2047	95,410	18,573	113,983
2048-2052	85,588	5,597	91,185
Total	<u>\$ 605,394</u>	<u>\$ 201,432</u>	<u>\$ 806,826</u>

**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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County's general obligation bonds at June 30, 2022 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%; due June 1 and December 1	\$ 1,855,000
\$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	5,920,000
\$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 1, 2029; interest at 2.29%; due June 1 and December 1	10,803,000
\$10,230,000 2019 School Refunding issued to refund the 201A School and Public Facilities Bond, due in annual installments of \$685,000 to \$1,845,000 through June 1, 2027; interest at 5%, due June 1 and December 1	<u>8,095,000</u>
Total direct placement general obligation bonds	<u>\$ 26,673,000</u>

**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, 2022 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%; due August 1 and February 1	\$ 12,385,000
\$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%, due August 1 and February 1	<u>27,555,000</u>
Total revenue bonds Water and Sewer Fund	<u>\$ 39,940,000</u>

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

### **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, 2022, are comprised of the following individual agreements:

#### **Governmental Activities:**

##### **General Fund:**

###### **Direct Placements:**

\$19,640,000 2021 installment financing contract, issued to fund the Emergency Services facility, due in annual installments from \$980,000 to \$985,000 through October 1, 2041; interest payments due April 1 and October 1 at 4.00%	\$19,640,000
\$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 2.252%; interest payments due June 1 and December 1	4,985,000
\$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 May 1 and November 1	495,000
\$11,139,000 2017 installment financing contract, issued to fund the Health Department renovation and VIPER construction, due in annual installments from \$441,000 to \$1,240,000 through October, 2032; interest at 2.35% due April 1 and October 1	6,329,000
\$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	2,853,602
\$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	1,564,000
\$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%	7,607,312
\$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, 2040; interest at 2.70%	32,850,000
Total governmental activities	<u>\$ 76,323,914</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### **Business-Type Activities:**

#### **Water and Sewer Fund:**

##### **Direct Borrowings:**

\$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%; due May 1 and November 1	\$ 270,008
\$14,000,000 Federal Revolving Loan issued for water system improvements; due in annual installments; interest at 1.35%; due May 1 and November 1	<u>4,465,721</u>
Total direct borrowings	<u>4,735,729</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% due January 15 and July 15	\$ 2,776,000
Total Water and Sewer Fund	<u>7,511,729</u>

### **Business-Type Activities:**

#### **Solid Waste Fund:**

##### **Direct Placements:**

\$385,000 2014 installment financing contract for land and vehicles, due in semi-annual installments of \$12,827; plus interest at 3.02%; through June 26, 2029	179,730
\$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%	1,599,690
\$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% due January 15 and July 15	<u>1,766,000</u>
Total Solid Waste Fund	<u>3,545,420</u>
Total business-type activities	<u>11,057,149</u>
Total direct borrowings and direct placements	<u><u>\$ 87,381,063</u></u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

**Changes in Long-Term Debt.** The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>Governmental activities:</b>					
Bonds payable					
Direct placement general obligation bonds					
Direct placement	\$ 33,317,000	\$ -	\$ 6,644,000	\$ 26,673,000	\$ 6,547,000
Premium	1,996,786	-	470,601	1,526,185	-
Discount	(21,983)	-	(2,748)	(19,235)	-
Total direct placement general obligation bonds	35,291,803	-	7,111,853	28,179,950	6,547,000
Direct placement installment purchase					
Direct placement	64,019,656	19,640,000	7,335,742	76,323,914	6,313,742
Discount	(20,884)	-	(1,741)	(19,143)	-
Total direct placement installment purchase	63,998,772	19,640,000	7,334,001	76,304,771	6,313,742
Lease liabilities					
-	-	668,865	63,471	605,394	66,819
Compensated absences					
2,440,505	1,855,289	1,455,501	2,840,293	1,268,731	
Net pension liability (LGERS)	17,103,774	-	9,852,939	7,250,835	-
Total pension liability (LEOSSA)	4,561,498	-	306,878	4,254,620	-
Net OPEB liability	57,713,918	1,771,549	-	59,485,467	
Total governmental activities	<u>\$ 181,110,270</u>	<u>\$ 23,935,703</u>	<u>\$ 26,124,643</u>	<u>\$ 178,921,330</u>	<u>\$ 14,196,292</u>
<b>Business-type activities:</b>					
<b>Water and Sewer Fund:</b>					
Bonds payable					
Revenue bonds	\$ 41,450,000	\$ -	\$ 1,510,000	\$ 39,940,000	\$ 1,245,000
Premium	6,492,359	-	269,321	6,223,038	-
Total revenue bonds	47,942,359	-	1,779,321	46,163,038	1,245,000
Direct borrowings	458,416	4,465,721	188,408	4,735,729	135,004
Direct placement installment purchase	2,929,000	-	153,000	2,776,000	156,000
Compensated absences	126,177	130,784	107,258	149,703	93,975
Net pension liability (LGERS)	1,140,252	-	662,175	478,077	-
Net OPEB liability	3,847,595	118,103	-	3,965,698	-
Total Water and Sewer Fund	<u>56,443,799</u>	<u>4,714,608</u>	<u>2,890,162</u>	<u>58,268,245</u>	<u>1,629,979</u>
<b>Solid Waste Fund:</b>					
Direct placement installment purchase	4,033,511	-	488,091	3,545,420	496,091
Accrued landfill closure and post-closure care costs	8,137,168	231,084	-	8,368,252	-
Compensated absences	89,954	53,428	45,604	97,778	34,995
Net pension liability (LGERS)	760,168	-	521,129	239,039	-
Net OPEB liability	2,565,063	78,736	-	2,643,799	-
Total Solid Waste Fund	<u>15,585,864</u>	<u>363,248</u>	<u>1,054,824</u>	<u>14,894,288</u>	<u>531,086</u>
Total business-type activities	<u>\$ 72,029,663</u>	<u>\$ 5,077,856</u>	<u>\$ 3,944,986</u>	<u>\$ 73,162,533</u>	<u>\$ 2,161,065</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

At June 30, 2022, Lincoln County had a legal debt margin of approximately \$854,687,000.

**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 \$1,154,650. The net revenues of the Water and Sewer Fund for FY 22 were \$18,795,290.

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 \$2,019,550. The net revenues of the Water and Sewer Fund for FY 22 were \$18,795,290. Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
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	1,940,000	1,249,700
2028-2032	10,340,000	4,795,325
2033-2037	9,225,000	2,773,625
2038-2042	10,250,000	1,141,625
2043-2047	1,620,000	61,313
Total	<u>\$ 39,940,000</u>	<u>\$ 15,918,513</u>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022, is as follows:

Operating revenues	\$	18,795,290
Operating expenses*		8,663,457
Operating income		10,131,833
Nonoperating revenues (expenses)		(1,476,818)
Income available for debt service		8,655,015
15% of unrestricted net position of System		3,037,847
Available for debt service	\$	11,692,862
Debt service, principal and interest paid (Revenue bond only)	\$	3,174,200
Debt service coverage ratio		368.37%

\*Per rate covenants, this does not include the depreciation expense of \$3,881,092.

Total debt service coverage ratio:

Operating revenues	\$	18,795,290
Operating expenses*		8,663,457
Operating income		10,131,833
Nonoperating revenues (expenses)		(1,476,818)
Income available for debt service	\$	8,655,015
Debt service, principal and interest paid	\$	3,588,458
Debt service coverage ratio		241.19%

\*Per rate covenants, this does not include the depreciation expense of \$3,881,092.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

**Future Maturities for Long-Term Indebtedness.** The following tables summarize 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):

Governmental Activities:	Direct Placement General Obligation Bonds		Direct Placement Installment Purchase Agreements		
	Principal	Interest	Principal	Interest	
	2023	\$ 6,547,000	\$ 912,639	\$ 6,313,742	\$ 1,837,614
	2024	6,354,000	708,294	5,632,742	1,692,114
	2025	3,591,000	465,377	5,613,742	1,554,805
	2026	3,550,000	332,738	5,594,916	1,417,924
	2027	3,507,000	201,443	5,573,916	1,281,477
	2028-2032	3,124,000	95,104	20,966,381	4,652,687
	2033-2037	-	-	16,253,475	2,271,400
	2038-2042	-	-	10,375,000	530,850
	Total	<u>\$ 26,673,000</u>	<u>\$ 2,715,595</u>	<u>\$ 76,323,914</u>	<u>\$ 15,238,871</u>

Business-Type Activities:	Revenue Bonds		Direct Borrowings		Direct Placement Installment Purchase Agreements		
	Principal	Interest	Principal	Interest	Principal	Interest	
	2023	\$ 1,245,000	\$ 1,595,325	\$ 135,004	\$ 7,182	\$ 652,091	\$ 134,404
	2024	1,695,000	1,521,825	358,290	33,721	664,091	120,237
	2025	1,770,000	1,435,200	223,286	44,236	676,091	105,843
	2026	1,855,000	1,344,575	223,286	41,908	687,917	91,223
	2027	1,940,000	1,249,700	223,286	39,580	700,917	76,370
	2028-2032	10,340,000	4,695,325	1,116,430	162,975	1,638,786	245,099
	2033-2037	9,225,000	2,773,625	1,116,430	104,769	1,301,527	61,999
	2038-2042	9,090,000	1,124,225	1,116,430	46,564	-	-
	2043-2047	<u>2,780,000</u>	<u>78,713</u>	<u>223,287</u>	<u>2,328</u>	<u>-</u>	<u>-</u>
	Total	<u>\$ 39,940,000</u>	<u>\$ 15,818,513</u>	<u>\$ 4,735,729</u>	<u>\$ 483,263</u>	<u>\$ 6,321,420</u>	<u>\$ 835,175</u>

#### Debt Related to Capital Activities

Of the total governmental activities debt listed, \$72,537,782 relates to assets to which the County holds title, while the remaining \$30,459,132 is related to assets owned and utilized by the school system. Unspent restricted cash related to this debt amount amounts to \$19,260,725.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

### **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 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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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 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](http://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, 2022 was 12.10% of compensation for law enforcement officers and 11.35% for general employees and

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$4,972,393 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$7,967,951 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022, the County's proportion was 0.51956% (measured as of June 30, 2021), which was a decrease of 0.01226% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022 the County recognized pension expense of \$3,502,009. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,534,892	\$ -
Changes of assumptions	5,005,909	-
Net difference between projected and actual earnings on pension plan investments	-	11,383,809
Changes in proportion and differences between employer contributions and proportionate share of contributions	278,548	261,337
County contributions subsequent to the measurement date	4,972,393	-
<b>Total</b>	<b>\$ 12,791,742</b>	<b>\$ 11,645,146</b>

\$4,972,393 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 ending June 30, 2023. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2023	\$ (182,255)
2024	(945,824)
2025	(2,697,718)
2026	-
2027	-
Thereafter	-
<b>Total</b>	<b><u>\$ (3,825,797)</u></b>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2021 are summarized in the following table:

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	6.0%	4.0%
<b>Total</b>	<b>100.0%</b>	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability, and investment policy for the North Carolina Retirement Systems. 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 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.5%. 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 6.5%, 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 (5.5%) or one-percentage point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
County's proportionate share of the net pension liability (asset)	\$ 30,930,924	\$ 7,967,951	\$ (10,929,241)

**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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### B. Law Enforcement Officers' Special Separation Allowance

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

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	119
<b>Total</b>	<b>124</b>

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, 2020 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	2.25%

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, 2020, 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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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 \$109,642 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, 2022, the County reported a total pension liability of \$4,254,620. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$552,161.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 415,429	\$ 398,214
Changes of assumptions	943,920	133,285
County benefit payments and plan administrative expense made subsequent to the measurement date	66,714	-
Total	<u>\$ 1,426,063</u>	<u>\$ 531,499</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$66,714, 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2023	\$ 215,195
2024	202,161
2025	233,917
2026	188,050
2027	19,014
Thereafter	<u>(30,487)</u>
 Total	 <u>\$ 827,850</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 2.25 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 (1.25 percent) or one-percentage-point higher (3.25 percent) than the current rate.:

	<b>1% Decrease (1.25%)</b>	<b>Current Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total pension liability	\$ 4,634,190	\$ 4,254,620	\$ 3,908,619

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

	<b>2022</b>
Beginning balance	\$ 4,561,498
Service cost	254,382
Interest on the total pension liability	86,979
Difference between expected and actual experience	(420,880)
Changes of assumptions and other inputs	(117,717)
Benefit payments	<u>(109,642)</u>
Ending balance of the total pension liability	<u>\$ 4,254,620</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% at the December 31, 2020 measurement date to 2.25% at the December 31, 2021 measurement date.

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

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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.

### **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, 2022 were \$498,247 which consisted of \$372,819 from the County and \$125,428 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 Governmental 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](http://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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 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 \$11,430 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$197,060 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the County's proportion was 1.02566%, which was an increase of 0.06581% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$5,046. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,103	\$ 2,390
Changes of assumptions	14,369	-
Net different between projected and actual earnings on pension plan investments	-	605
Changes in proportion and differences between County contributions and proportionate share of contributions	6,568	17,944
County contributions subsequent to the measurement date	11,430	-
<b>Total</b>	<b>\$ 34,470</b>	<b>\$ 20,939</b>

\$11,430, 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, 2023. 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, 2022

<b>Year Ending</b>	<b>Amount</b>
<b>June 30</b>	
2023	\$ (1,301)
2024	(731)
2025	(462)
2026	4,595
2027	-
Thereafter	-
<b>Total</b>	<b><u>\$ 2,101</u></b>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.0 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, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability, and investment policy for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, 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 (2.00%) or one-percentage-point higher (4.00%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (156,526)	\$ (197,060)	\$ (231,122)

**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, 2020, 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 December 31, 2021, with an actuarial valuation date of December 31, 2020. 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)	\$ 7,967,951	\$ (197,060)	n/a	\$ 7,770,891
Proportion of the Net Pension Liability (Asset)	0.51956%	-1.02566%	n/a	n/a
Total Pension Liability	-	-	4,254,620	4,254,620
Pension Expense	\$ 3,502,009	\$ (5,046)	\$ 552,161	\$ 4,049,124

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 2,534,892	\$ 2,103	\$ 415,429	\$ 2,952,424
Changes of assumptions	5,005,909	14,369	943,920	5,964,198
Net difference between projected and actual earnings on plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	278,548	6,568	-	285,116
County contributions (LGERS, ROD) benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,972,393	11,430	66,714	5,050,537
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 12,791,742</u></b>	<b><u>\$ 34,470</u></b>	<b><u>\$ 1,426,063</u></b>	<b><u>\$ 14,252,275</u></b>
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ -	\$ 2,390	\$ 398,214	\$ 400,604
Changes of assumptions	-	-	133,285	133,285
Net difference between projected and actual earnings on plan investments	11,383,809	605		11,384,414
Changes in proportion and differences between County contributions and proportionate share of contributions	261,337	17,944	-	279,281
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 11,645,146</u></b>	<b><u>\$ 20,939</u></b>	<b><u>\$ 531,499</u></b>	<b><u>\$ 12,197,584</u></b>

### **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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$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.

<b>Commencement of Service</b>	<b>Years of Creditable Service</b>	<b>County Contribution</b>
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, 2022

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
<b>Total</b>	<b>430</b>

### **Total OPEB Liability**

The County's total OPEB liability of \$66,094,964 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

*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	2.21%
Measurement Date	2.16%
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, 2022

### Changes in the Total OPEB Liability

<b>Balance as of June 30, 2021</b>	\$ 64,126,575
<b>Changes for the year</b>	
Service cost	1,350,071
Interest	1,405,728
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	673,093
Benefit payments	(1,460,503)
Net changes	1,968,389
<b>Balance at June 30, 2022</b>	<b><u>\$ 66,094,964</u></b>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%

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, 2021 valuation were based on the results of the December 31, 2019 actuarial valuation, 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 (1.16%) or one-percentage-point higher (2.16%) than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	<u>\$ 79,608,012</u>	<u>\$ 66,094,964</u>	<u>\$ 56,399,788</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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 54,832,712</u>	<u>\$ 66,094,964</u>	<u>\$ 80,933,547</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$3,633,377. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 309,959	\$ 3,088,301
Changes of assumptions	9,542,118	2,607,201
County contributions subsequent to the measurement date	2,758,455	-
<b>Total</b>	<b>\$ 12,610,532</b>	<b>\$ 5,695,502</b>

\$2,758,455 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 ending June 30, 2023.

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

<b>Measurement Period Ended</b>		
<b>June 30</b>		
2023	\$ 877,578	
2024	877,578	
2025	1,604,287	
2026	755,459	
2027	41,673	
Thereafter	-	
<b>Total</b>	<b>\$ 4,156,575</b>	

### 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 \$8,368,252 reported as landfill closure and post-closure care liability at June 30, 2022 represents a cumulative amount reported to date based on the use of landfill capacity in the County's sanitary and C&D

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

landfill sections. The sanitary landfill reported a cumulative amount of \$7,048,070 to date based on the use of 61% 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 \$4,652,830 as the remaining estimated capacity is filled. Of this amount, \$4,506,143 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 2022. 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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Deferred charges	\$ 952,808	\$ -
(Pensions, OPEB) - difference between expected and actual experience	3,262,383	400,604
(Pensions) - Net difference between projected and actual investment earnings	-	11,384,414
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	285,116	279,281
(Pensions, OPEB) - change in assumptions	15,506,316	133,285
Contributions to pension plan subsequent to measurement date (LGERS, OPEB, LEOSSA)	7,797,562	-
Benefit payments and admin costs paid subsequent to the measurement date (ROD)	11,430	-
Prepaid taxes not yet earned (General)	-	344,400
Taxes receivable, net (General)	-	576,395
Taxes receivable, net (Special Revenue)	-	59,803
Leases (General)		13,142
Other receivables, net (General)	-	779,996
<b>Total</b>	<b>\$ 27,815,615</b>	<b>\$ 13,971,320</b>

### Note 11. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation excess coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for worker's compensation. Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director and the Tax Collector are each individually bonded for \$50,000. The Register of Deeds and the Sheriff are 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 \$2,446,436 for claims incurred, but not reported, in the Health Benefits Fund and \$168,636 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:

	<b>2022</b>	<b>2021</b>
Unpaid claims, beginning	\$ 1,882,022	\$ 1,233,290
Incurred claims	10,136,430	9,602,733
Claim payments	<u>(9,403,380)</u>	<u>(8,954,001)</u>
Unpaid claims, ending	<u><u>\$ 2,615,072</u></u>	<u><u>\$ 1,882,022</u></u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Note 12. Interfund Activity

The transfer to/from other funds for the year ended June 30, 2022 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	\$ 4,118,068
Special Grants Fund	General Fund	To close projects	-
General Fund	Special Grants Fund	County match for grant projects	1,434,786
School Capital Reserve Fund	General Fund	Transfer for school monies from the lottery	800,000
Water & Sewer Capital Projects Fund	Water and Sewer Fund	To close projects	2,385,451
Water and Sewer Fund	Water & Sewer Capital Projects Fund	Annual transfer to project fund	5,130,000
General Capital Projects Fund	General Fund	To close projects	192,500
General Fund	Capital Reserve Fund	Annual transfer of 1 cent	8,484,852
Total			<u>\$ 22,545,657</u>

### Note 13. Claims and Judgments

At June 30, 2022 the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

### Note 14. Summary Disclosure of Significant Contingencies

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

### Note 15. Stewardship, Compliance, and Accountability

*Excess of Expenditures over Appropriations* – For the fiscal year ended June 30, 2022, the expenditures made in the County's General Fund exceeded authorized appropriations made by the governing board for education activities by \$104,008. This over-expenditure occurred because of better-than-estimated Article 46 collections, which are contractually remitted to the School system. Management and the Board will more closely review the budget reports to ensure compliance in future years.

### Note 16. 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-

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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 17. Related Party Transactions**

The County and its discretely presented component unit engaged in the following transactions during the year ended June 30, 2022:

##### **Lincoln County ABC Board:**

Payments to the County:	
For profit distributions	\$ 204,000
For law enforcement	102,534
For alcohol education	124,340
For rehabilitation tax	21,341
Total	<u><u>\$ 452,215</u></u>

#### **Note 18. 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, 2022 provided \$302,540 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, 2022. 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, 2022. The participating governments do not have any equity interest in the joint venture, so no equity interest has

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

been reflected in the financial statements at June 30, 2022. Complete financial statements for the Airport can be obtained from Lincoln County's administrative offices at PO Box 738, Lincolnton, NC 28093.

### **Note 19. Jointly Governed Organization**

The County, in conjunction with seven other counties and 50 municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of \$20,858 to the Council during the fiscal year ended June 30, 2022.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$269,499 for operations for the year ended June 30, 2022.

The County's Board of Commissioners appoints one of the Lake Norman Marine Commission Board of Directors. The County provided funding of \$35,000 for the year ended June 30, 2022.

### **Note 20. Subsequent Event**

In October, 2022 the County settled a lawsuit with several builders in the area who alleged that the County improperly charged Water and Sewer Capacity fees before 2018. While the County denies any wrongdoing, the County, in conjunction with legal advice, agreed to settle the lawsuit for \$2,000,000. This amount will be reflected in the FY 2023 ACFR.

The County entered into two State Revolving Fund loans after June 30, 2022. \$14,000,000 was awarded for the expansion of the Killian Creek Wastewater Treatment Plant, and \$7,513,965 was awarded for constructing the Reepsville Road water line.

### **Note 21. Change in Accounting Principle**

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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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 Governmental 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 SIX FISCAL YEARS**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance of the total pension liability	\$ 4,561,498	\$ 2,716,033	\$ 2,265,319	\$ 2,320,148	\$ 2,102,988	\$ 2,030,142
Service cost	254,382	165,291	137,311	142,100	122,073	122,695
Interest on the total pension liability	86,979	86,821	80,809	72,123	79,548	71,269
Differences between expected and actual experience in the measurement of the total pension liability	(420,880)	426,784	239,370	(100,372)	(58,864)	-
Changes of assumptions or other inputs	(117,717)	1,272,201	83,810	(93,140)	158,714	(53,489)
Benefit payments	(109,642)	(105,632)	(90,586)	(75,540)	(84,311)	(67,629)
<b>Ending balance of the total pension liability</b>	<b>\$ 4,254,620</b>	<b>\$ 4,561,498</b>	<b>\$ 2,716,033</b>	<b>\$ 2,265,319</b>	<b>\$ 2,320,148</b>	<b>\$ 2,102,988</b>
Covered employee payroll	\$ 6,592,637	\$ 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	64.54%	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 NINE FISCAL YEARS<sup>\*\*</sup>**

	Local Governmental Employees' Retirement System						
	2022	2021	2020	2019	2018	2017	2016
County's proportion of the net pension liability (asset) (%)	0.51956%	0.53182%	0.50284%	0.48901%	0.48765%	0.47918%	0.48338%
County's proportionate share of the net pension liability (asset) (\$)	\$ 7,967,951	\$ 19,004,194	\$ 13,732,168	\$ 11,600,990	\$ 7,449,941	\$ 10,169,807	\$ 2,169,381
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
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.20%	52.22%	40.14%	37.78%	25.76%	35.84%	8.23%
Plan fiduciary net position as a percentage of the total pension liability <sup>**</sup>	95.51%	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 NINE FISCAL YEARS**

Local Governmental Employees' Retirement System									
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,972,393	\$ 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	4,972,393	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)	\$ <u>  </u> <u>  </u>								
County's covered payroll	\$43,515,964	\$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	11.43%	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 NINE FISCAL YEARS\*

	Register of Deeds' Supplemental Pension Fund							
	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) (%)	1.02566%	0.95985%	0.81840%	0.95402%	0.92902%	0.89590%	0.84183%	0.80800%
County's proportionate share of the net pension liability (asset) (\$)	\$(197,060)	\$ (219,978)	\$ (161,569)	\$ (158,014)	\$ (158,574)	\$ (167,497)	\$ (195,086)	\$ (183,245)
County's covered payroll	\$ 78,978	\$ 77,693	\$ 75,979	\$ 75,168	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-249.51%	-283.14%	-212.65%	-210.21%	-215.88%	-224.76%	-277.35%	-269.25%
Plan fiduciary net position as a percentage of the total pension liability**	156.53%	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 NINE FISCAL YEARS**

	Register of Deeds' Supplemental Pension Fund								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 11,430	\$ 12,309	\$ 9,191	\$ 7,779	\$ 8,164	\$ 8,072	\$ 7,320	\$ 6,736	\$ 6,601
Contributions in relation to the contractually required contribution	11,430	12,309	9,191	7,779	8,164	8,072	7,320	6,736	6,601
Contribution deficiency (excess)	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>
County's covered payroll	\$ 84,890	\$ 78,978	\$ 77,693	\$ 75,979	\$ 75,168	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058
Contributions as a percentage of covered payroll	13.46%	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 FIVE FISCAL YEARS\*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 64,126,575	\$ 55,722,570	\$ 50,470,936	\$ 51,200,087	\$ 54,218,205
Service cost	1,350,071	1,320,880	1,179,195	1,530,860	1,744,086
Interest on the total OPEB liability	1,405,728	1,969,263	1,929,361	1,799,667	1,611,903
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(4,788,884)	443,027	(260,403)	238,436
Changes of assumptions or other inputs	673,093	11,473,854	3,462,816	(2,492,541)	(5,269,369)
Benefit payments	(1,460,504)	(1,571,108)	(1,762,765)	(1,306,734)	(1,343,174)
Other changes	-	-	-	-	-
Ending balance of the total OPEB liability	<b>\$ 66,094,963</b>	<b>\$ 64,126,575</b>	<b>\$ 55,722,570</b>	<b>\$ 50,470,936</b>	<b>\$ 51,200,087</b>
Covered employee payroll	\$ 14,509,648	\$ 14,509,648	\$ 16,586,437	\$ 16,586,437	\$ 17,459,427
Total OPEB liability as a percentage of covered employee payroll	455.52%	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>
2022	2.16%
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**

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### **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.

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**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Ad Valorem Taxes</b>			
Current year		\$ 73,128,421	
Prior years		474,430	
Penalties and interest		403,464	
<b>Total</b>	<u>\$ 72,222,213</u>	<u>74,006,315</u>	<u>\$ 1,784,102</u>
<b>Local Option Sales Taxes:</b>			
Article 39 one percent		13,852,323	
Article 40 one-half of one percent		6,815,002	
Article 42 one-half of one percent		6,944,470	
Article 44 one-half of one percent		1,859,042	
Article 46 one-half of one percent		3,605,171	
Medicaid hold harmless		2,784,175	
<b>Total</b>	<u>26,913,133</u>	<u>35,860,183</u>	<u>8,947,050</u>
<b>Other Taxes and Licenses:</b>			
Real estate transfer tax		2,552,594	
Local occupancy tax and car rental tax		340,916	
Utility franchise tax		197,350	
<b>Total</b>	<u>2,405,000</u>	<u>3,090,860</u>	<u>685,860</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Beer and wine tax		310,000	
<b>Total</b>	<u>310,000</u>	<u>301,712</u>	<u>(8,288)</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal and State grants		12,602,775	
Court facilities fees		97,161	
ABC revenue		502,543	
Local/Other		1,176,799	
<b>Total</b>	<u>12,850,006</u>	<u>14,379,278</u>	<u>1,529,272</u>
<b>Permits and Fees:</b>			
Planning and Building permits		2,446,097	
Concealed carry permits		202,666	
Fire marshal		41,419	
Register of Deeds		709,463	
Environmental health		441,999	
Other permits and fees		5,422	
<b>Total</b>	<u>3,272,126</u>	<u>3,847,066</u>	<u>574,940</u>
<b>Sales and Services:</b>			
Rents, concessions, and fees		330,586	
Emergency medical services		4,368,099	
Animal control		53,023	
Sheriff department		310,022	
Transportation services		421,705	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Human services		651,277	
Other sales and services		415,080	
<b>Total</b>	<b>5,891,990</b>	<b>6,549,792</b>	<b>657,802</b>
<b>Miscellaneous:</b>			
Sale of property		224,324	
Contributions		200,100	
Indirect fees		812,772	
Other		426,273	
<b>Total</b>	<b>1,196,941</b>	<b>1,663,469</b>	<b>466,528</b>
<b>Investment Earnings</b>			
<b>Total revenues</b>	<b>100,000</b>	<b>(51,077)</b>	<b>(151,077)</b>
	<b>125,161,409</b>	<b>139,647,598</b>	<b>14,486,189</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits		176,753	
Other operating expenditures		243,616	
<b>Total</b>	<b>420,369</b>		
<b>County Manager:</b>			
Salaries and employee benefits		436,146	
Other operating expenditures		32,246	
Capital outlay		26,226	
Reimbursement - special revenue funds		(2,977)	
<b>Total</b>	<b>491,641</b>		
<b>Human Resources:</b>			
Salaries and employee benefits		445,317	
Other operating expenditures		65,024	
Capital outlay		11,724	
Reimbursement - special revenue funds		(9,823)	
<b>Total</b>	<b>512,242</b>		
<b>Finance:</b>			
Salaries and employee benefits		1,054,815	
Other operating expenditures		133,895	
Capital outlay		56,102	
Reimbursement - special revenue funds		(27,386)	
<b>Total</b>	<b>1,217,426</b>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Information Technology:</b>			
Salaries and employee benefits	969,514		
Other operating expenditures	370,315		
Capital outlay	265,203		
Reimbursement - special revenue funds	(21,135)		
Total	<u>1,583,897</u>		
<b>Safety and Training:</b>			
Other operating expenditures	<u>43,213</u>		
<b>Taxes:</b>			
Salaries and employee benefits	2,161,405		
Other operating expenditures	667,636		
Capital outlay	6,176		
Reimbursement - special revenue funds	(83,646)		
Total	<u>2,751,571</u>		
<b>Legal:</b>			
Salaries and employee benefits	126,443		
Other operating expenditures	46,109		
Capital outlay	2,389		
Total	<u>174,941</u>		
<b>Elections:</b>			
Salaries and employee benefits	401,333		
Other operating expenditures	124,793		
Capital outlay	103,916		
Reimbursement - special revenue funds	(13,253)		
Total	<u>616,789</u>		
<b>Register of Deeds:</b>			
Salaries and employee benefits	634,600		
Other operating expenditures	1,457,978		
Capital outlay	16,078		
Reimbursement - special revenue funds	(21,241)		
Total	<u>2,087,415</u>		
<b>Central Services:</b>			
Other operating expenditures	<u>1,079,538</u>		
<b>Facilities Management:</b>			
Salaries and employee benefits	2,298,370		
Other operating expenditures	1,351,284		
Capital outlay	1,571,305		
Reimbursement - special revenue funds	(96,447)		
Total	<u>5,124,512</u>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>District Court:</b>			
Other operating expenditures		56,438	
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures		204,549	
<b>Total general government</b>	<b>18,584,475</b>	<b>16,364,541</b>	<b>2,219,934</b>
<b>Public Safety:</b>			
<b>Sheriff Department:</b>			
Salaries and employee benefits		12,097,716	
Other operating expenditures		2,170,595	
Capital outlay		1,733,912	
Reimbursement - special revenue funds		(382,578)	
<b>Total</b>	<b>15,619,645</b>		
<b>Communications:</b>			
Salaries and employee benefits		1,580,182	
Other operating expenditures		372,011	
Capital outlay		153,429	
Reimbursement - special revenue funds		(50,079)	
<b>Total</b>	<b>2,055,543</b>		
<b>Jail:</b>			
Salaries and employee benefits		3,114,528	
Other operating expenditures		1,220,077	
Capital outlay		77,974	
Reimbursement - special revenue funds		(102,524)	
<b>Total</b>	<b>4,310,055</b>		
<b>Jail Commissary:</b>			
Other operating expenditures		102,268	
Capital outlay		5,129	
<b>Total</b>	<b>107,397</b>		
<b>Emergency Management:</b>			
Salaries and employee benefits		245,339	
Other operating expenditures		99,807	
Capital outlay		33,918	
Reimbursement - special revenue funds		(8,930)	
<b>Total</b>	<b>370,134</b>		
<b>Emergency Medical Services:</b>			
Salaries and employee benefits		6,846,721	
Other operating expenditures		1,357,205	
Capital outlay		710,021	
Reimbursement - special revenue funds		(240,785)	
<b>Total</b>	<b>8,673,162</b>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Medical Examiner:</b>			
Other operating expenditures		63,024	
<b>Fire Marshal:</b>			
Salaries and employee benefits	410,858		
Other operating expenditures	92,613		
Capital outlay	11,839		
Reimbursement - special revenue funds	(8,930)		
Total	506,380		
<b>Assistance to Local Volunteer Fire Departments:</b>			
Salaries and employee benefits	139,125		
Other operating expenditures	65,828		
Total	204,953		
<b>Inspections:</b>			
Salaries and employee benefits	1,433,122		
Other operating expenditures	393,457		
Reimbursement - special revenue funds	(44,354)		
Total	1,782,225		
<b>Animal Services:</b>			
Salaries and employee benefits	1,456,987		
Other operating expenditures	554,326		
Capital outlay	85,316		
Reimbursement - special revenue funds	(48,819)		
Total	2,047,810		
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures		61,840	
<b>Total public safety</b>	37,760,251	35,802,168	1,958,083
<b>Transportation:</b>			
<b>Transportation Lincoln County:</b>			
Salaries and employee benefits	1,117,227		
Other operating expenditures	374,975		
Reimbursement - special revenue funds	(56,658)		
Total	1,435,544		
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures		104,400	
<b>Total transportation</b>	1,692,657	1,539,944	152,713

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Economic and Physical Development:</b>			
<b>Planning:</b>			
Salaries and employee benefits	668,339		
Other operating expenditures	198,238		
Capital outlay	4,880		
Reimbursement - special revenue funds	(19,647)		
Total	<u>851,810</u>		
<b>Soil and Water Conservation:</b>			
Salaries and employee benefits	192,622		
Other operating expenditures	15,572		
Reimbursement - special revenue funds	(5,358)		
Total	<u>202,836</u>		
<b>Natural Resources:</b>			
Salaries and employee benefits	226,653		
Other operating expenditures	17,480		
Capital outlay	1,304		
Reimbursement - special revenue funds	(6,847)		
Total	<u>238,590</u>		
<b>Economic Development Commission/Projects:</b>			
Other operating expenditures	<u>1,795,638</u>		
<b>Cooperative Extension:</b>			
Salaries and employee benefits	64,146		
Other operating expenditures	211,315		
Reimbursement - special revenue funds	(3,423)		
Total	<u>272,038</u>		
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures	<u>36,657</u>		
<b>Total economic and physical development</b>	<u>3,712,786</u>	<u>3,397,569</u>	<u>315,217</u>
<b>Culture and Recreation:</b>			
<b>Library:</b>			
Salaries and employee benefits	1,495,886		
Other operating expenditures	732,103		
Capital outlay	29,088		
Reimbursement - special revenue funds	(59,321)		
Total	<u>2,197,756</u>		
<b>Recreation:</b>			
Salaries and employee benefits	609,683		
Other operating expenditures	219,682		
Capital outlay	343,705		
Reimbursement - special revenue funds	(41,711)		
Total	<u>1,131,359</u>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures		235,812	
<b>Total culture and recreation</b>	<u>5,165,131</u>	<u>3,564,927</u>	<u>1,600,204</u>
<b>Education:</b>			
Public schools - current expense		21,001,352	
Public schools		5,965,985	
Community college - current expense		269,499	
Total		<u>27,236,836</u>	
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures		28,837	
<b>Total education</b>	<u>27,161,665</u>	<u>27,265,673</u>	<u>(104,008)</u>
<b>Human Services:</b>			
<b>Health Administration:</b>			
Salaries and employee benefits		1,304,564	
Other operating expenditures		192,251	
Reimbursement - special revenue funds		(139,270)	
Total		<u>1,357,545</u>	
<b>Immunization:</b>			
Salaries and employee benefits		91,259	
Other operating expenditures		34,534	
Reimbursement - special revenue funds		(10,371)	
Total		<u>115,422</u>	
<b>Adult Health:</b>			
Salaries and employee benefits		75,379	
Other operating expenditures		3,015	
Reimbursement - special revenue funds		(2,977)	
Total		<u>75,417</u>	
<b>BCCP - Health:</b>			
Salaries and employee benefits		38,810	
Other operating expenditures		18,108	
Total		<u>56,918</u>	
<b>Communicable Disease:</b>			
Salaries and employee benefits		88,660	
Other operating expenditures		11,025	
Reimbursement - special revenue funds		(35,767)	
Total		<u>63,918</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Lab:</b>			
Salaries and employee benefits	141,543		
Other operating expenditures	26,405		
Reimbursement - special revenue funds	(9,111)		
Total	<u>158,837</u>		
<b>Contracted Services:</b>			
Salaries and employee benefits	598,662		
Other operating expenditures	16,690		
Reimbursement - special revenue funds	(83,110)		
Total	<u>532,242</u>		
<b>Health Promotion:</b>			
Salaries and employee benefits	20,753		
Other operating expenditures	2,110		
Total	<u>22,863</u>		
<b>Day Care:</b>			
Salaries and employee benefits	35,731		
Other operating expenditures	1,783		
Reimbursement - special revenue funds	35,844		
Total	<u>73,358</u>		
<b>Maternal Health:</b>			
Salaries and employee benefits	186,251		
Other operating expenditures	4,958		
Reimbursement - special revenue funds	(893)		
Total	<u>190,316</u>		
<b>Maternal Health Clinic:</b>			
Salaries and employee benefits	100,292		
Other operating expenditures	1,960		
Reimbursement - special revenue funds	(2,977)		
Total	<u>99,275</u>		
<b>Family Planning:</b>			
Salaries and employee benefits	131,758		
Other operating expenditures	46,366		
Reimbursement - special revenue funds	(20,366)		
Total	<u>157,758</u>		
<b>Child Health:</b>			
Salaries and employee benefits	122,208		
Other operating expenditures	2,582		
Reimbursement - special revenue funds	(5,478)		
Total	<u>119,312</u>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Child Service Coordination:</b>			
Salaries and employee benefits	173,955		
Other operating expenditures	3,966		
Reimbursement - special revenue funds	(5,954)		
Total	<u>171,967</u>		
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits	408,150		
Other operating expenditures	10,667		
Reimbursement - special revenue funds	(15,777)		
Total	<u>403,040</u>		
<b>School Health:</b>			
Salaries and employee benefits	1,075,948		
Other operating expenditures	16,154		
Capital outlay	1,613		
Reimbursement - special revenue funds	(225,340)		
Total	<u>868,375</u>		
<b>Peer Counselor:</b>			
Salaries and employee benefits	<u>24,533</u>		
<b>Public Health Preparedness:</b>			
Salaries and employee benefits	111,922		
Other operating expenditures	1,968		
Reimbursement - special revenue funds	(1,786)		
Total	<u>112,104</u>		
<b>Environmental Health:</b>			
Salaries and employee benefits	813,583		
Other operating expenditures	78,252		
Capital outlay	3,893		
Reimbursement - special revenue funds	(20,992)		
Total	<u>874,736</u>		
<b>Social Services Administration:</b>			
Salaries and employee benefits	1,541,732		
Other operating expenditures	534,340		
Capital outlay	75,851		
Reimbursement - special revenue funds	(53,891)		
Total	<u>2,098,032</u>		
<b>Children's Services:</b>			
Salaries and employee benefits	3,294,445		
Other operating expenditures	1,150,889		
Reimbursement - special revenue funds	(109,247)		
Total	<u>4,336,087</u>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Adolescent Parenting:</b>			
Other operating expenditures		83	
<b>Adult Services:</b>			
Salaries and employee benefits	1,030,104		
Other operating expenditures	325,710		
Reimbursement - special revenue funds	(32,744)		
Total	1,323,070		
<b>State In-Home Care:</b>			
Other operating expenditures		8,585	
<b>Office on Aging - HCCBG:</b>			
Other operating expenditures		221,758	
<b>Child Support Enforcement:</b>			
Salaries and employee benefits	693,247		
Other operating expenditures	17,790		
Reimbursement - special revenue funds	(26,791)		
Total	684,246		
<b>Guardianship</b>			
Other operating expenditures		39,676	
<b>Community Alternative Programs</b>			
Other operating expenditures		29,258	
<b>TANF Program:</b>			
Salaries and employee benefits	353,649		
Other operating expenditures	872		
Reimbursement - special revenue funds	(14,884)		
Total	339,637		
<b>Family Medicaid:</b>			
Salaries and employee benefits	1,142,848		
Other operating expenditures	912		
Reimbursement - special revenue funds	(23,516)		
Total	1,120,244		
<b>Adult Medicaid:</b>			
Salaries and employee benefits	1,221,110		
Other operating expenditures	14,654		
Reimbursement - special revenue funds	(39,293)		
Total	1,196,471		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Food and Nutrition:</b>			
Salaries and employee benefits	930,272		
Other operating expenditures	957,582		
Reimbursement - special revenue funds	(8,930)		
<b>Total</b>	<u>1,878,924</u>		
<b>Food and Nutrition - Fraud:</b>			
Salaries and employee benefits	76,401		
Other operating expenditures	83		
Reimbursement - special revenue funds	(2,977)		
<b>Total</b>	<u>73,507</u>		
<b>Assistance Programs:</b>			
SA Blind	<u>4,195</u>		
<b>Seniors' Health Insurance Information Program:</b>			
Other operating expenditures	<u>6,098</u>		
<b>Veterans Service Office:</b>			
Salaries and employee benefits	217,559		
Other operating expenditures	20,158		
Capital outlay	7,360		
Reimbursement - special revenue funds	(6,847)		
<b>Total</b>	<u>238,230</u>		
<b>Juvenile Crime Prevention Council:</b>			
Salaries and employee benefits	9,680		
Other operating expenditures	223,054		
Reimbursement - special revenue funds	(1,346)		
<b>Total</b>	<u>231,388</u>		
<b>Senior Services:</b>			
Salaries and employee benefits	345,857		
Other operating expenditures	314,906		
Capital outlay	8,700		
Reimbursement - special revenue funds	(11,907)		
<b>Total</b>	<u>657,556</u>		
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures	<u>332,540</u>		
<b>Total human services</b>	<u>22,339,890</u>	<u>20,297,521</u>	<u>2,042,369</u>
<b>Debt Service:</b>			
Principal retirement	14,043,213		
Interest and fees	3,037,533		
<b>Total debt service</b>	<u>17,719,897</u>	<u>17,080,746</u>	<u>639,151</u>
<b>Total expenditures</b>	<u>134,136,752</u>	<u>125,313,089</u>	<u>8,823,663</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues over (under) expenditures</b>	<b>(8,975,343)</b>	<b>14,334,509</b>	<b>23,309,852</b>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	140,000	140,000	-
Lease liabilities issued	-	668,865	668,865
Transfers from other funds:			
General Capital Projects Fund	192,500	192,500	-
School Capital Reserve Fund	800,000	800,000	-
Transfers to other funds:			
General Capital Projects Fund	(4,118,068)	(4,118,068)	-
Special Grants Fund	(1,434,786)	(1,434,786)	-
Capital Reserve Fund	(8,484,852)	(8,484,852)	-
Fund balance appropriated	21,880,549	-	(21,880,549)
<b>Total other financing sources (uses)</b>	<b>8,975,343</b>	<b>(12,236,341)</b>	<b>(21,211,684)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>2,098,168</b>	<b>\$ 2,098,168</b>
<b>Fund Balance, beginning</b>		<b>54,579,832</b>	
<b>Fund Balance, ending</b>		<b>\$ 56,678,000</b>	

## **GOVERNMENTAL ACTIVITIES OTHER MAJOR FUNDS**

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### **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.

### **SPECIAL REVENUE FUNDS**

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

*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.

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## 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, 2022**

	<b>Actual</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Restricted intergovernmental					
Federal and State grants	\$ 43,447	\$ 43,447	\$ -	\$ -	\$ 43,447
Investment earnings	-	134,091	635	-	134,726
Total revenues	<u>43,447</u>	<u>177,538</u>	<u>635</u>	<u>-</u>	<u>178,173</u>
<b>Expenditures:</b>					
Capital outlay					
Probation/Veterans Building	2,375,000	1,600	2,375,094	-	2,376,694
Communications System	2,960,723	-	1,083,422	-	1,083,422
Trail Planning	400,000	-	-	-	-
Emergency Services Facility	19,500,000	617,358	4,220,005	-	4,837,363
Animal Services Expansion	1,134,325	171,682	147,763	-	319,445
Courthouse	39,367,345	20,540,028	13,828,213	-	34,368,241
Greenways	43,447	10,397	-	-	10,397
West Lincoln Passive Park	1,845,400	67,402	808,817	-	876,219
Total expenditures	<u>67,626,240</u>	<u>21,408,467</u>	<u>22,463,314</u>	<u>-</u>	<u>43,871,781</u>
Revenues over (under) expenditures	<u>(67,582,793)</u>	<u>(21,230,929)</u>	<u>(22,462,679)</u>	<u>-</u>	<u>(43,693,608)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	55,750,000	36,250,000	19,500,000	-	55,750,000
Transfer from General Fund	12,090,968	7,972,900	4,118,068	192,500	11,898,468
Transfer to General Fund	(258,175)	(65,675)	(192,500)	(192,500)	(65,675)
Total other financing sources (uses)	<u>67,582,793</u>	<u>44,157,225</u>	<u>23,425,568</u>	<u>-</u>	<u>67,582,793</u>
Net change in fund balance	<u>\$ -</u>	<u>\$22,926,296</u>	<u>962,889</u>	<u>\$ -</u>	<u>\$ 23,889,185</u>
<b>Fund Balance, beginning</b>			<u>22,926,296</u>		
<b>Fund Balance, ending</b>			<u>\$ 23,889,185</u>		

**LINCOLN COUNTY, NORTH CAROLINA**

**MAJOR 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, 2022**

	<b>Actual</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Restricted intergovernmental revenue					
Federal and State grants	\$ 17,175,154	\$ 1,066,281	\$ 3,415,912	\$ 3,307,999	\$ 1,174,194
Local	-	-	39,850	-	39,850
Sales and Service - Fees	-	-	54,267	-	54,267
Contributions	239,397	216,799	-	216,799	-
Investment earnings	-	224	(11,428)	-	(11,204)
Total revenues	<u>17,414,551</u>	<u>1,283,304</u>	<u>3,498,601</u>	<u>3,524,798</u>	<u>1,257,107</u>
<b>Expenditures:</b>					
General government					
ARPA Premium Pay	2,105,718	-	2,105,718	2,105,718	-
Interactive Voice Response System	140,000	-	10,073	-	10,073
Register of Deeds Automation	114,123	91,000	17,532	108,532	-
HVAC Upgrades	3,500,000	-	-	-	-
Old Courthouse Renovation	4,500,000	-	86,600	-	86,600
Public safety					
SCIF Sheriff Equipment	200,000	-	84,357	-	84,357
Sheriff Body Scanner	140,000	-	139,000	139,000	-
Petco grant	175,000	174,922	78	175,000	-
Best Friends grant	40,000	32,895	7,105	40,000	-
SAMHSA grant	199,946	-	98,415	-	98,415
HRSA Provider Relief Fund	663,656	-	144,402	-	144,402
Transportation					
Transportation Lincoln County vehicles	1,633,912	1,031,011	12,650	1,031,011	12,650
Airport Authority	538,109	84,170	-	84,170	-
Catawba Springs Traffic	369,335	-	4,500	-	4,500
St. James Traffic	268,825	-	7,100	-	7,100
Charter School Traffic	417,000	-	-	-	-
Economic and physical development					
NCHFA grant	181,100	-	1,350	-	1,350
Essential Single Family Rehab	190,000	-	-	-	-
Culture and recreation					
Beyond the Book	55,202	55,202	-	55,202	-
SLNC CARES	30,005	27,458	2,287	-	29,745
LSTA STEM Vehicle	125,000	-	-	-	-
ALA Humanities grant	10,000	-	9,514	-	9,514
LSTA Laundromat Book grant	5,000	-	5,000	5,000	-
SLNC Adapting Technology grant	40,000	-	40,000	40,000	-
LSTA Strategic Planning	19,190	-	19,177	19,177	-
SCIF Rescue Park Soccer	1,100,000	-	-	-	-
Human services					
AA716	143,184	-	8,584	-	8,584
AA543	869,762	-	661,315	-	661,315
AA361	115,000	-	-	-	-

**LINCOLN COUNTY, NORTH CAROLINA**

**MAJOR 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, 2022**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
School Health Staffing	1,260,195	-	12,846	-	12,846
MIPPA grants	9,793	-	1,194	1,194	-
Partners grants	24,397	1,799	-	1,799	-
SCIF Senior Services	20,000	-	20,000	20,000	-
ARPA Senior Services	148,083	-	16,010	-	16,010
<b>Total expenditures</b>	<b>19,351,535</b>	<b>1,498,457</b>	<b>3,514,807</b>	<b>3,825,803</b>	<b>1,187,461</b>
Revenues over (under) expenditures	(1,936,984)	(215,153)	(16,206)	(301,005)	69,646
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds					
General Fund	1,936,984	496,098	1,434,786	301,005	1,629,879
Net change in fund balance	\$ -	\$ 280,945	1,418,580	\$ -	\$ 1,699,525
<b>Fund Balance, beginning</b>			280,945		
<b>Fund Balance, ending</b>			<b>\$ 1,699,525</b>		

## **GOVERNMENTAL ACTIVITIES NONMAJOR FUNDS**

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### **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.

### **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.

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**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Special Revenue Funds</b>				
	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>	<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>	<b>Representative Payee Fund</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 277,647	\$ 20,601	\$ 200,599	\$ 387,695	\$ 144,648
Taxes receivable, net	59,803	-	-	-	-
Accounts receivable, net	-	3	27	52	-
Due from other governments	115,057	3,127	41	37,610	4,642
Cash and cash equivalents, restricted	-	-	-	-	-
<b>Total assets</b>	<b>\$ 452,507</b>	<b>\$ 23,731</b>	<b>\$ 200,667</b>	<b>\$ 425,357</b>	<b>\$ 149,290</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 392,704	\$ 1,237	\$ 673	\$ 1,017	\$ 10,178
Liabilities to be paid from restricted assets:					
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>392,704</b>	<b>1,237</b>	<b>673</b>	<b>1,017</b>	<b>10,178</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable taxes	<b>59,803</b>	-	-	-	-
<b>Fund Balances:</b>					
Restricted:					
Stabilization by State statute	115,057	3,130	11,167	37,662	4,642
Public safety	-	19,364	188,827	386,678	-
Human Services	-	-	-	-	134,470
Committed:					
Future capital projects	-	-	-	-	-
Unassigned	<b>(115,057)</b>	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>22,494</b>	<b>199,994</b>	<b>424,340</b>	<b>139,112</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 452,507</b>	<b>\$ 23,731</b>	<b>\$ 200,667</b>	<b>\$ 425,357</b>	<b>\$ 149,290</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Special Revenue Funds		Capital Project Funds		<b>Total Nonmajor Governmental Funds</b>	
	<b>Opioid Settlement Fund</b>	School Capital Reserve Fund		<b>Capital Reserve Fund</b>		
<b>Assets:</b>						
Cash and cash equivalents	\$ -	\$ 1,740,619	\$ 14,025,980	\$ 16,797,789		
Taxes receivable, net	-	-	-	-	59,803	
Accounts receivable, net	-	233	1,880		2,195	
Due from other governments	-	-	-	-	160,477	
Cash and cash equivalents, restricted	229,325	-	-	-	229,325	
<b>Total assets</b>	<b>\$ 229,325</b>	<b>\$ 1,740,852</b>	<b>\$ 14,027,860</b>	<b>\$ 17,249,589</b>		
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 405,809	
Liabilities to be paid from restricted assets:						
Unearned revenue	229,325	-	-	-	229,325	
<b>Total liabilities</b>	<b>229,325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>635,134</b>	
<b>Deferred Inflows of Resources:</b>						
Unavailable taxes	-	-	-	-	59,803	
<b>Fund Balances:</b>						
Restricted:						
Stabilization by State statute	-	233	1,880		173,771	
Public safety	-	-	-	-	594,869	
Human Services	-	-	-	-	134,470	
Committed:						
Future capital projects	-	1,740,619	14,025,980		15,766,599	
Unassigned	-	-	-	-	(115,057)	
<b>Total fund balances</b>	<b>-</b>	<b>1,740,852</b>	<b>14,027,860</b>	<b></b>	<b>16,554,652</b>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 229,325</b>	<b>\$ 1,740,852</b>	<b>\$ 14,027,860</b>	<b>\$ 17,249,589</b>		

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Special Revenue Funds</b>				
	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>	<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>	<b>Representative Payee Fund</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ 12,218,718	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenue	-	14,065	158,245	200,924	229,493
Investment earnings	-	(18)	(263)	(447)	-
<b>Total revenues</b>	<b>12,218,718</b>	<b>14,047</b>	<b>157,982</b>	<b>200,477</b>	<b>229,493</b>
<b>Expenditures:</b>					
Current:					
Public safety	12,218,718	44,389	9,544	241,672	-
Human services	-	-	-	-	215,902
<b>Total expenditures</b>	<b>12,218,718</b>	<b>44,389</b>	<b>9,544</b>	<b>241,672</b>	<b>215,902</b>
Revenues over (under) expenditures	-	(30,342)	148,438	(41,195)	13,591
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	(30,342)	148,438	(41,195)	13,591
<b>Fund balances, beginning</b>	<b>-</b>	<b>52,836</b>	<b>51,556</b>	<b>465,535</b>	<b>125,521</b>
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ 22,494</b>	<b>\$ 199,994</b>	<b>\$ 424,340</b>	<b>\$ 139,112</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Capital Project Funds</b>		
	<b>School Capital Reserve Fund</b>	<b>Capital Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 12,218,718
Restricted intergovernmental revenue	779,160	-	1,381,887
Investment earnings	(1,866)	(18,559)	(21,153)
<b>Total revenues</b>	<b>777,294</b>	<b>(18,559)</b>	<b>13,579,452</b>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	12,514,323
Human services	-	-	215,902
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>12,730,225</b>
Revenues over (under) expenditures	<b>777,294</b>	<b>(18,559)</b>	<b>849,227</b>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	-	8,484,852	8,484,852
Transfers to other funds	(800,000)	-	(800,000)
<b>Total other financing sources (uses)</b>	<b>(800,000)</b>	<b>8,484,852</b>	<b>7,684,852</b>
Net change in fund balances	(22,706)	8,466,293	8,534,079
<b>Fund balances, beginning</b>	<b>1,763,558</b>	<b>5,561,567</b>	<b>8,020,573</b>
<b>Fund balances, ending</b>	<b>\$ 1,740,852</b>	<b>\$ 14,027,860</b>	<b>\$ 16,554,652</b>

## 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, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 12,256,012	\$ 12,218,718	\$ (37,294)
<b>Expenditures:</b>			
Alexis Fire District	485,406	488,369	(2,963)
Boger City Fire District	999,000	1,005,872	(6,872)
Crouse Fire District	180,923	181,938	(1,015)
Denver Fire District	3,180,674	3,147,539	33,135
East Lincoln Fire District	4,166,745	4,160,327	6,418
Howard's Creek Fire District	430,659	427,211	3,448
North 321 Fire District	691,890	687,130	4,760
North Brook Fire District	417,268	414,925	2,343
Pumpkin Center Fire District	787,373	792,682	(5,309)
South Fork Fire District	493,625	491,510	2,115
Union Fire District	422,449	421,215	1,234
Total expenditures	<u>12,256,012</u>	<u>12,218,718</u>	<u>37,294</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance, beginning</b>			
<b>Fund Balance, ending</b>			

## 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, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Restricted intergovernmental			
Federal	\$ -	\$ 14,065	\$ 14,065
Investment earnings	-	(18)	(18)
Total revenues	<u>-</u>	<u>14,047</u>	<u>14,047</u>
<b>Expenditures:</b>			
Public safety			
Other operating expenditures	<u>44,534</u>	<u>44,389</u>	<u>145</u>
Revenues over (under) expenditures	(44,534)	(30,342)	14,192
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>44,534</u>	<u>-</u>	<u>(44,534)</u>
Net change in fund balance	<u>\$ -</u>	<u>(30,342)</u>	<u>\$ (30,342)</u>
<b>Fund Balance, beginning</b>		<u>52,836</u>	
<b>Fund Balance, ending</b>	<u>\$ 22,494</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, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted intergovernmental revenue			
Federal	\$ -	\$ 158,245	\$ 158,245
Investment earnings	-	(263)	(263)
Total revenues	<u>-</u>	<u>157,982</u>	<u>157,982</u>
<b>Expenditures:</b>			
Public Safety:			
Other operating expenditures		1,630	
Capital outlay		7,914	
Total expenditures	<u>29,200</u>	<u>9,544</u>	<u>19,656</u>
Revenues over (under) expenditures	(29,200)	148,438	177,638
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>29,200</u>	<u>-</u>	<u>(29,200)</u>
Net change in fund balance	<u>\$ -</u>	<u>148,438</u>	<u>\$ 148,438</u>
<b>Fund Balance, beginning</b>		<u>51,556</u>	
<b>Fund Balance, ending</b>		<u>\$ 199,994</u>	

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEMS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted Intergovernmental:			
North Carolina 911 funds	\$ 193,300	\$ 200,924	\$ 7,624
Investment earnings	-	(447)	(447)
Total revenues	<u>193,300</u>	<u>200,477</u>	<u>7,177</u>
<b>Expenditures:</b>			
Public Safety:			
Other operating expenditures		231,608	
Capital outlay		10,064	
Total expenditures	<u>250,000</u>	<u>241,672</u>	<u>8,328</u>
Revenues over (under) expenditures	(56,700)	(41,195)	15,505
<b>Other Financing Sources:</b>			
Fund balance appropriated	<u>56,700</u>	<u>-</u>	<u>(56,700)</u>
Net change in fund balance	<u>\$ -</u>	<u>(41,195)</u>	<u>\$ (41,195)</u>
<b>Fund Balance, beginning</b>		<u>465,535</u>	
<b>Fund Balance, ending</b>		<u>\$ 424,340</u>	

**LINCOLN COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEMS FUND UNSPENT BALANCE  
PSAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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	\$ (41,195)
Ineligible 911 expenditures reported in the Emergency Telephone System Fund	52
Total PSAP revenues and expenditures	<u>(41,143)</u>
Beginning balance, PSAP Revenue - Expenditure Report	<u>583,719</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 542,576</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, 2022**

	<b>Authorized Budget</b>	<b>Actual</b>		
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Restricted intergovernmental revenue	\$ 500,000	\$ 381,712	\$ 229,493	\$ 611,205
<b>Expenditures:</b>				
Human services				
Payments made for the behalf of beneficiaries	500,000	256,191	215,902	472,093
Net change in fund balance	\$ -	\$ 125,521	13,591	\$ 139,112
<b>Fund Balance, beginning</b>			<u>125,521</u>	
<b>Fund Balance, ending</b>			<u>\$ 139,112</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**CAPITAL PROJECT - SCHOOL CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Restricted Intergovernmental:			
Lottery proceeds	\$ 800,000	\$ 779,160	\$ (20,840)
Investment earnings	-	(1,866)	(1,866)
Total revenues	<u>800,000</u>	<u>777,294</u>	<u>(22,706)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds			
General Fund	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(22,706)</u>	<u>\$ (22,706)</u>
<b>Fund Balance, beginning</b>		<u>1,763,558</u>	
<b>Fund Balance, ending</b>		<u>\$ 1,740,852</u>	

**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, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ (18,559)	\$ (18,559)
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds			
General Fund	8,484,852	8,484,852	-
Reserve	(8,484,852)	-	8,484,852
Total other financing sources (uses)	<u>-</u>	<u>8,484,852</u>	<u>8,484,852</u>
Net change in fund balance	<u>\$ -</u>	<u>8,466,293</u>	<u>\$ 8,466,293</u>
<b>Fund Balance, beginning</b>		<u>5,561,567</u>	
<b>Fund Balance, ending</b>		<u>\$ 14,027,860</u>	

## BUSINESS-TYPE ACTIVITIES

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### 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.

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**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, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Water and sewer charges/fees	\$ 17,365,281		
Water and sewer taps	333,186		
Other operating revenues	1,096,823		
Total operating revenues	<u>\$ 12,918,834</u>	<u>18,795,290</u>	<u>\$ 5,876,456</u>
<b>Non-Operating Revenues:</b>			
Ad valorem taxes	338		
Investment income	(34,447)		
Total non-operating revenues	<u>75,010</u>	<u>(34,109)</u>	<u>(109,119)</u>
Total revenues	<u>12,993,844</u>	<u>18,761,181</u>	<u>5,767,337</u>
<b>Expenditures:</b>			
<b>Water System:</b>			
Salaries and employee benefits	1,690,064		
Other operating costs	2,464,787		
Capital outlay	65,065		
Reimbursement - special revenue funds	(81,265)		
Total water system	<u>4,138,651</u>		
<b>Sewer System:</b>			
Salaries and employee benefits	784,877		
Other operating costs	1,144,364		
Capital outlay	87,248		
Total sewer system	<u>2,016,489</u>		
<b>Indian Creek Water:</b>			
Other operating costs	<u>5,272</u>		
<b>Water Treatment Plant:</b>			
Salaries and employee benefits	830,937		
Other operating costs	561,122		
Capital outlay	3,183		
Reimbursement - special revenue funds	(29,470)		
Total water treatment plant	<u>1,365,772</u>		
<b>Wastewater Treatment Plant - Killian Creek:</b>			
Salaries and employee benefits	554,838		
Other operating costs	747,132		
Reimbursement - special revenue funds	(20,540)		
Total wastewater treatment - Killian Creek	<u>1,281,430</u>		
Total environmental protection	<u>9,707,637</u>	<u>8,807,614</u>	<u>900,023</u>

**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, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Debt Service:</b>			
Principal		1,851,408	
Interest		1,737,050	
Total debt service	<u>3,604,271</u>	<u>3,588,458</u>	<u>15,813</u>
Total expenditures	<u>13,311,908</u>	<u>12,396,072</u>	<u>915,836</u>
Revenues over (under) expenditures	<u>(318,064)</u>	<u>6,365,109</u>	<u>6,683,173</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds:			
Water and Sewer Capital Projects Fund	2,385,451	2,385,451	-
Transfers to other funds:			
Water and Sewer Capital Projects Fund	(5,130,000)	(5,130,000)	-
Fund balance appropriated	3,062,613	-	(3,062,613)
Total other financing sources (uses)	<u>318,064</u>	<u>(2,744,549)</u>	<u>(3,062,613)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,620,560</u>	<u>\$ 3,620,560</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 3,620,560</u>	
<b>Reconciling items:</b>			
Debt principal		1,851,408	
Capital outlay capitalized		145,751	
Water and Sewer Capital Fund activity:			
Interest income		1,294	
Intrafund transfers		2,744,549	
Capital contributions		2,649,817	
Depreciation		(3,881,092)	
Amortization of deferred debt premiums		269,321	
Amortization of deferred charges of debt issuances		(12,422)	
(Loss) on disposal of capital assets		(9,893)	
Increase in deferred outflows of resources - pensions		122,283	
Decrease in net pension liability		662,175	
(Increase) in deferred inflows of resources - pensions		(696,234)	
(Decrease) in deferred outflows of resources - OPEB		(58,703)	
(Increase) in total OPEB liability		(118,103)	
Decrease in deferred inflows of resources - OPEB		122,936	
(Increase) in compensated absences		(23,526)	
Decrease in accrued interest payable		33,619	
Total reconciling items		<u>3,803,180</u>	
Change in net position		<u>\$ 7,423,740</u>	

## 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, 2022**

	<b>Actual</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Investment earnings	\$ 3,573	\$ 410,953	\$ 1,294	\$ 3,571	\$ 408,676
<b>Expenditures:</b>					
Capital outlay					
NC 16 Waterline Phase II	2,399,999	644,492	-	-	644,492
St James/Kidville Waterline	1,200,000	29,747	-	-	29,747
NC 16 Waterline Phase III	-	-	-	-	-
Water Transmission Line	6,100,000	175,724	-	-	175,724
NC 16 Waterline	1,002,900	-	-	-	-
Airlie Parkway Waterline	197,100	154,880	11,070	-	165,950
Water Plant Expansion	14,677,658	12,341,722	120,557	-	12,462,279
Highway 73 Waterline	7,542,820	7,542,818	-	7,542,818	-
Reepsville Road Waterline	8,063,965	604,678	5,794,751	-	6,399,429
Hovis Road Sewer Rework	127,574	127,574	-	127,574	-
Pump Station 7 Rehab	500,000	9,312	338,857	-	348,169
Pump Station 29 Rehab	730,000	-	-	-	-
Wastewater Treatment Plant Expansion	35,886,500	8,732,052	15,529,374	-	24,261,426
Capital outlay	<u>78,428,516</u>	<u>30,362,999</u>	<u>21,794,609</u>	<u>7,670,392</u>	<u>44,487,216</u>
Revenues over (under) expenditures	<u>(78,424,943)</u>	<u>(29,952,046)</u>	<u>(21,793,315)</u>	<u>(7,666,821)</u>	<u>(44,078,540)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	64,490,571	36,504,100	4,465,721	7,934,100	33,035,721
Premium on long-term debt issued	633,638	3,518,873	-	-	3,518,873
Discount on long-term debt issued	(100,981)	(100,981)	-	-	(100,981)
Transfers from other funds:					
Water and Sewer Fund	15,984,266	10,854,267	5,130,000	2,118,172	13,866,095
Transfers to other funds:					
Water and Sewer Fund	(2,582,551)	(197,100)	(2,385,451)	(2,385,451)	(197,100)
Total other financing sources (uses)	<u>78,424,943</u>	<u>50,579,159</u>	<u>7,210,270</u>	<u>7,666,821</u>	<u>50,122,608</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 20,627,113</u>	<u>\$ (14,583,045)</u>	<u>\$ -</u>	<u>\$ 6,044,068</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, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Solid waste charges/tipping fees		\$ 852,800	
Availability fees		4,664,625	
Total operating revenues	<u>\$ 5,377,074</u>	<u>5,517,425</u>	<u>\$ 140,351</u>
<b>Non-Operating Revenues:</b>			
White goods disposal tax		33,323	
Tire disposal tax		145,747	
Franchise fees		48,342	
Solid waste disposal tax		76,271	
NC electronics management fund distribution		14,670	
Proceeds from sale of capital assets		47,300	
Contributions		2,000	
Investment earnings		(13,301)	
Total non-operating revenues	<u>2,297,800</u>	<u>354,352</u>	<u>(1,943,448)</u>
Total revenues	<u>7,674,874</u>	<u>5,871,777</u>	<u>(1,803,097)</u>
<b>Expenditures:</b>			
<b>Landfill Operations:</b>			
Salaries and employee benefits		2,494,944	
Other operating costs		1,592,310	
Capital outlay		838,185	
Reimbursement - special revenue funds		(119,179)	
Total Landfill Operations	<u>7,024,130</u>	<u>4,806,260</u>	<u>2,217,870</u>
<b>Debt Service:</b>			
Principal		488,091	
Interest		94,442	
Total Debt Service	<u>862,534</u>	<u>582,533</u>	<u>280,001</u>
Total expenditures	<u>7,886,664</u>	<u>5,388,793</u>	<u>2,497,871</u>
Revenues over (under) expenditures	<u>(211,790)</u>	<u>482,984</u>	<u>694,774</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>211,790</u>	<u>-</u>	<u>(211,790)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 482,984</u>	<u>\$ 482,984</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, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 482,984</u>	
<b>Reconciling items:</b>			
Debt principal	488,091		
Capital outlay capitalized	838,185		
Depreciation	(1,088,054)		
(Loss) on disposal of capital assets	(19,464)		
(Decrease) in deferred outflows of resources - pensions	(46,396)		
Decrease in net pension liability	521,129		
(Increase) in deferred inflows of resources - pensions	(347,704)		
(Decrease) in deferred outflows of resources - OPEB	(39,135)		
(Increase) in total OPEB liability	(78,736)		
Decrease in deferred inflows of resources - OPEB	81,957		
(Increase) in compensated absences	(7,824)		
Decrease in accrued interest payable	3,872		
(Increase) in landfill closure and post-closure costs	(231,084)		
Total reconciling items	<u>74,837</u>		
Change in net position	<u>\$ 557,821</u>		

**LINCOLN COUNTY, NORTH CAROLINA****COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2022**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,312,344	\$ 1,454,095	\$ 3,766,439
Accounts receivable, net	594	195	789
Prepaid items	8,650	10,000	18,650
Total assets	<u>2,321,588</u>	<u>1,464,290</u>	<u>3,785,878</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	<u>2,724,762</u>	<u>187,996</u>	<u>2,912,758</u>
<b>Net Position:</b>			
Unrestricted	<u>(403,174)</u>	<u>1,276,294</u>	<u>873,120</u>
Total net position	<u>\$ (403,174)</u>	<u>\$ 1,276,294</u>	<u>\$ 873,120</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, 2022**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 8,283,994	\$ -	\$ 8,283,994
Contributions from employees	1,096,144	-	1,096,144
Workers' compensation premiums	-	915,117	915,117
Other contributions	75,594	-	75,594
Total operating revenues	<u>9,455,732</u>	<u>915,117</u>	<u>10,370,849</u>
<b>Operating Expenses:</b>			
Administration and consulting fees	1,574,487	114,682	1,689,169
Health and workers' compensation claims	9,044,568	364,916	9,409,484
Total operating expenses	<u>10,619,055</u>	<u>479,598</u>	<u>11,098,653</u>
Operating income (loss)	(1,163,323)	435,519	(727,804)
<b>Non-Operating Revenues:</b>			
Investment earnings	(2,176)	(1,523)	(3,699)
Change in net position	(1,165,499)	433,996	(731,503)
<b>Net position, beginning</b>	<u>762,325</u>	<u>842,298</u>	<u>1,604,623</u>
<b>Net position, ending</b>	<u>\$ (403,174)</u>	<u>\$ 1,276,294</u>	<u>\$ 873,120</u>

## LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 9,456,085	\$ 914,937	\$ 10,371,022
Cash paid for goods and services	(9,605,485)	(575,004)	(10,180,489)
Net cash provided (used) by operating activities	<u>(149,400)</u>	<u>339,933</u>	<u>190,533</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>(2,176)</u>	<u>(1,523)</u>	<u>(3,699)</u>
Net increase (decrease) in cash and cash equivalents	<u>(151,576)</u>	<u>338,410</u>	<u>186,834</u>
<b>Cash and cash equivalents - beginning</b>	<u>2,463,920</u>	<u>1,115,685</u>	<u>3,579,605</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 2,312,344</u>	<u>\$ 1,454,095</u>	<u>\$ 3,766,439</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income (loss)	<u>\$ (1,163,323)</u>	<u>\$ 435,519</u>	<u>\$ (727,804)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>			
(Increase) Decrease in receivables	353	(180)	173
Decrease in prepaid items	15,258	-	15,258
Increase (Decrease) in accounts payable	998,312	(95,406)	902,906
Total adjustments	<u>1,013,923</u>	<u>(95,586)</u>	<u>918,337</u>
Net cash provided (used) by operating activities	<u>\$ (149,400)</u>	<u>\$ 339,933</u>	<u>\$ 190,533</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, 2022**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 8,150,941	\$ 8,283,994	\$ 133,053
Contributions from employees	1,200,000	1,096,144	(103,856)
Other contributions	50,000	75,594	25,594
Total operating revenues	<u>9,400,941</u>	<u>9,455,732</u>	<u>54,791</u>
<b>Operating Expenditures:</b>			
Administration and consulting fees	1,564,300	1,574,487	(10,187)
Health claims	8,223,322	9,044,568	(821,246)
Total operating expenditures	<u>9,787,622</u>	<u>10,619,055</u>	<u>(831,433)</u>
Operating income (loss)	(386,681)	(1,163,323)	(776,642)
<b>Non-Operating Revenues:</b>			
Investment earnings	30,000	(2,176)	(32,176)
<b>Other Financing Sources:</b>			
Fund balance appropriated	<u>356,681</u>	<u>-</u>	<u>(356,681)</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ (1,165,499)</u>	<u>\$ (1,165,499)</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, 2022****Operating Revenues:**

Workers' compensation premiums

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Workers' compensation premiums	\$ 897,237	\$ 915,117	\$ 17,880
<b>Operating Expenditures:</b>			
Administration and consulting fees	150,000	114,682	35,318
Workers' compensation claims	748,237	364,916	383,321
<b>Total operating expenditures</b>	<b>898,237</b>	<b>479,598</b>	<b>418,639</b>
Operating income (loss)	(1,000)	435,519	436,519
<b>Non-Operating Revenues:</b>			
Investment earnings	1,000	(1,523)	(2,523)
<b>Change in net position - budgetary basis</b>	<b>\$ -</b>	<b>\$ 433,996</b>	<b>\$ 433,996</b>

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

## **FIDUCIARY FUNDS**

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### **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.

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## LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
JUNE 30, 2022

	Municipal Tax Fund	Sheriff Evidence Fund	Sheriff Execution Fund	Jail Inmate Pay Fund	Total Custodial Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 26,694	\$ 99,997	\$ 5,088	\$ 19,214	\$ 150,993
Taxes receivable for other governments, net	71,046	-	-	-	71,046
Accounts receivable, net	3,130	-	-	-	3,130
Due from other governments	71,362	-	-	-	71,362
<b>Total assets</b>	<b>172,232</b>	<b>99,997</b>	<b>5,088</b>	<b>19,214</b>	<b>296,531</b>
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	98,056	641	60	37	98,794
<b>Total liabilities</b>	<b>98,056</b>	<b>641</b>	<b>60</b>	<b>37</b>	<b>98,794</b>
<b>Net Position:</b>					
Restricted:					
Individuals, organizations, and other governments	74,176	99,356	5,028	19,177	197,737
<b>Total net position</b>	<b>\$ 74,176</b>	<b>\$ 99,356</b>	<b>\$ 5,028</b>	<b>\$ 19,177</b>	<b>\$ 197,737</b>

## LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Municipal Tax Fund	Sheriff Evidence Fund	Sheriff Execution Fund	Jail Inmate Pay Fund	Total Custodial Funds
<b>Additions:</b>					
Ad valorem taxes for other governments	\$ 5,592,115	\$ -	\$ -	\$ -	\$ 5,592,115
Collections of gathered evidence	-	45,504	-	-	45,504
Collections of executed court orders	-	-	53,335	-	53,335
Collections on behalf of inmates	-	-	-	259,834	259,834
<b>Total additions</b>	<b>5,592,115</b>	<b>45,504</b>	<b>53,335</b>	<b>259,834</b>	<b>5,950,788</b>
<b>Deductions:</b>					
Tax distributions to other governments	5,604,074	-	-	-	5,604,074
Distribution of gathered evidence	-	24,745	-	-	24,745
Distribution of executed court orders	-	-	53,335	-	53,335
Payments on behalf of inmates	-	-	-	268,604	268,604
<b>Total deductions</b>	<b>5,604,074</b>	<b>24,745</b>	<b>53,335</b>	<b>268,604</b>	<b>5,950,758</b>
Net change in fiduciary net position	(11,959)	20,759	-	(8,770)	30
<b>Net Position, beginning</b>	<b>86,135</b>	<b>78,597</b>	<b>5,028</b>	<b>27,947</b>	<b>197,707</b>
<b>Net Position, ending</b>	<b>\$ 74,176</b>	<b>\$ 99,356</b>	<b>\$ 5,028</b>	<b>\$ 19,177</b>	<b>\$ 197,737</b>

## **OTHER SCHEDULES**

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

- Schedule of Ad Valorem Taxes Receivable
  - Analysis of Current Tax Levy
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## LINCOLN COUNTY, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2022

Fiscal Year	Uncollected		Collections and Credits	Uncollected	
	Balance June 30, 2021	Additions		Balance June 30, 2022	
2021-2022	\$ -	\$ 74,648,172	\$ 74,234,155	\$ 414,017	
2020-2021	433,671	-	324,617	109,054	
2019-2020	183,522	-	88,119	95,403	
2018-2019	108,700	-	29,639	79,061	
2017-2018	56,405	-	14,188	42,217	
2016-2017	46,189	-	10,920	35,269	
2015-2016	36,391	-	2,558	33,833	
2014-2015	41,594	-	1,905	39,689	
2013-2014	87,999	-	3,887	84,112	
2012-2013	88,738	-	3,942	84,796	
2011-2012	90,815	-	90,815	-	
Total	<u>\$ 1,174,024</u>	<u>\$ 74,648,172</u>	<u>\$ 74,804,745</u>		<u>1,017,451</u>

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (441,056)**Ad Valorem Taxes Receivable, Net**General Fund \$ 576,395**Reconciliation of Collections and Credits with Revenues:**Ad valorem taxes - General Fund \$ 74,006,315

Reconciling items:

Interest collected (277,273)Abatements related to prior years 10,1882% discount allowed 979,408Taxes written off 88,609Collection of taxes previously written off (2,502)Miscellaneous adjustments -Total collections and credits \$ 74,804,745

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2022

	Total Levy				
	County-Wide		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate			
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 12,010,099,677	\$ 0.619	\$ 74,342,517	\$ 67,019,766	\$ 7,322,751
Penalties	-		114,456	114,456	-
<b>Total</b>	<b>12,010,099,677</b>		<b>74,456,973</b>	<b>67,134,222</b>	<b>7,322,751</b>
<b>Discoveries:</b>					
Current year taxes	15,694,507	0.619	97,149	94,746	2,403
Prior year taxes	-		146,904	146,776	128
Penalties	-		11,737	11,737	-
<b>Total</b>	<b>15,694,507</b>		<b>255,790</b>	<b>253,259</b>	<b>2,531</b>
<b>Releases</b>	<b>(10,434,733)</b>		<b>(64,591)</b>	<b>(64,591)</b>	<b>-</b>
Total property valuation	<b>\$ 12,015,359,451</b>				
<b>Net Levy</b>			74,648,172	67,322,890	7,325,282
<b>Uncollected taxes at June 30, 2022</b>			<b>414,017</b>	<b>414,017</b>	<b>-</b>
<b>Current Year's Taxes Collected</b>			<b>\$ 74,234,155</b>	<b>\$ 66,908,873</b>	<b>\$ 7,325,282</b>
<b>Current Levy Collection Percentage</b>			<b>99.45%</b>	<b>99.39%</b>	<b>100.00%</b>
<b>Secondary Market Disclosures:</b>					
<b>Assessed Valuation:</b>					
Assessment Ratio <sup>(1)</sup>					100%
Real property					\$ 9,413,861,991
Personal property					887,370,132
Public service companies <sup>(2)</sup>					530,721,512
Registered vehicles					1,183,405,816
<b>Total assessed valuation</b>					<b>12,015,359,451</b>
Tax rate per \$100 <sup>(3)</sup>					0.619
<b>Levy (includes discoveries, releases, and abatements)<sup>(4)</sup></b>					<b>\$ 74,648,172</b>
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts					\$ 12,325,970

<sup>(1)</sup> Percentage of appraised value has been established by statute.<sup>(2)</sup> Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.<sup>(3)</sup> 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.<sup>(4)</sup> The levy includes penalties.

# STATISTICAL SECTION

## (Unaudited)

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

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

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

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

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

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

Demographic and Economic Statistics	Table 14
Principal Employers	Table 15

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

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

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

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
Governmental activities						
Net investment in capital assets	\$ 54,900,561	\$ 54,146,520	\$ 52,409,026	\$ 55,659,430	\$ 58,995,204	\$ 59,504,444
Restricted	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420	14,351,029
Unrestricted	(102,610,445)	(91,146,787)	(82,089,234)	(72,836,306)	(69,053,644)	(88,880,662)
Total governmental activities net position	<u>(33,423,027)</u>	<u>(27,823,148)</u>	<u>(22,167,090)</u>	<u>(8,281,644)</u>	<u>2,280,980</u>	<u>(15,025,189)</u>
Business-type activities						
Net investment in capital assets	50,496,688	53,989,857	56,348,162	61,317,027	61,048,458	64,708,737
Unrestricted	6,854,093	4,384,501	5,263,073	5,986,673	8,783,600	8,881,563
Total business-type activities	<u>57,350,781</u>	<u>58,374,358</u>	<u>61,611,235</u>	<u>67,303,700</u>	<u>69,832,058</u>	<u>73,590,300</u>
Primary government						
Net investment in capital assets	105,397,249	108,136,377	108,757,188	116,976,457	120,043,662	124,213,181
Restricted	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420	14,351,029
Unrestricted	(95,756,352)	(86,762,286)	(76,826,161)	(66,849,633)	(60,270,044)	(79,999,099)
Total primary government net position	<u>\$ 23,927,754</u>	<u>\$ 30,551,210</u>	<u>\$ 39,444,145</u>	<u>\$ 59,022,056</u>	<u>\$ 72,113,038</u>	<u>\$ 58,565,111</u>

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

Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 19,030,850
Public safety	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	48,904,609
Transportation	-	-	-	321,507	217,002	1,345,334	1,780,923	1,205,030	1,570,268	1,745,663
Economic and physical development	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	3,590,114
Culture and recreation	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	3,933,893
Education	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	27,265,673
Human services	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	21,166,193
Interest on long term debt	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	2,532,813
Total governmental activities	<u>87,937,388</u>	<u>90,329,180</u>	<u>90,953,206</u>	<u>89,403,755</u>	<u>93,502,373</u>	<u>95,647,095</u>	<u>102,930,637</u>	<u>113,124,615</u>	<u>121,494,391</u>	<u>128,169,808</u>
Business-type activities:										
Water and sewer	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	13,988,552
Solid waste	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	5,266,656
East Lincoln water and sewer	136,426	94,001	109,284	85,894	7,176	-	-	-	-	-
Total business activities	<u>11,855,620</u>	<u>12,707,004</u>	<u>13,022,086</u>	<u>13,055,661</u>	<u>15,676,423</u>	<u>16,229,814</u>	<u>16,010,925</u>	<u>13,794,882</u>	<u>20,001,407</u>	<u>19,255,208</u>
Total primary government expenses	<u>99,793,008</u>	<u>103,036,184</u>	<u>103,975,292</u>	<u>102,459,416</u>	<u>109,178,796</u>	<u>111,876,909</u>	<u>118,941,562</u>	<u>126,919,497</u>	<u>141,495,798</u>	<u>147,425,016</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	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	2,217,090
Public safety	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	7,959,321
Transportation	-	-	-	-	-	774,363	632,597	567,891	414,284	421,705
Economic and physical development	-	-	-	-	-	-	660,641	560,855	92,451	361,560
Culture and recreation	20,134	20,461	91,436	81,187	90,851	142,589	157,579	104,324	187,461	313,690
Human services	2,753,487	2,486,344	2,075,201	1,405,400	1,381,443	639,791	622,996	322,107	950,451	116,429
Operating grants and contributions:										
General government	1,031,533	1,545,655	726,230	3,059,063	1,031,959	629,541	170,835	103,302	230,457	2,411,683
Public safety	677,364	507,169	688,347	923,587	940,929	1,743,045	2,574,238	3,982,649	2,080,374	2,202,060
Transportation	-	-	-	-	-	297,422	377,961	475,122	889,366	681,440
Economic and physical development	112,909	9,255	30,360	30,229	30,330	90,036	176,097	29,915	187,589	231,370
Culture and recreation	-	-	-	118,195	122,615	297,809	160,426	193,082	269,411	236,260
Education	116,456	112,836	132,620	-	-	-	-	-	-	-
Human services	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	12,966,144
Capital grants and contributions:										
General government	1,298,252	1,142,064	1,214,224	626,000	27,057	-	-	-	-	-

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
	2019	2020	2021	2022		
Public safety	55,295	-	-	-	-	75,000
Transportation	-	-	-	-	48,985	401,562
Culture and recreation	-	-	-	-	302,990	200,586
Education	809,283	1,036,450	829,500	783,400	870,520	396,157
Human services	-	-	-	-	576,000	443,000
Total governmental activities	23,062,397	23,764,381	23,926,945	26,372,419	23,474,726	23,205,746
program revenues					24,715,266	25,680,476
Business-type activities:						
Charges for service - water and sewer	7,493,520	7,673,169	9,343,337	10,694,992	13,471,115	13,458,546
Capital grants and cont. - water/sewer	346,610	834,730	-	2,962,527	10,000	3,689,013
Charges for service - solid waste	3,547,567	3,708,037	3,757,118	4,143,385	4,633,323	4,795,443
Operating grants - solid waste	-	-	-	-	-	5,071,372
Total business-type activities	11,387,697	12,215,936	13,100,455	17,800,904	18,114,438	19,377,754
program revenues					21,943,002	26,271,035
Total primary government						
program revenues	34,450,094	35,980,317	37,027,400	44,173,323	41,589,164	45,148,748
<b>Net (Expense)/Revenue</b>						
Governmental activities	(64,874,989)	(66,564,799)	(67,026,261)	(63,031,336)	(70,027,647)	(72,441,349)
Business-type activities	(467,923)	(1,319,307)	78,369	4,745,243	2,438,015	5,713,188
Total primary government net						
(expense)/revenue	(65,342,912)	(67,884,106)	(66,947,892)	(58,286,093)	(67,589,632)	(74,848,542)
					(66,728,161)	(74,967,986)
						(87,076,788)
						(88,474,836)
<b>General Revenues and Other Changes in Net Position</b>						
Governmental activities:						
Property taxes	56,124,728	57,879,585	57,588,885	59,381,739	60,610,716	63,264,202
Local option sales tax	12,224,284	13,071,926	14,423,993	15,459,998	18,480,201	19,376,365
Utility franchise tax	233,252	228,408	229,091	223,349	218,729	211,971
Real estate transfer tax	697,046	737,628	858,192	974,733	1,380,914	1,404,356
Other taxes and licenses	431,955	430,687	476,454	401,490	436,698	173,497
Unrestricted intergovernmental	289,491	317,328	330,007	306,511	320,620	309,222
Investment earnings	75,727	162,391	90,279	172,123	152,094	538,815
Transfers	-	(563,160)	-	-	-	-
Gain/(loss) disposal of capital assets	(80,631)	-	-	-	-	-
Total governmental activities:	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
						125,272,484

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Property taxes	878,437	931,496	912,435	875,860	23,339	4,282	21	1,099	416	338
Investment earnings	55,390	19,989	48,656	71,362	67,004	258,768	600,997	491,701	64,113	(46,454)
Transfers	-	563,160	-	-	-	-	-	-	-	-
Gain/(loss) disposal of capital assets	<u>(9,647,031)</u>	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>(8,713,204)</u>	<u>1,514,645</u>	<u>961,091</u>	<u>947,222</u>	<u>90,343</u>	<u>263,050</u>	<u>601,018</u>	<u>492,800</u>	<u>64,529</u>	<u>(46,116)</u>
Total primary government	<u>61,282,648</u>	<u>73,779,438</u>	<u>74,957,992</u>	<u>77,864,004</u>	<u>81,694,935</u>	<u>85,548,236</u>	<u>93,115,277</u>	<u>104,830,802</u>	<u>113,487,643</u>	<u>125,226,368</u>
<b>Change in Net Position</b>										
Governmental activities	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	28,769,971
Business-type activities	<u>(9,181,127)</u>	<u>(9,181,127)</u>	<u>1,039,460</u>	<u>5,692,465</u>	<u>2,528,358</u>	<u>5,976,238</u>	<u>3,967,847</u>	<u>12,968,953</u>	<u>6,098,393</u>	<u>7,981,561</u>
Total primary government	<u>\$ (4,060,264)</u>	<u>\$ (4,160,379)</u>	<u>\$ 8,010,100</u>	<u>\$ 19,577,911</u>	<u>\$ 14,105,303</u>	<u>\$ 18,820,075</u>	<u>\$ 18,266,735</u>	<u>\$ 29,862,816</u>	<u>\$ 26,410,855</u>	<u>\$ 36,751,532</u>

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
General Fund						
Nonspendable						
Prepays	\$ 616,277	\$ 630,872	\$ 631,607	\$ 256,545	\$ 229,546	\$ 226,528
Leases	-	-	-	-	-	\$ 227,019
Restricted						
Stabilization for State statute	5,280,132	8,046,523	5,149,448	6,909,752	5,093,410	6,432,887
Restricted, all other	50,322	39,044	1,073,458	1,180,740	1,329,743	1,503,833
Committed	-	-	-	1,000,000	-	-
Assigned	2,105,045	2,202,711	-	5,500,388	3,405,237	3,346,021
Unassigned	11,744,605	12,687,339	20,307,623	18,408,808	24,512,423	26,970,285
Total General Fund	<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>
All Other Governmental Funds						
Restricted						
Stabilization for State statute	\$ 3,086,065	\$ 471,952	\$ 298,605	\$ 127,173	\$ 5,601,764	\$ 5,999,264
Restricted, all other	1,262,891	6,734,600	-	1,145,108	1,006,715	2,010,007
Committed	1,613,295	749,985	-	303,043	421,667	556,532
Unassigned	(3,627,036)	(3,428,193)	(446,330)	(1,303,300)	(4,897,896)	(3,368,449)
Total all other governmental funds	<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>

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
<b>Revenues</b>						
Ad valorem taxes	\$ 55,825,088	\$ 58,162,842	\$ 57,541,002	\$ 59,103,531	\$ 60,643,519	\$ 63,734,107
Local option sales taxes	12,224,284	13,071,926	14,423,993	15,459,998	18,480,201	19,376,365
Other taxes and licenses	1,362,253	1,396,723	1,563,737	1,596,411	2,040,961	1,796,582
Unrestricted intergovernmental revenues	289,491	317,328	330,007	306,511	320,620	309,222
Restricted intergovernmental revenues	12,950,384	13,123,144	13,745,936	14,052,982	13,216,065	12,475,014
Permits and fees	1,553,264	1,808,245	1,934,378	2,368,484	2,785,238	3,338,692
Sales and service	6,881,299	6,244,150	6,143,014	5,938,525	5,743,361	5,494,319
Miscellaneous	64,404	1,625,197	1,470,514	154,122	137,836	1,825,278
Investment earnings	1,138,844	157,173	79,964	3,164,036	921,331	487,203
Total Revenues	<u>92,289,311</u>	<u>95,906,728</u>	<u>97,232,545</u>	<u>102,144,600</u>	<u>104,289,132</u>	<u>108,836,782</u>
<b>Expenditures</b>						
General Government	7,758,943	7,783,862	8,562,450	10,319,572	10,929,722	12,030,635
Public Safety	26,760,653	27,363,121	28,039,030	30,568,246	32,404,426	35,397,091
Transportation	-	-	321,507	171,298	1,265,141	1,654,791
Economic and physical development	1,824,298	1,620,028	1,822,269	1,513,856	1,807,485	2,931,398
Culture and Recreation	2,190,042	2,263,800	2,464,064	2,622,894	2,183,661	2,325,470
Education	18,043,320	18,386,184	18,517,937	18,908,697	20,667,575	21,474,121
Human services	20,368,292	20,025,104	19,223,105	19,162,102	18,644,959	15,768,280
Capital Outlay	7,436,995	7,594,533	8,477,934	2,540,899	4,487,994	9,870,439
Debt Service:						
Principal	9,037,158	10,202,473	9,054,196	9,053,807	8,846,700	9,200,850
Interest	4,251,585	3,841,493	3,651,770	3,213,983	3,059,430	2,850,383
Total Expenditures	<u>97,671,286</u>	<u>99,080,598</u>	<u>99,812,755</u>	<u>98,225,563</u>	<u>103,203,250</u>	<u>113,113,808</u>
Excess of revenues over (under) expenditures	<u>(5,381,975)</u>	<u>(3,173,870)</u>	<u>(2,580,210)</u>	<u>3,919,037</u>	<u>1,085,882</u>	<u>(4,277,026)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	3,617,444	3,244,510	3,398,124	1,608,769	7,527,537	2,253,014
Transfers out	(3,617,444)	(3,244,510)	(3,398,124)	(1,608,769)	(7,527,537)	(2,253,014)
Bonds & installment financing issued	-	15,440,691	-	5,244,000	2,088,470	24,329,000
Bond premium (discount)	-	-	-	(5,141,066)	-	(60,823)
Advance refunding payments to trustee	-	(7,740,891)	-	-	(13,016,852)	(11,800,000)
Lease liabilities issued	-	-	-	-	-	-
Total other financing sources (uses)						
Net change in fund balances	\$ <u>5,381,975</u>	\$ <u>4,525,930</u>	\$ <u>(2,580,210)</u>	\$ <u>4,021,971</u>	\$ <u>6,974,299</u>	\$ <u>37,519,765</u>
Debt service as a percentage of noncapital expenditures	16.72%	17.55%	13.54%	13.21%	13.71%	12.06%
	12.49%					

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

Fiscal Year	Real Property			Less (1)			Personal Property			Total Taxable Assessed Value (2)	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Tax Exempt Real Property	Registered Vehicles	Other	Public Service Companies (2)	Value					
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%		
2022	8,377,569,466	906,513,830	562,391,412	432,612,717	1,183,405,816	887,370,132	530,721,512	12,015,359,451	0.619	14,002,882,494	85.81%		

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 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**

	2013	2014	2015	2016(1)	2017	2018	2019	2020(1)	2021	2022
Lincoln County	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.5990	\$ 0.5990	\$ 0.6190
<b>Municipality Rates:</b>										
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600
<b>Special District</b>										
East Lincoln Water and Sewer District (3)	0.0355	0.0359	0.0342	0.0325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Fire Districts (4)</b>										
Alexis	0.1100	0.1100	0.1100	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165
Boger City	0.0925	0.0925	0.0925	0.0999	0.0999	0.0999	0.0999	0.1050	0.1050	0.1250
Crouse	0.0609	0.0609	0.0609	0.0640	0.0640	0.0640	0.0640	0.0860	0.0860	0.0860
Denver	0.1099	0.1099	0.1099	0.1125	0.1125	0.1125	0.1125	0.1150	0.1150	0.1150
East Lincoln	0.0785	0.0785	0.0850	0.0850	0.0860	0.0860	0.0890	0.0890	0.0980	0.1250
Howards Creek	0.1050	0.1150	0.1203	0.12233	0.12233	0.12233	0.12233	0.1355	0.1355	0.1355
North 321	0.0350	0.0800	0.0400	0.0400	0.0400	0.0400	0.0400	0.0700	0.0700	0.0700
North Brook	0.0600	0.0350	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Pumpkin Center	0.0951	0.0938	0.0900	0.0970	0.0970	0.0970	0.0970	0.0970	0.0970	0.1200
South Fork	0.0910	0.1236	0.1236	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250
Union	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.1250	0.1250	0.1250

Notes:

- (1) Real property was revalued on January 1, 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**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Fiscal Year 2022</b>			<b>Fiscal Year 2013</b>		
		<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Corp.	Utility	\$ 377,219,507	1	3.14%	\$ 249,359,460	1	2.99%
The Timken Company	Bearing manufacturer	\$ 83,420,659	2	0.69%	\$ 81,369,812	2	0.98%
Blum Inc	Furniture Hardware manf.	\$ 74,882,837	3	0.62%	\$ 68,504,259	3	0.82%
Cataler North America Corp	Auto parts manufacturer	\$ 74,133,646	4	0.62%	\$ 62,556,206	4	0.75%
Robert Bosch Tool Corp	Manufacturing	\$ 61,968,429	5	0.52%			
APTARGROUP INC	Manufacturing	\$ 56,622,457	6	0.47%			
Charlotte IND LL LLC	Manufacturing	\$ 55,057,186	7	0.46%			
Lincolnton Partners LLC	Manufacturing	\$ 53,298,713	8	0.44%			
Piedmont Natural Gas Co.	Gas, propane	\$ 45,808,965	9	0.38%			
Rutherford Electric Membership	Utility	\$ 38,624,246	10	0.32%			
Actavis Mid atlantic LLC	Manufacturing Cosmetics				\$ 31,378,113	6	0.38%
Bellsouth TEL CORP	Utility				\$ 24,855,768	8	0.30%
Wal Mart Real Estate Budiness	Retail				\$ 24,120,875	9	0.29%
TKC LIV LLC	Real Estate / Manufacturing				\$ 33,341,993	5	0.40%
TKC LXXIII LLC	Real Estate / Manufacturing				\$ 28,166,436	7	0.34%
<b>Totals</b>		<b>\$ 921,036,645</b>		<b>7.67%</b>	<b>\$ 620,427,477</b>		<b>7.44%</b>

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)		Total Adjusted Levy	Adjusted Amount	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	Percentage of Adjusted Levy	Percentage of Uncollected
	Original	Year			Original Levy	Percentage of Original Levy				
2013	49,575,234	563,425	50,138,659	48,908,152	98.65%	1,145,711	50,053,863	99.83%	84,796	
2014	51,400,496	151,116	51,551,612	50,570,651	98.39%	896,849	51,467,500	99.84%	84,112	
2015	50,455,214	105,063	50,560,277	49,283,713	97.68%	1,236,875	50,520,588	99.92%	39,689	
2016	52,246,531	106,268	52,352,799	51,605,464	98.77%	713,502	52,318,966	99.94%	33,833	
2017	53,404,086	384,500	53,788,386	53,010,615	99.26%	742,702	53,753,317	99.93%	35,269	
2018	55,859,280	209,575	56,068,835	55,385,593	99.15%	64,1045	56,026,638	99.92%	42,217	
2019	58,234,059	16,838	58,250,897	57,519,842	98.77%	651,994	58,171,836	99.86%	79,061	
2020	65,905,710	207,857	66,113,567	65,519,926	99.41%	498,238	66,018,164	99.86%	95,403	
2021	69,058,494	41,578	69,100,072	68,666,401	99.43%	324,617	68,991,018	99.84%	109,054	
2022	74,456,973	191,199	74,234,155	74,648,172	99.70%	-	74,234,155	99.45%	414,017	
										\$1,017,451

Source: Lincoln County Tax Department

**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 Loan	Clean Water Loan	Direct Borrowing			
	General Bonds	Obligation Bonds	Direct Placement Installments	General Bonds	Obligation Bonds	Revenue Bonds	State Loan	Clean Water Loan	Direct Borrowing			
2013	91,642,152	19,405,757	2,135,000	-	-	1,000,000	-	-	-	134,553,859	1,692	4.58%
2014	84,425,797	24,753,975	1,605,000	-	-	750,000	-	-	-	130,885,836	1,641	4.19%
2015	77,214,442	22,664,779	1,085,000	-	-	500,000	-	-	-	119,820,937	1,494	3.81%
2016	70,043,087	20,874,972	575,000	-	-	250,000	-	-	-	108,640,884	1,335	3.30%
2017	62,871,733	21,041,742	-	-	-	-	-	-	-	106,124,495	1,294	2.96%
2018	56,584,151	29,979,785	-	-	-	-	-	-	-	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	3.43%
2021	35,291,803	63,998,772	-	47,942,359	-	458,416	-	6,962,511	-	154,653,861	1,744	*
2022	28,179,950	76,304,771	-	46,163,038	-	4,735,729	-	6,321,420	-	161,704,908	1,803	*

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)
		Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)		
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	0.96%	0.39%	481	
2021	35,291,803	*	0.31%	398	
2022	28,179,950	*	0.23%	314	

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**

	2019	2020	2021	Fiscal Year 2022
<b>Water and Sewer Fund</b>				
<b>Debt service coverage Parity Debt</b>				
Operating Revenues	\$14,305,782	\$16,270,161	\$19,040,769	\$18,795,290
Operating Expenses*	6,596,680	8,092,306	8,669,663	8,663,457
Operating income	7,709,102	8,177,855	10,371,106	10,131,833
Nonoperating revenues (expenses)	(703,820)	(895,409)	(1,909,729)	(1,476,818)
Income available for debt service	7,005,282	7,282,446	8,461,377	8,655,015
15% of unrestricted net position of system	2,954,336	3,723,606	3,536,652	3,037,847
Available for debt service	<u>\$ 9,959,618</u>	<u>\$11,006,052</u>	<u>\$11,998,029</u>	<u>\$11,692,862</u>
Debt service, principal and interest paid (Revenue Bond only)	\$ 188,669	\$ 850,000	\$ 843,000	\$ 3,174,200
Debt service coverage ratio	5278.88%	1294.83%	1423.25%	368.37%
<b>Debt service coverage All Debt</b>				
Operating Revenues	\$14,305,782	\$16,270,161	\$19,040,769	\$18,795,290
Operating Expenses*	6,596,680	8,092,306	8,669,663	8,663,457
Operating income	7,709,102	8,177,855	10,371,106	10,131,833
Nonoperating revenues (expenses)	(703,820)	(895,409)	(1,909,729)	(1,476,818)
Income available for debt service	<u>\$ 7,005,282</u>	<u>\$ 7,282,446</u>	<u>\$ 8,461,377</u>	<u>\$ 8,655,015</u>
Debt service, principal and interest paid (all debt)	\$ 2,938,878	\$ 2,300,801	\$ 2,495,812	\$ 3,588,458
Debt service coverage ratio	238.37%	316.52%	339.02%	241.19%

\*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						
	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 8,333,756	\$ 8,612,497	\$ 8,558,331	\$ 8,558,115	\$ 8,794,104	\$ 9,130,682	\$ 9,508,673
Debt Limit, 8% of Assessed Value (Statutory Limitation)	666,700	689,000	684,666	684,649	703,528	730,455	760,694
Amount of Debt Applicable to Limit							
Gross debt	131,932	130,886	117,691	108,641	106,124	104,830	116,106
Debt outstanding for water and sewer	23,506	21,706	19,942	17,723	18,386	16,685	28,349
Total net debt applicable to limit	<u>108,426</u>	<u>109,180</u>	<u>97,749</u>	<u>90,918</u>	<u>87,738</u>	<u>88,145</u>	<u>87,757</u>
Legal Debt Margin	<u>\$ 558,274</u>	<u>\$ 579,820</u>	<u>\$ 586,917</u>	<u>\$ 593,731</u>	<u>\$ 615,790</u>	<u>\$ 642,310</u>	<u>\$ 672,937</u>
Total net debt applicable to the limit as a percentage of debt limit	16.26%	15.85%	14.28%	13.28%	12.47%	12.07%	11.54%

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

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, 2022

<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 Lincolnton (1)	\$ 979,964	100.00%	\$ 979,964
Direct - Lincoln County			<u>104,484,721</u>
Total direct and overlapping debt			<u><u>\$ 105,464,685</u></u>

(1) Source: City of Lincolnton Finance Department

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

<b>Year</b>	<b>Population(1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>		<b>Public School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Number of Building Inspections Performed(5)</b>
			<b>Income (2)</b>	<b>Per Capita Personal Income (2)</b>			
2013	79,512	2,936,860	36,973	11,627	11,627	8.80%	13,219
2014	79,740	3,123,495	39,171	11,683	11,683	6.70%	15,465
2015	80,202	3,142,032	38,774	11,589	11,589	5.90%	19,868
2016	81,397	3,294,665	40,591	11,646	11,646	4.70%	24,373
2017	82,033	3,580,669	43,453	11,503	11,503	3.70%	29,446
2018	85,758	3,835,937	45,791	11,321	11,321	3.20%	38,431
2019	86,039	4,062,577	47,178	11,483	11,483	3.40%	37,424
2020	88,151	4,423,898	50,216	11,438	11,438	6.80%	36,199
2021	88,699	*	*	11,170	11,170	3.80%	44,844
2022	89,670	*	*	11,204	11,204	3.10%	46,708

\* 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**

<b>Employer</b>	<b>Product or Service</b>	<b>Fiscal Year 2022</b>			<b>Fiscal Year 2013</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Lincoln County Schools	Education	1,200	1	2.59%	1,600	1	4.24%
County of Lincoln	Public Administration	1,047	2	2.26%	750	2	1.99%
Atrium Health	Medical Care	954	3	2.06%			
RSI Home Products	Vanities and Marble Counter Tops	850	4	1.84%	570	6	1.51%
Wal-Mart Stores, Inc.	Discount Stores	650	5	1.41%	730	4	1.94%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	640	6	1.38%			
Timken Company	Tapered Roller Bearings	620	7	1.34%	750	3	1.99%
Julius Blum, Inc.	Cabinet and Furniture Hardware	445	8	0.96%	370	7	0.98%
Lowes Home Centers, Inc.	Retail/Home Improvement	380	9	0.82%	270	9	0.72%
Cataler North America	Automobile Components	375	10	0.81%			
Actavis Corp.	Pharmaceuticals				330	8	0.88%
Lincoln Medical Center	Medical Care				720	5	1.91%
Mohican Mills	Lace and Tricot Goods				240	10	0.64%
Total		<u><u>7,161</u></u>			<u><u>6,330</u></u>		
Total Civilian Labor Force for the County		<u><u>46,243</u></u>			<u><u>37,707</u></u>		

Sources: Lincoln Economic Development Association  
 Federal Reserve Economic Data  
 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,					
	2013	2014	2015	2016	2017	2018
General government						
Governing Body	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	13.2	13.2	13.2	15.5	20.0	21.0
Management Information Systems	8.0	8.0	8.0	8.0	8.5	10.0
Elections	3.8	4.0	4.0	4.0	11.8	11.8
Tax	25.0	25.0	25.0	25.5	26.8	29.3
Register of Deeds	8.0	7.0	7.0	6.5	7.5	8.5
Public Buildings	13.4	13.4	13.4	16.0	28.8	29.8
Public safety						
Sheriff	128.0	128.0	128.0	144.5	132.0	131.5
Communications	22.5	19.8	19.8	22.5	22.0	23.0
Jail	43.4	44.6	44.6	45.0	44.0	45.8
Emergency Management	2.0	2.0	2.0	2.0	2.5	3.0
Ambulance Services	76.3	78.4	78.4	94.3	92.3	89.3
Fire Marshal	2.0	2.0	2.0	3.0	3.0	4.0
Building and Land Development	18.0	20.0	20.0	21.0	23.0	24.0
Animal Control	11.0	11.2	11.2	13.5	15.5	19.5
Economic and physical development						
Cooperative Extension	1.6	1.6	1.6	2.0	1.8	1.8
Soil and Water Conservation	4.0	4.0	4.0	4.0	5.0	5.0
Human services						
Health	78.4	73.4	73.4	66.3	65.0	64.5
Social Services	121.7	125.7	130.7	129.0	128.3	130.3
Veterans Service	2.0	2.0	2.0	2.0	2.0	2.0
Juvenile Crime Prevention	0.5	0.5	0.5	0.5	0.5	0.5
Office on Aging	5.5	4.0	4.0	5.8	5.5	6.0
Transportation						
Transportation Lincoln County	22.4	16.6	16.6	23.3	25.5	24.8
Cultural and recreation						
Recreation	29.7	25.4	25.4	24.0	15.3	19.3
Library	16.4	18.4	18.4	18.3	18.8	18.3
Water and Sewer	42.6	39.8	39.8	37.3	36.8	35.5
Solid Waste	43.6	40.2	40.2	46.3	49.8	51.5
Total	<u><u>744.0</u></u>	<u><u>729.2</u></u>	<u><u>734.2</u></u>	<u><u>781.1</u></u>	<u><u>792.0</u></u>	<u><u>806.5</u></u>
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					
	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>						
General government						
Management Information Systems	5,679	4,110	3,325	3,926	4,630	4,753
Work orders						
Elections	51,728	52,544	52,661	55,744	58,634	57,324
Registered voters	1,943	6,905	24,032	24,372	36,241	11,055
Votes cast in general elections (votes odd years city; even county wide)						
Tax	n/a	73	485	651	862	892
Number of land records created						
Number of ownership transfers-real estate/mfg. homes	n/a	3,671	4,350	4,792	5,391	6,074
Number of tax bills created - real/personal	n/a	70,635	71,596	73,854	74,902	77,141
Number of tax bills created - registered vehicles	n/a	n/a	84,928	78,076	79,651	80,459
Register of Deeds	14,589	12,566	12,092	13,647	15,069	14,771
Total documents recorded	2,747	3,029	3,028	3,405	3,956	3,958
Deeds recorded	497	537	567	583	516	571
Marriage licenses issued	*	413	438	461	464	458
Births occurring	*	494	500	495	555	546
Deaths occurring	*	4,929	4,918	4,902	5,499	5,404
Certified copies issued						
Public safety	*	4,205	4,607	3,848	3,025	2,921
Arrests	*	12,591	11,755	13,174	11,394	10,544
Civil papers served	4,198	4,138	4,065	4,548	4,399	4,451
Jail bookings	*	136	134	135	138	154
Average daily jail population	*	76,336	106,520	111,509	113,207	144,171
Communications total calls	*	2,616	2,849	2,960	7,514	4,191
Building permits issued	*	13,219	15,465	19,868	24,373	29,446
Building inspections conducted						
Emergency medical calls answered	18,679	17,517	14,957	14,521	15,237	15,959
Emergency patients transported	8,718	8,241	10,036	10,239	8,858	8,687
Number of firemen and officers	564	450	453	411	554	511
Number of fire calls answered	7,300	8,203	9,746	8,401	8,567	7,169
Number of fire marshal inspections	2,000	1,750	1,776	1,135	1,309	2,539
Animals entering shelter	3,883	3,309	3,285	3,262	2,834	1,883
Animals euthanized	2,107	1,114	735	484	423	98

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transportation										
Clients served	970	1,096	815	790	833	893	867	829	643	673
Trips provided	72,149	71,366	63,499	60,174	64,261	65,482	66,628	54,912	25,387	30,819
Economic and physical development										
Cooperative Extension client contacts										
Soil and Water Conservation	73,990	50,790	77,013	23,500	51,500	61,500	65,000	55,000	7,700	6,110
Clients assisted	3,713	3,752	3,752	3,707	3,684	7,000	6,338	5,755	3,724	3,123
Funds landowners received from federal and state programs	\$ 496,530	\$ 247,227	\$ 667,686	\$ 441,710	\$ 480,047	\$ 754,652	\$ 663,008	\$ 867,171	\$ 1,181,201	\$ 286,979
Human services										
Health Department patient visits										
Adult Health	2,568	3,108	3,055	1,949	2,515	1,012	842	621	575	396
Child Health	1,075	1,103	1,061	425	1,173	1,001	1,248	1,151	751	829
Family Planning	3,935	4,357	4,413	4,107	4,153	3,618	4,146	3,744	4,352	3,475
Immunizations/Flu	1,014	1,352	1,481	1,187	1,657	1,739	1,752	1,622	1,836	4,545
Maternal Health	750	940	1,519	1,517	1,484	-	-	-	-	29
Primary Care	4,172	3,355	3,191	2,855	3,837	3,735	3,493	3,217	768	1,560
Sexually transmitted diseases	1,924	2,296	2,745	2,695	3,360	4,075	4,819	5,082	5,312	7,883
Tuberculosis	494	294	661	845	889	920	1,040	725	832	2,326
Lab services (in-house)	8,153	8,237	7,650	5,490	5,864	4,405	4,650	4,284	2,925	3,441
(referred)	3,863	4,121	4,454	3,951	4,410	3,202	3,733	3,754	3,410	3,217
WIC (women infants and children)	24,864	23,381	20,910	20,765	19,855	18,905	17,961	18,644	20,922	18,397
Home Health (unduplicated patients)	567	518	478	-	-	-	-	-	-	-
Environmental Health										
Food & Lodging permits	39	26	40	27	18	30	34	23	21	25
Food, Lodging & Institutional Inspections	802	842	863	860	864	835	750	583	523	474
Sewage system permits	317	433	471	605	803	854	682	923	1,197	1,250
Sewage system finals	168	235	247	263	332	356	386	395	465	385
Water samples	284	401	397	447	436	545	316	222	320	265
New well permits (began 7/1/07)	68	107	76	179	207	281	213	254	297	291
Wells Inspected (water for sampling)	98	107	148	147	150	187	174	207	314	238
Swimming pools	27	32	33	39	22	39	46	44	67	60
Lead investigations	-	-	1	-	2	-	1	3	1	38
Complaint investigations	75	94	70	57	65	56	41	47	64	38
Social Services cases (may contain duplicates)										
Child & adult protective services	97	92	98	93	85	93	108	94	101	109
Children in foster care	78	82	80	86	108	108	116	93	81	96
Work first cases	119	119	120	108	106	102	98	111	96	74
NC health choice cases	866	866	866	776	784	907	1,034	1,058	984	924
Medicaid cases	9,163	9,364	12,075	11,678	11,822	12,293	11,961	11,582	12,356	14,131
Food stamp cases	4,922	5,365	5,505	5,163	4,437	4,591	4,128	4,299	5,098	5,547

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Child support cases	2,919	2,874	2,834	2,767	2,714	2,677	2,649	2,706	2,600	2,553
Culture and recreation										
Recreation (shelter & facility reservations)	1,157	1,296	n/a	1,339	1,316	1,409	358	1,359	1,528	
Library volumes in collection	144,907	143,880	173,251	157,541	141,099	144,012	146,058	190,910	156,705	
Library circulation	285,669	283,041	245,675	252,018	241,229	243,902	247,054	197,751	118,532	169,843
Business-type activities:										
Water and Sewer										
Number of water customers	10,165	10,680	9,743	10,420	12,491	12,109	12,695	13,299	14,235	14,897
Average daily water production	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	4,807,255
Number of sewer customers	4,027	3,851	4,472	5,022	5,196	5,686	6,185	6,692	7,598	8,175
Average daily sewage treatment	825,000	799,250	900,000	1,045,000	1,019,628	1,129,590	765,148	1,125,000	1,239,667	1,251,250
Landfill										
Tons of waste sanitary landfill	38,766	39,008	39,008	35,969	36,814	38,538	37,775	44,273	41,754	36,751
Tons of waste demolition landfill	12,342	9,283	9,283	7,308	8,505	7,628	8,656	6,841	8,231	8,621
Tons of recyclables	2,423	2,537	2,537	1,870	3,009	1,760	1,804	1,702	1,640	1,592
Tons of white goods	1,411	1,616	1,616	2,334	2,669	2,965	3,155	3,540	3,252	1,669
Tons of tires	1,064	1,069	1,069	1,064	1,190	1,556	1,370	1,529	1,372	1,570

Source: Various County Departments

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	25	25	25	26	27	30	28	28	40	40
Buildings										
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	77	79	83	95	95	95	99	110	125	125
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	7	9	6	8	8	8	8	8	8	8
Emergency medical apparatus	24	24	24	24	24	24	24	24	24	24
Fire department stations	17	18	19	19	19	20	20	22	22	23
Transportation										
Number of transportation vehicles	19	21	21	21	22	22	23	22	22	22
Cultural and recreation										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	5	6	6	6	6	6	6	6	6	6
Undeveloped	1	-	-	-	-	1	1	1	1	-
Park acreage:										
Developed	149	265	265	265	265	265	265	265	265	295
Undeveloped	116	-	-	-	-	30	30	30	30	-
Number of community centers										
Number of gyms/centers	2	2	2	2	2	2	2	2	2	2
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	322	325	332	332	337	339	347	338	360
Number of wastewater plants	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewer	171	171	176	176	176	185	183	196	200	207
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**

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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*

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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## & ASSOCIATES, CPAs, P.A.

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

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

#### **Independent Auditor's Report**

To the Board of Commissioners  
Lincoln County  
Lincolnton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated November 29, 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.

#### **Report on 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 Lincoln 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Lincoln County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

### **Report on 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*.

### **Lincoln County's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 29, 2022

# MARTIN ♦ STARNES

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## & ASSOCIATES, CPAs, P.A.

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

#### **Independent Auditor's Report**

To the Board of Commissioners  
Lincoln County  
Lincolnton, North Carolina

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited Lincoln County, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, Lincoln County complied, in all material respects, with the 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, 2022.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lincoln County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lincoln County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lincoln County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lincoln County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lincoln County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Lincoln County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

November 29, 2022

# MARTIN ♦ STARNES

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## & 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**

##### ***Opinion on Each Major State Program***

We have audited Lincoln County, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 state programs for the year ended June 30, 2022. Lincoln County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Lincoln County complied, in all material respects, with the 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, 2022.

##### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Lincoln County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lincoln County's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lincoln County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Lincoln County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lincoln County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Lincoln County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 29, 2022

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

#### 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? Yes

Non-compliance material to financial statements noted? No

##### **Federal Awards**

Internal control over major federal programs:

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

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

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

<b><u>Federal Program/Cluster Name</u></b>	<b><u>AL #</u></b>
Medicaid Cluster	93.778
Temporary Assistance for Needy Families	93.558
State Supplemental Nutrition Assistance Program	10.561
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Capitalization Grants for Clean Water State Revolving Funds	66.458
Aging Cluster	93.044, 93.045, 93.053

Dollar threshold used to distinguish between Type A and Type B programs: **\$798,996**

Auditee qualified as low-risk auditee? Yes

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022**

#### **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  
Aging Cluster  
Building Reuse Grant

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022**

#### **2. Financial Statement Findings**

##### **Significant Deficiency**

###### **Finding 2022-001**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** During our internal control test over payroll, we noted that one employee worked overtime according to their timesheet but was not paid for it. The County immediately rectified the situation after we brought it to their attention, and the employee has been retroactively paid for the difference.

**Effect:** Controls were not functioning to ensure that employees are being paid for overtime documented on their timesheets.

**Cause:** Controls were not functioning as designed.

**Recommendation:** We recommend that management put additional controls in place to ensure that payroll is processed accurately.

**Name of Contact Person:** Deanna Rios, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** See Corrective Action Plan submitted with this report.

**LINCOLN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**3. Federal Award Findings and Questioned Costs**

None reported.

**4. State Award Findings and Questioned Costs**

None reported.



## FINANCE DEPARTMENT

### Corrective Action Plan for the Year Ended June 30, 2022

#### 2. Financial Statement Findings

Finding: 2022-001

Name of Contact Person: Deanna Rios, Finance Director

#### **Corrective Action/Management's Response:**

Time keyers have been instructed to run an adding machine tape on all hours worked or to be paid for each department. That adding machine tape is to be compared to the total hours listed on the departmental payroll report each pay period. If the totals do not match the time keyer is to investigate the difference and correct any errors. This should eliminate missing time on one employee's timesheet, since all hours will be added two different ways.

**Proposed Completion Date:** Immediately and ongoing.

**LINCOLN COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

None

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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
<b>Federal Awards:</b>					
<b>U.S. Department of Agriculture</b>					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561	205NC403S2514	\$ 1,070,629	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			\$ 1,070,629	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for					
Women, Infants, & Children		13A2-5403-GB, GC;13A2-5404- GB, GC;13A2-5405-GB, GC;13A2- 5409-GB, GC;13A2-570D- JQ;13A2-570E-JQ;13A2-570F-JQ	10.557	336,108	-
<b>U.S. Department of Treasury</b>					
Direct Programs:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		2,254,791	-	-
Equitable Sharing Program	21.016		7,961	-	-
<b>U.S. Department of Justice</b>					
Direct Program:					
Equitable Sharing Program	16.922		1,931	-	-
<b>U.S. Department of Transportation</b>					
Passed-through the N.C. Dept. of Transportation:					
Federal Transit Administration:					
Formula Grants for Rural Areas and Tribal Transit Program- Admin	20.509	36233.114.11.1	201,335	13,953	-
Formula Grants for Rural Areas and Tribal Transit Program- Capital	20.509	44637.68.1.4	7,920	990	-
COVID-19-Formula Grants for Rural Areas and Tribal Transit Program- Operating	20.509	49233.37.1.2	257,584	-	-
<b>Federal Communications Commission</b>					
Direct Program:					
Emergency Connectivity Fund Program	32.009		18,154	-	-
<b>U.S. Department of Homeland Security</b>					
Passed-through N.C. Dept. of Public Safety:					
Federal Emergency Management Agency:					
Emergency Management Performance Grants	97.042	EMPG-2021-2120055	54,380	-	-
COVID-19-Emergency Management Performance Grants-Supplemental	97.042	EMA-2021-EP-00014	15,319	-	-
<b>National Endowment for the Humanities (NEH)</b>					
Direct Program:					
Promotion of the Humanities Public Programs	45.164		9,514	-	-
Passed-through N.C. Dept. of Natural & Cultural Resources:					
Institute of Museum and Library Services					
Grants to States	45.310	LS-249980-OLS-21;LS-250229- OLS-21	66,762	-	-
<b>U.S. Environmental Protection Agency</b>					
Passed-through N.C. Department of Environmental Quality:					
Division of Water Infrastructure:					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	66.458	E-SRF-T-20-0510	12,958,969	-	-
Total Clean Water State Revolving Fund Cluster			12,958,969	-	-
<b>U.S. Department of Health &amp; Human Services</b>					
Health Resources and Services Administration					
Direct Program:					
COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		144,402	-	-
Substance Abuse and Mental Health Services Administration					
Direct Program:					
Substance Abuse and Mental Health Services: Projects of Regional and National Significance	93.243		98,415	-	-
Passed-through the N.C. Dept. of Insurance:					
Division of Social Services:					
Administration for Community Living					

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Pass-through to Subrecipients</b>
State Health Insurance Assistance Program (SHIP)	93.324	90S-APG0027-02-01	6,351	-	-
Medicare Enrollment Assistance Program	93.071	14AANCM SHI	1,194	-	-
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	66,228	15,705	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	153,735	208,905	-
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	56,441	-	-
Special Programs for the Aging, Title III, Part C, Nutrition Services - Supplemental Nutrition	93.045	AANCT3CM	40,143	-	-
Special Programs for the Aging, Title III, Part C, Nutrition Services - Home Delivered Meals	93.045	AANCT3CM	22,065	86,549	-
Nutrition Services Incentive Program	93.053	AANCNSIP	12,819	-	-
Total Aging Cluster			351,431	311,159	-
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	30,983	2,066	-
COVID-19-National Family Caregiver Support, Title III, Part E Services - Family Caregiver Support	93.052	AANCT3FC	6,296	-	-
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	AANCT3PH	4,250	250	-
Social Services Block Grant - In Home & Support Services	93.667		11,628	332	-
<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	30,364	-	-
Foster Care - Title IV-E	93.658	2001NCFOST	674,069	57,257	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	2001NCFOST	278,716	71,433	-
Total Foster Care, Adoption and Guardianship Assistance Cluster (Note 3)			983,149	128,690	-
<u>Special Children Adoption Fund Cluster: (Note 3):</u>					
Administration:					
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	2001NCFPSS	35,162	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2001NCCWSS	48,071	-	-
Total Special Children Adoption Fund Cluster (Note 3)			83,233	-	-
<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	158,016	-	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558	2001NCTANF	919,062	-	-
<u>Division of Public Health:</u>					
Administration:					
Temporary Assistance for Needy Families	93.558	13A1-5151-T2	8,411	-	-
Administration:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	19,255	4,814	-
Low Income Home Energy Assistance	93.568	G20B1NCLIEA	588,354	-	-
COVID-19-Low Income Home Energy Assistance	93.568	G20B1NCLIEA	405,580	-	-
COVID-19-Low Income Home Energy Assistance-Admin	93.568	G20B1NCLIEA	20,909	-	-
Child Support Enforcement	93.563	2004NC4005	775,694	-	-
Social Services Block Grant	93.667	G2001NCSOSR	555,781	3,483	-
Direct Benefit Payments:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	22,544	93,371	-
Administration for Children and Families:					
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	95,026	-	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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
Total Subsidized Child Care Cluster/Child Care Devel Fund Cluster (Note 3)			95,026	-	-
<b>Center for Medicare and Medicaid Services</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Health Benefits:</b>					
<b>Medicaid Cluster:</b>					
Administration:					
Medical Assistance Program	93,778	XIX-MAP22	3,075,699	8,920	-
Total Medicaid Cluster			3,075,699	8,920	-
<b>Children's Health Insurance Program - North Carolina Health Choice:</b>					
Administration:					
Children's Health Insurance Program	93,767	CHIP22	59,807	4,573	-
<b>Health Resources and Service Administration</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Public Health:</b>					
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	62,842	4,595	-
<b>Office of Population Affairs</b>					
<b>Division of Public Health:</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Family Planning Services	93,217	13A1-5900-FP	53,362	-	-
<b>Center for Disease Control and Prevention</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Public Health:</b>					
Public Health Emergency Preparedness (PHEP)	93,069	1264-2679-EQ; 1264-2679-ER	43,114	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93,116	1460-2720-NF	50	-	-
Immunization Cooperative Agreements	93,268	1331-631C-EJ	18,560	-	-
COVID-19-Immunization Cooperative Agreements	93,268	1331-6315-LD; 1331-639B-P7	14,053	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93,323	1175-883A-P5; 1175-878A-HH; 1332-892A-L5	681,205	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal					
Organizations financed in part by Prevention and Public Health funds	93,898	1320-3100-D7; 1320-310E-D7	28,275	-	-
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	1311-4631-NB	100	-	-
<b>National Institutes of Health</b>					
Passed-through Duke University:					
Cardiovascular Diseases Research	93,837	A003411,SPS-250383	14,200	-	-
Total U.S. Department of Health and Human Services			9,371,838	562,253	-
<b>Total Federal Awards</b>					
<b>State Awards:</b>					
<b>N.C. Department of Agriculture and Consumer Services</b>					
<b>Division of Soil &amp; Water:</b>					
N.C. Agriculture Cost Share Funds				31,370	-
<b>N.C. Department of Natural and Cultural Resources</b>					
<b>Division of State Library:</b>					
State Aid to Public Libraries				119,239	-
<b>N.C. Department of Commerce</b>					
Building Reuse Grant		2020-049-3201-2587		200,000	
<b>N.C. Department of Environmental Quality</b>					
<b>Division of Waste Management</b>					
Electronics Management Fund				14,670	-
<b>N.C. Department of Health and Human Services</b>					
<b>Division of Social Services:</b>					
State Child Welfare/CPS/CS LD				186,460	-
DCD Smart Start				79,902	-
Extended F/C Maximization Non Title IV-E - Direct Benefit Payments				48,180	-
F/C At Risk Maximization- Direct Benefit Payments				16,121	-
SFHF Maximization- Direct Benefit Payments				91,240	-
State Foster Home- Direct Benefit Payments				132,923	-
<b>Division of Public Health:</b>					
Food and Lodging Fees				13,456	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Pass-through to Subrecipients</b>
Public Health Capacity Building			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		-
HMIC-Family Planning			2,031		-
Maternal Health (HMHC)			25,952		-
HIV/STD State			2,352		-
School Nurse Funding Initiative			150,000		-
TB Medical Service			787		-
Tuberculosis			1,825		-
<b>Division of Budget and Analysis:</b>					
Directed Grant			20,000		-
Passed through Centralina Council of Governments					
<b>Division of Aging and Adult Services:</b>					
Administration:			11,088		-
Senior Center General			323		-
Fan/Heat Program					
<b>N.C. Department of Military &amp; Veterans Affairs</b>					
Dept of Military & Veterans Affairs Community Grant			2,109		-
<b>N.C. Department of Public Instruction</b>					
Public School Building Capital Fund			779,160		-
<b>N.C. Department of Public Safety</b>					
<b>Division of Juvenile Justice:</b>					
CIS After School Program			10,000		-
CIS Gives Back			28,636		-
CIS Transition			23,789		-
Family Centered Treatment			26,250		-
JCPC Administration			11,000		-
Juvenile Mediation			25,125		-
Kids At Work			32,000		-
CIS Strengthening Families			20,000		-
Teen Court-Mediation Center for the Southern Piedmont			27,975		-
PORT Program			16,024		-
<b>N.C. Department of Transportation</b>					
Rural Operating Assistance Program (ROAP) Cluster:					
ROAP-Employment			21,394		-
ROAP-EDTAP			83,265		-
ROAP-Rural General Public Transportation			103,909		-
Total Rural Operating Assistance Program (ROAP) Cluster			208,568		-
<b>N.C. Office of State and Budget Management</b>					
State Capital and Infrastructure Fund (SCIF) Grants			131,107		-
<b>Total State awards</b>			2,626,195		-
<b>Total Federal and State awards</b>			\$ 26,633,195	\$ 3,203,391	\$ -

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, 2022. 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: Loans Outstanding**

Lincoln County had the following loan balance outstanding at June 30, 2022. This loan balance outstanding is also included in the Federal expenditures presented in the schedule.

<b>Program Title</b>	<b>ALN</b>	<b>Pass-through Grantor's Number</b>	<b>Amount Outstanding</b>
Clean Water State Revolving Funds	66,458	E-SRF-T-20-0510	\$ 4,465,721