



LINCOLN COUNTY

North Carolina



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2023

**LINCOLN COUNTY
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**PREPARED BY
LINCOLN COUNTY FINANCE DEPARTMENT**

LINCOLN COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

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LINCOLN COUNTY FINANCE DEPARTMENT

October 27, 2023

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, 2023, 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, 2023, 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, 2023, 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 2022 population of 11,467 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, 2022, according to the State Demographer, was 92,170.

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, field crops and vegetable production. The major industrial employers are in metal and electronics manufacturing, specialty textiles, home products, food processing and motorsports.

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

Fiscal year 2023 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 2023. 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 2023.

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 early 2024.

Long Term Planning

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

Staff and the Planning Board are examining existing zoning districts and how they correlate with the Lincoln County Land Use Plan and other small area plans. Considering the fact that zoning in Lincoln County has been in existence for nearly twenty-five years, it is prudent to examine how the county has changed. For example, there are water and sewer lines and future expansions that need to be considered when examining current and future density patterns. While it is likely that there will not be numerous zoning changes, it is important to recognize those areas that might need to be adjusted accordingly.

Education

Funding for education remains a large expenditure category in our budget with a total of \$28,994,071 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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty seventh 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.

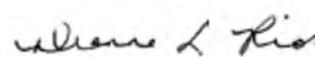
Acknowledgements

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, 2022

Christopher P. Monell

Executive Director/CEO

LIST OF OFFICIALS

BOARD OF COMMISSIONERS

Carrol Mitchem, Chairman
Bud Cesena, Vice Chairman
Anita McCall
Cathy Davis
Jamie Lineberger

Melissa Elmore, Clerk to the Board

CONSTITUTIONAL OFFICERS

Sheriff Bill Beam
Danny Hester, Register of Deeds

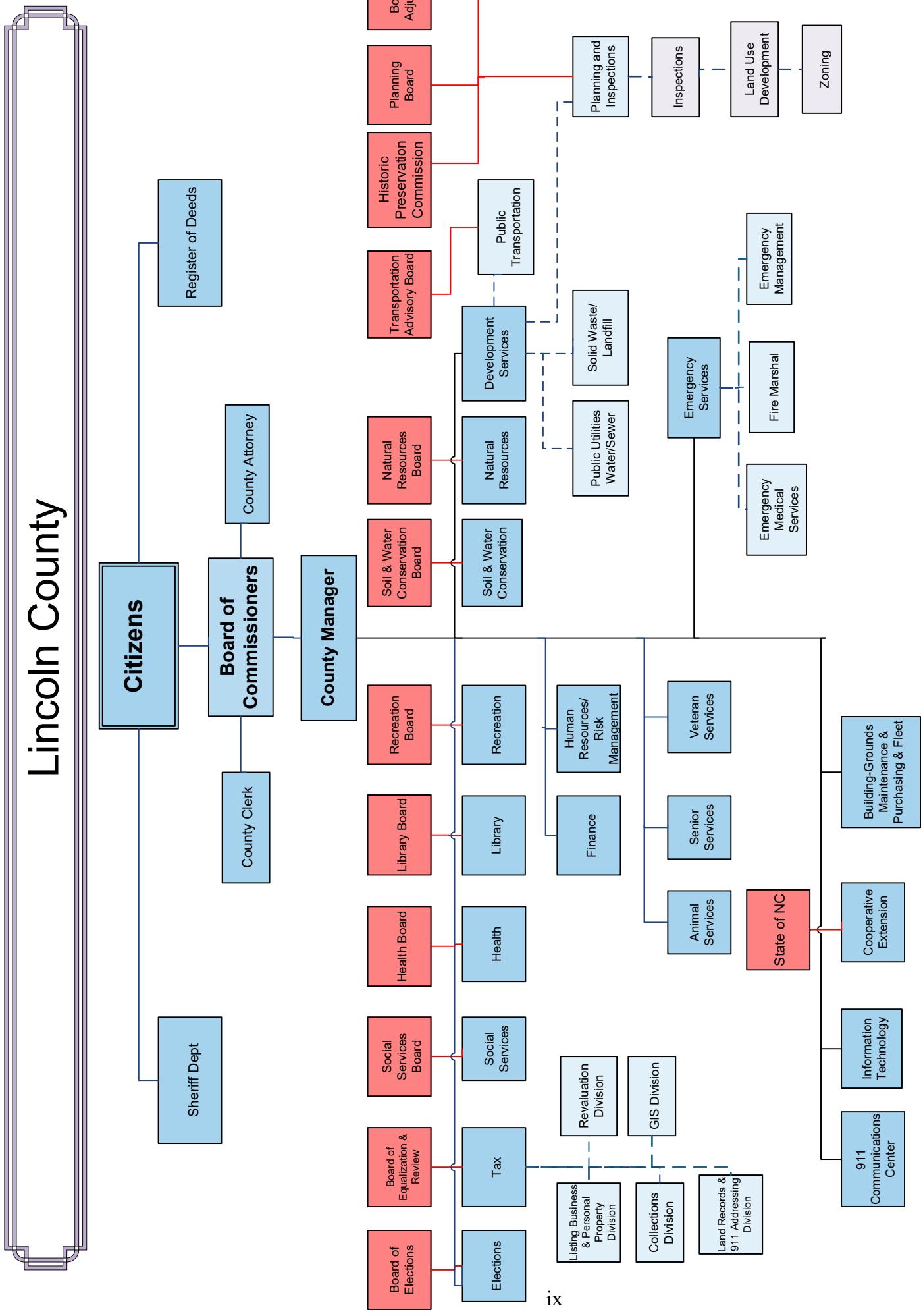
COUNTY ADMINISTRATION

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, 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
Jana Aviles, Animal Services Director
Bill Gibbs, Communications Director
Tanya Binafif, Director of NC Cooperative Extension Office

Lincoln County



FINANCIAL SECTION

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

& ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

Report on the 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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Opioid Settlement 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, 2023, 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*.

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 October 27, 2023 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
October 27, 2023

Management's Discussion and Analysis

As management of Lincoln County, we offer readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2023. 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.

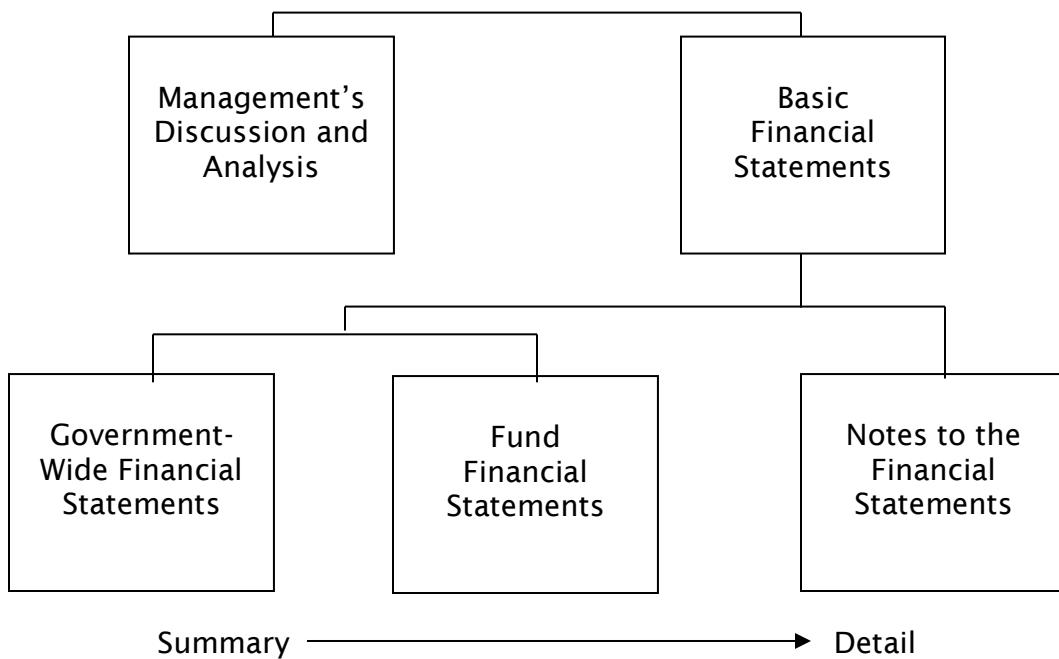
Financial Highlights

- 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 \$224,751,889 (*net position*).
- Current year increase in the sales tax, effective tax collections, Federal American Rescue Plan Act funds and other grants received, and conservative spending were the primary factors contributing to the increase in the government's total net position of \$54,620,271.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$113,671,468, an increase of \$14,850,106, 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 44% of this amount, or \$49,792,876, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$33,111,094, or 25.7%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total long term debt decreased by \$3,635,160, or 2.36%, 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 deferred outflows of resources, 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 148,037,821	\$ 122,383,644	\$ 55,208,366	\$ 52,722,250	\$203,246,187	\$175,105,894
Capital assets	<u>149,691,688</u>	<u>134,492,409</u>	<u>140,435,279</u>	<u>131,567,874</u>	<u>290,126,967</u>	<u>266,060,283</u>
Total assets	<u>297,729,509</u>	<u>256,876,053</u>	<u>195,643,645</u>	<u>184,290,124</u>	<u>493,373,154</u>	<u>441,166,177</u>
Deferred outflows of resources	<u>29,159,396</u>	<u>25,248,341</u>	<u>2,828,544</u>	<u>2,567,274</u>	<u>31,987,940</u>	<u>27,815,615</u>
Liabilities:						
Long-term liabilities						
outstanding	174,199,082	178,921,330	83,447,822	73,162,533	257,646,904	252,083,863
Other liabilities	<u>23,038,044</u>	<u>21,045,485</u>	<u>3,457,627</u>	<u>7,470,198</u>	<u>26,495,671</u>	<u>28,515,683</u>
Total liabilities	<u>197,237,126</u>	<u>199,966,815</u>	<u>86,905,449</u>	<u>80,632,731</u>	<u>284,142,575</u>	<u>280,599,546</u>
Deferred inflows of resources	<u>15,115,643</u>	<u>16,633,015</u>	<u>1,350,987</u>	<u>1,617,613</u>	<u>16,466,630</u>	<u>18,250,628</u>
Net Position:						
Net investment in capital assets	89,677,014	80,496,053	74,775,941	85,975,909	164,452,955	166,471,962
Restricted	49,903,706	44,152,021	-	-	49,903,706	44,152,021
Unrestricted	<u>(25,044,584)</u>	<u>(59,123,510)</u>	<u>35,439,812</u>	<u>18,631,145</u>	<u>10,395,228</u>	<u>(40,492,365)</u>
Total net position	<u>\$ 114,536,136</u>	<u>\$ 65,524,564</u>	<u>\$110,215,753</u>	<u>\$104,607,054</u>	<u>\$224,751,889</u>	<u>\$170,131,618</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 \$224,751,889, as of June 30, 2023. The County's net position increased by \$54,620,271, for the fiscal year ended June 30, 2023. One of the largest portions, \$164,452,955, 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, \$49,903,706, 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 99.49%.
- 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.

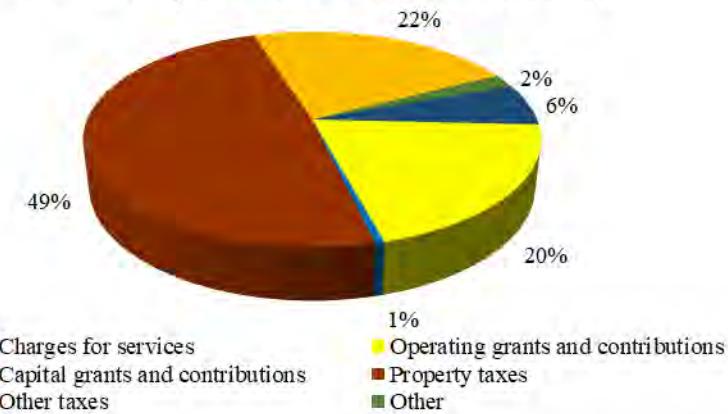
Lincoln County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 11,783,129	\$ 12,150,268	\$ 24,436,013	\$ 24,631,068	\$ 36,219,142	\$ 36,781,336
Operating grants and contributions	37,220,415	18,728,957	-	2,000	37,220,415	18,730,957
Capital grants and contributions	1,044,314	788,070	3,264,119	2,649,817	4,308,433	3,437,887
General revenues:						
Property taxes	90,844,156	86,106,451	415	338	90,844,571	86,106,789
Other taxes	41,744,638	38,951,043	-	-	41,744,638	38,951,043
Other	3,679,240	214,990	1,152,259	(46,454)	4,831,499	168,536
Total revenues	<u>186,315,892</u>	<u>156,939,779</u>	<u>28,852,806</u>	<u>27,236,769</u>	<u>215,168,698</u>	<u>184,176,548</u>
Expenses:						
General government	19,382,116	19,030,850	-	-	19,382,116	19,030,850
Public safety	53,210,555	48,904,609	-	-	53,210,555	48,904,609
Transportation	1,926,212	1,745,663	-	-	1,926,212	1,745,663
Economic and physical development	4,309,136	3,590,114	-	-	4,309,136	3,590,114
Culture and recreation	4,230,728	3,933,893	-	-	4,230,728	3,933,893
Education	29,253,570	27,265,673	-	-	29,253,570	27,265,673
Human services	22,733,273	21,166,193	-	-	22,733,273	21,166,193
Interest on long-term debt	2,258,730	2,532,813	-	-	2,258,730	2,532,813
Water and sewer	-	-	17,203,533	13,988,552	17,203,533	13,988,552
Solid waste	-	-	6,040,574	5,266,656	6,040,574	5,266,656
Total expenses	<u>137,304,320</u>	<u>128,169,808</u>	<u>23,244,107</u>	<u>19,255,208</u>	<u>160,548,427</u>	<u>147,425,016</u>
Change in net position	49,011,572	28,769,971	5,608,699	7,981,561	54,620,271	36,751,532
Net Position						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$114,536,136</u>	<u>\$ 65,524,564</u>	<u>\$110,215,753</u>	<u>\$104,607,054</u>	<u>\$224,751,889</u>	<u>\$170,131,618</u>

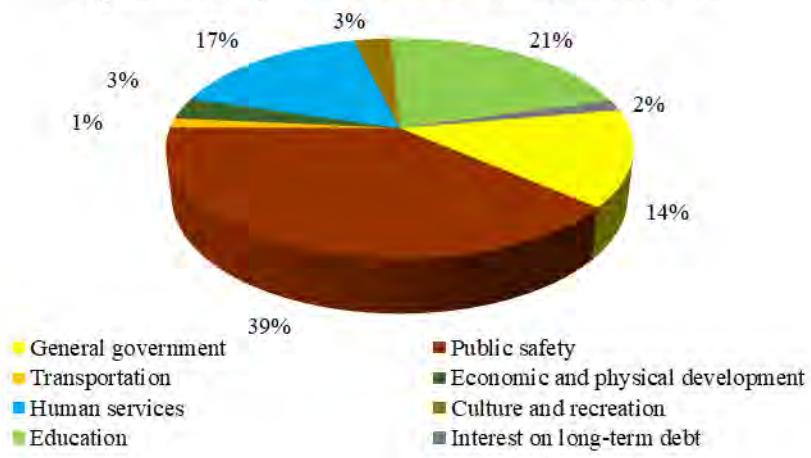
Governmental Activities. Governmental activities increased the County's net position by \$49,011,572. The key elements of this increase are as follows:

- The current year property taxes increased by \$4,737,705, or 5.5%, compared to the prior year due to increased construction on the east end of the County and collection rate of 99.45%.
- Increased operating grants and contributions of \$18,491,458, or 98.73%, this is due to increased grant funds available for local governments.
- Expenses for education increased by \$1,987,897 over the previous year.
- Lapsed salaries due to the highly competitive job market 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 \$5,608,699. The business-type activities increase was primarily related to increased capital grants and 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 \$59,916,539, while total fund balance was \$71,705,403. 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 46.5% of total General Fund expenditures, while total fund balance represents 55.7% of the same amount. This percentage increase is the result of larger sales tax revenues, multiple grant awards and savings due to unfilled personnel positions.

The Special Grants Fund is used to account for financial resources to be used for activities required by various grantors. At the end of the current fiscal year, the total fund balance of the Special Grants Fund was \$2,438,197, an increase of \$738,672. The increase is due to several grants received from the State of North Carolina, and the Federal Government.

The Opioid Settlement Fund is used to account for funds used for opioid abatement and remediation activities within the County. 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 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. The funds are restricted until expended. No funds have been expended as of June 30, 2023. The County received \$773,842 as part of the opioid settlement in Fiscal Year 2023.

The Capital Reserve Fund is used to account for financial resources to be used in the acquisition and construction of future capital projects within the County. At the end of the current fiscal year, total fund balance in the Capital Reserve Fund was \$21,097,950, an increase of \$7,070,090. This increase is due to a one-time increase in funding from the General Fund to offset proposed increases in construction on capital construction projects currently in the planning stages.

At June 30, 2023, the governmental funds of Lincoln County reported a combined fund balance of \$113,671,468 a 15.03% 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 \$6,603,992. The largest part of this increase, \$4,148,926, was to increase Education expenditures 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 \$36,410,458, and the Solid Waste Fund at the end of the fiscal year amounted to (\$970,646). The total change in net position for the two funds was \$4,406,287 and \$1,202,412, 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, 2023 totals \$290,126,967 (net of accumulated depreciation/amortization). These assets include land, buildings, water and sewer lines, treatment facilities, machinery and equipment, park facilities, vehicles and right to use assets for leases.

Major capital asset transactions during the year include:

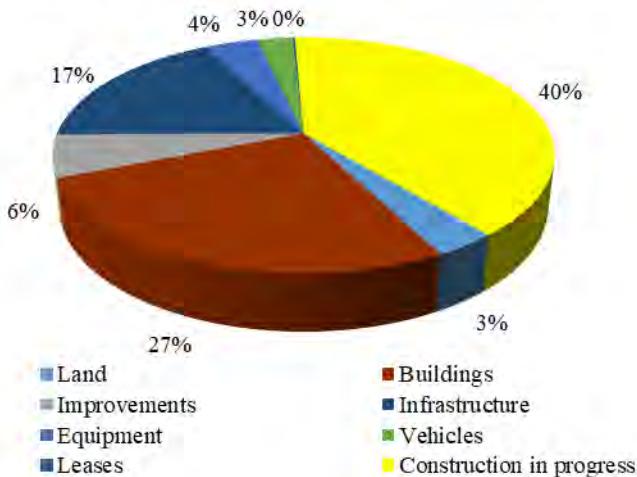
- Reepsville Road Waterline construction was completed.
- Water Treatment Plant expansion was nearly completed.
- The Courthouse Construction was completed.
- Waste Water Treatment Plant expansion has continued.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,429,358	\$ 8,394,859	\$ 1,479,075	\$ 1,479,075	\$ 9,908,433	\$ 9,873,934
Buildings	54,407,425	55,883,958	23,152,696	24,500,755	77,560,121	80,384,713
Improvements	11,136,679	10,653,754	5,908,688	6,592,421	17,045,367	17,246,175
Infrastructure	-	-	50,356,523	50,434,897	50,356,523	50,434,897
Equipment	9,009,135	9,580,875	3,126,667	2,329,196	12,135,802	11,910,071
Vehicles	6,052,980	5,497,851	1,786,717	1,744,314	7,839,697	7,242,165
Right to use assets:						
Leases	529,167	600,707	-	-	529,167	600,707
Construction in progress	60,126,944	43,880,405	54,624,913	44,487,216	114,751,857	88,367,621
Total	<u>\$149,691,688</u>	<u>\$134,492,409</u>	<u>\$140,435,279</u>	<u>\$131,567,874</u>	<u>\$290,126,967</u>	<u>\$266,060,283</u>

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



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, 2023, Lincoln County had total general obligation bonded debt outstanding of \$20,126,000, all of which is debt backed by the full faith and credit of the County.

Lincoln County's Outstanding Debt

General Obligation Bonds **Figure 5**

	Governmental Activities	
	2023	2022
Direct placement general obligation bonds	<u>\$ 20,126,000</u>	<u>\$ 26,673,000</u>

Lincoln County's total general obligation bonded debt decreased by \$6,547,000, or 24.5%, during the past fiscal year, primarily due to paying off debt.

As of June 30, 2023, Lincoln County had total enterprise revenue bonded debt outstanding of \$38,695,000, all of which is debt backed by the revenues of the water and sewer utility system.

Enterprise Revenue Bonds **Figure 6**

	Business-Type Activities	
	2023	2022
Revenue bonds	<u>\$ 38,695,000</u>	<u>\$ 39,940,000</u>

Lincoln County's total enterprise revenue bonded debt decreased by \$1,245,000, 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 (S&P) 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 \$918,750,000.

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 2022-2023 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 4th nationally for its ability to secure new and expanded corporate facility projects.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The tax rate of \$0.499 per \$100 of valuation is the 6th lowest tax rate of adjoining counties and we have the 3rd 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, 2024

Governmental Activities. The County adopted a General Fund budget in the amount of \$143,492,147 for the fiscal year ending June 30, 2024, an increase of \$13,110,651, or 10.06%, from the fiscal year 2023 budget. The majority of the budget increases were in Public Safety and Education.

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

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

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lincoln County	Lincoln Community Friends
				ABC Board	
Assets:					
Cash and cash equivalents	\$ 108,182,977	\$ 50,596,201	\$ 158,779,178	\$ 1,017,926	\$ 43,258
Taxes receivable (net)	630,838	-	630,838	-	-
Accounts receivable (net)	2,908,192	1,584,767	4,492,959	-	-
Due from other governments	9,228,346	560,624	9,788,970	-	-
Inventory	-	-	-	873,815	-
Lease receivable, current	3,514	-	3,514	-	-
Prepaid items	314,217	2,538	316,755	-	-
Cash and cash equivalents, restricted	20,096,828	2,464,236	22,561,064	-	-
Net pension asset	132,008	-	132,008	-	-
Accounts receivable, non-current (net)	6,534,662	-	6,534,662	-	-
Lease receivable, non-current	6,239	-	6,239	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	68,556,302	56,103,988	124,660,290	2,056,146	-
Other assets, net of depreciation	80,606,219	84,331,291	164,937,510	2,266,284	-
Right to use assets, net of amortization	529,167	-	529,167	-	-
Total capital assets	149,691,688	140,435,279	290,126,967	4,322,430	-
Total assets	297,729,509	195,643,645	493,373,154	6,214,171	43,258
Deferred Outflows of Resources:					
Pension deferrals	20,519,683	1,897,426	22,417,109	159,272	-
OPEB deferrals	7,973,376	788,576	8,761,952	-	-
Charge on refunding of debt	666,337	142,542	808,879	-	-
Total deferred outflows of resources	29,159,396	2,828,544	31,987,940	159,272	-
Liabilities:					
Accounts payable and other accrued liabilities	11,525,934	1,510,501	13,036,435	420,212	-
Advance from grantor	11,089,478	916,450	12,005,928	-	-
Liabilities to be paid from restricted assets:					
Accounts payable	422,632	901,086	1,323,718	-	-
Customer deposits	-	129,590	129,590	-	-
Long-term liabilities:					
Due within one year	13,535,866	3,721,880	17,257,746	-	-
Due in more than one year	160,663,216	79,725,942	240,389,158	889,707	-
Total liabilities	197,237,126	86,905,449	284,142,575	1,309,919	-
Deferred Inflows of Resources:					
Prepaid taxes	420,703	-	420,703	-	-
Leases	9,603	-	9,603	-	-
Pension deferrals	1,294,697	26,638	1,321,335	760	-
OPEB deferrals	13,390,640	1,324,349	14,714,989	-	-
Total deferred inflows of resources	15,115,643	1,350,987	16,466,630	760	-
Net Position:					
Net investment in capital assets	89,677,014	74,775,941	164,452,955	3,612,686	-
Restricted for Stabilization by State statute	27,521,463	-	27,521,463	-	-
Restricted for general government	1,089,753	-	1,089,753	-	-
Restricted for Register of Deeds' pension plan	201,441	-	201,441	-	-
Restricted for public safety	5,609,570	-	5,609,570	-	-
Restricted for transportation	1,745,275	-	1,745,275	-	-
Restricted for economic and physical dev.	2,889,239	-	2,889,239	-	-
Restricted for culture and recreation	1,683,784	-	1,683,784	-	-
Restricted for human services	9,163,181	-	9,163,181	-	-
Restricted for working capital	-	-	-	268,061	-
Unrestricted	(25,044,584)	35,439,812	10,395,228	1,182,017	43,258
Total net position	\$ 114,536,136	\$ 110,215,753	\$ 224,751,889	\$ 5,062,764	\$ 43,258

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs:	Expenses	Program Revenues			
		Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and	Contributions
Primary Government:					
Governmental Activities:					
General government	\$ 19,382,116	\$ 2,527,923	\$ 2,871,356	\$ -	
Public safety	53,210,555	7,147,042	11,879,887		575,784
Transportation	1,926,212	690,085	388,339		-
Economic and physical development	4,309,136	298,905	628,739		-
Culture and recreation	4,230,728	136,148	209,129		-
Education	29,253,570	-	-		468,530
Human services	22,733,273	983,026	21,242,965		-
Interest and fees	2,258,730	-	-		-
Total governmental activities	<u>137,304,320</u>	<u>11,783,129</u>	<u>37,220,415</u>		<u>1,044,314</u>
Business-Type Activities:					
Water and sewer	17,203,533	18,319,117	-		2,430,569
Solid waste	6,040,574	6,116,896	-		833,550
Total business-type activities	<u>23,244,107</u>	<u>24,436,013</u>	<u>-</u>		<u>3,264,119</u>
Total primary government	<u>\$ 160,548,427</u>	<u>\$ 36,219,142</u>	<u>\$ 37,220,415</u>		<u>\$ 4,308,433</u>
Component Units:					
Lincoln County ABC Board	\$ 6,144,769	\$ 6,990,073	\$ -	\$ -	
Lincoln Community Friends	-	-	2,500		-
Total component units	<u>\$ 6,144,769</u>	<u>\$ 6,990,073</u>	<u>\$ 2,500</u>		<u>\$ -</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, 2023**

	Net (Expense)Revenue and Changes in Net Position			Component Units	
	Primary Government			Lincoln County ABC Board	
	Governmental Activities	Business-Type Activities	Total	Lincoln Community Friends	
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ (13,982,837)	\$ -	\$ (13,982,837)		
Public safety	(33,607,842)	-	(33,607,842)		
Transportation	(847,788)	-	(847,788)		
Economic and physical development	(3,381,492)	-	(3,381,492)		
Culture and recreation	(3,885,451)	-	(3,885,451)		
Education	(28,785,040)	-	(28,785,040)		
Human services	(507,282)	-	(507,282)		
Interest and fees	(2,258,730)	-	(2,258,730)		
Total governmental activities	<u>(87,256,462)</u>	<u>-</u>	<u>(87,256,462)</u>		
Business-Type Activities:					
Water and sewer	-	3,546,153	3,546,153		
Solid waste	-	909,872	909,872		
Total business-type activities	<u>-</u>	<u>4,456,025</u>	<u>4,456,025</u>		
Total primary government	<u>\$ (87,256,462)</u>	<u>\$ 4,456,025</u>	<u>\$ (82,800,437)</u>		
Component Units:					
Lincoln County ABC Board			\$ 845,304	\$ -	
Lincoln Community Friends				-	2,500
Total component units			<u>\$ 845,304</u>	<u>\$ 2,500</u>	
General Revenues:					
Ad valorem taxes	90,844,156	415	90,844,571	-	-
Local option sales tax	38,869,378	-	38,869,378	-	-
Utility franchise tax	192,495	-	192,495	-	-
Real estate transfer tax	2,281,678	-	2,281,678	-	-
Other taxes	401,087	-	401,087	-	-
Unrestricted intergovernmental	355,105	-	355,105	-	-
Investment earnings	3,324,135	1,152,259	4,476,394	2,037	-
Total general revenues	<u>136,268,034</u>	<u>1,152,674</u>	<u>137,420,708</u>	<u>2,037</u>	<u>-</u>
Change in net position	49,011,572	5,608,699	54,620,271	847,341	2,500
Net position, beginning	<u>65,524,564</u>	<u>104,607,054</u>	<u>170,131,618</u>	<u>4,215,423</u>	<u>40,758</u>
Net position, ending	<u>\$ 114,536,136</u>	<u>\$ 110,215,753</u>	<u>\$ 224,751,889</u>	<u>\$ 5,062,764</u>	<u>\$ 43,258</u>

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

LINCOLN COUNTY, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General Fund	Special Grants Fund	Opioid Settlement Fund	Capital Reserve Fund	Other Governmental Funds		
Assets:							
Cash and cash equivalents	\$ 69,176,399	\$ 2,398,976	\$ -	\$ 21,084,412	\$ 10,542,357	\$ 103,202,144	
Taxes receivable, net	543,568	-	-	-	87,270	630,838	
Accounts receivable, net	1,375,399	36,250	8,010,197	13,538	4,334	9,439,718	
Due from other governments	8,444,114	168,438	-	-	615,794	9,228,346	
Lease receivable	9,753	-	-	-	-	9,753	
Prepaid items	304,217	-	-	-	-	304,217	
Cash and cash equivalents, restricted	324,836	10,764,642	788,783	-	8,218,567	20,096,828	
Total assets	<u>\$ 80,178,286</u>	<u>\$ 13,368,306</u>	<u>\$ 8,798,980</u>	<u>\$ 21,097,950</u>	<u>\$ 19,468,322</u>	<u>\$ 142,911,844</u>	
Liabilities:							
Accounts payable and other accrued liabilities	\$ 6,646,831	\$ 165,467	\$ -	\$ -	\$ 1,317,791	\$ 8,130,089	
Advance from grantor	324,836	10,764,642	-	-	-	11,089,478	
Liabilities to be paid from restricted assets:							
Accounts payable	-	-	-	-	422,632	422,632	
Total liabilities	<u>6,971,667</u>	<u>10,930,109</u>	<u>-</u>	<u>-</u>	<u>1,740,423</u>	<u>19,642,199</u>	
Deferred Inflows of Resources:							
Unavailable taxes	543,568	-	-	-	87,270	630,838	
Leases	9,603	-	-	-	-	9,603	
Prepaid taxes	420,703	-	-	-	-	420,703	
Deferred revenue	527,342	-	8,009,691	-	-	8,537,033	
Total deferred inflows of resources	<u>1,501,216</u>	<u>-</u>	<u>8,009,691</u>	<u>-</u>	<u>87,270</u>	<u>9,598,177</u>	
Fund Balances:							
Non-spendable:							
Prepaid items	304,217	-	-	-	-	304,217	
Leases	150	-	-	-	-	150	
Restricted:							
Stabilization by State statute	11,484,497	4,076,420	506	13,538	11,946,502	27,521,463	
General government	-	603,205	-	-	1,930,828	2,534,033	
Public safety	2,485,811	1,372	-	-	9,474,042	11,961,225	
Transportation	-	1,745,275	-	-	-	1,745,275	
Economic and physical development	-	-	-	-	2,889,239	2,889,239	
Culture and recreation	-	79,390	-	-	1,604,394	1,683,784	
Human services	244,362	8,955	788,783	-	111,390	1,153,490	
Committed	2,136,000	-	-	21,084,412	1,450,704	24,671,116	
Assigned	21,939,272	-	-	-	-	21,939,272	
Unassigned	33,111,094	(4,076,420)	-	-	(11,766,470)	17,268,204	
Total fund balances	<u>71,705,403</u>	<u>2,438,197</u>	<u>789,289</u>	<u>21,097,950</u>	<u>17,640,629</u>	<u>113,671,468</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 80,178,286</u>	<u>\$ 13,368,306</u>	<u>\$ 8,798,980</u>	<u>\$ 21,097,950</u>	<u>\$ 19,468,322</u>		

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total Fund Balance, Governmental Funds	113,671,468
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	149,162,521
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.	529,167
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>(1,056,406)</u> 666,337
Net pension asset - ROD	132,008
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	5,226,375
Total pension liability - LEOSSA	(3,901,463)
Net pension liability - LGERS	(28,284,118)
Total OPEB liability	(47,590,271)
Pension related deferrals	13,998,611
OPEB related deferrals	(5,417,264)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(94,423,230)
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.	(288,075)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.	9,167,871
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.	1,886,199
Net position of governmental activities, per Exhibit A	<u><u>\$ 114,536,136</u></u>

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds				Nonmajor Funds	
	General Fund	Special Grants Fund	Opioid Settlement Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 77,740,991	\$ -	\$ -	\$ -	\$ 13,108,524	\$ 90,849,515
Local option sales taxes	38,869,378	-	-	-	-	38,869,378
Other taxes and licenses	2,875,260	-	-	-	-	2,875,260
Unrestricted intergovernmental revenues	355,105	-	-	-	-	355,105
Restricted intergovernmental revenues	13,170,561	14,987,943	773,842	-	1,117,413	30,049,759
Permits and fees	3,188,481	-	-	-	-	3,188,481
Sales and service	7,430,926	55,594	-	-	-	7,486,520
Miscellaneous	1,566,064	-	-	-	-	1,566,064
Investment earnings	1,905,774	543,430	15,447	419,823	354,128	3,238,602
Total revenues	<u>147,102,540</u>	<u>15,586,967</u>	<u>789,289</u>	<u>419,823</u>	<u>14,580,065</u>	<u>178,478,684</u>
Expenditures:						
Current:						
General government	17,562,834	2,738,671	-	-	-	20,301,505
Public safety	37,101,381	750,607	-	-	13,365,228	51,217,216
Transportation	1,637,069	95,904	-	-	-	1,732,973
Economic and physical development	4,073,494	-	-	-	-	4,073,494
Culture and recreation	3,495,051	70,206	-	-	-	3,565,257
Education	29,253,570	-	-	-	-	29,253,570
Human services	19,939,993	1,492,441	-	-	229,254	21,661,688
Capital outlay	-	-	-	-	15,331,428	15,331,428
Debt service:						
Principal repayments	12,927,561	-	-	-	-	12,927,561
Interest	2,763,886	-	-	-	-	2,763,886
Total expenditures	<u>128,754,839</u>	<u>5,147,829</u>	<u>-</u>	<u>-</u>	<u>28,925,910</u>	<u>162,828,578</u>
Revenues over (under) expenditures	<u>18,347,701</u>	<u>10,439,138</u>	<u>789,289</u>	<u>419,823</u>	<u>(14,345,845)</u>	<u>15,650,106</u>
Other Financing Sources (Uses):						
Transfers from other funds	10,800,000	299,534	-	10,409,360	6,370,497	27,879,391
Transfers to other funds	(14,120,298)	(10,000,000)	-	(3,759,093)	(800,000)	(28,679,391)
Total other financing sources (uses)	<u>(3,320,298)</u>	<u>(9,700,466)</u>	<u>-</u>	<u>6,650,267</u>	<u>5,570,497</u>	<u>(800,000)</u>
Net change in fund balances	15,027,403	738,672	789,289	7,070,090	(8,775,348)	14,850,106
Fund balances, beginning	<u>56,678,000</u>	<u>1,699,525</u>	<u>-</u>	<u>14,027,860</u>	<u>26,415,977</u>	<u>98,821,362</u>
Fund balances, ending	<u>\$ 71,705,403</u>	<u>\$ 2,438,197</u>	<u>\$ 789,289</u>	<u>\$ 21,097,950</u>	<u>\$ 17,640,629</u>	<u>\$ 113,671,468</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, 2023

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)	\$ 14,850,106
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.	20,604,918
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.	(5,390,787)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(14,852)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,118,128
Benefit payments and administrative costs for LEOSSA are not included on the Statement of Activities	108,247
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,671,110
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	(5,359)
Opioid settlement funds	8,009,691
Other fees for service	(252,657)
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	113,507
Pension expense	(8,698,064)
OPEB plan expense	(1,416,705)
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.	12,927,561
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.	373,649
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	1,013,079
Change in net position of governmental activities	<u>\$ 49,011,572</u>

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

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund				Opioid Settlement Fund				Variance with Final	
	Budgeted Amounts		Actual	Budget Over/Under	Budgeted Amounts		Actual	Budget Over/Under		
	Original	Final			Original	Final				
Revenues:										
Ad valorem taxes	\$76,737,000	\$77,003,909	\$77,740,991	\$ 737,082	\$ -	\$ -	\$ -	\$ -	\$ -	
Local option sales taxes	27,176,065	31,324,991	38,869,378	7,544,387	-	-	-	-	-	
Other taxes and licenses	2,013,000	2,530,838	2,875,260	344,422	-	-	-	-	-	
Unrestricted intergovernmental revenues	315,000	315,000	355,105	40,105	-	-	-	-	-	
Restricted intergovernmental revenues	12,974,419	14,051,563	13,170,561	(881,002)	-	733,655	773,842	40,187		
Permits and fees	3,142,920	3,215,409	3,188,481	(26,928)	-	-	-	-	-	
Sales and service	5,803,634	6,078,167	7,430,926	1,352,759	-	-	-	-	-	
Miscellaneous	1,061,000	1,307,153	1,566,064	258,911	-	-	-	-	-	
Investment earnings	118,073	118,073	1,905,774	1,787,701	-	-	15,447	15,447		
Total revenues	129,341,111	135,945,103	147,102,540	11,157,437	-	733,655	789,289	55,634		
Expenditures:										
Current:										
General government	17,479,854	20,348,708	17,562,834	2,785,874	-	-	-	-	-	
Public safety	37,325,313	40,035,977	37,101,381	2,934,596	-	-	-	-	-	
Transportation	1,765,058	1,813,058	1,637,069	175,989	-	-	-	-	-	
Economic and physical development	3,507,635	4,831,551	4,073,494	758,057	-	-	-	-	-	
Culture and recreation	4,144,947	4,374,310	3,495,051	879,259	-	-	-	-	-	
Education	24,666,232	29,287,866	29,253,570	34,296	-	-	-	-	-	
Human services	22,524,052	23,045,332	19,939,993	3,105,339	-	733,655	-	733,655		
Debt service:										
Principal	12,860,742	13,260,742	12,927,561	333,181	-	-	-	-	-	
Interest and fees	2,755,253	3,155,253	2,763,886	391,367	-	-	-	-	-	
Total expenditures	127,029,086	140,152,797	128,754,839	11,397,958	-	733,655	-	733,655		
Revenues over (under) expenditures	2,312,025	(4,207,694)	18,347,701	22,555,395	-	-	789,289	789,289		
Other Financing Sources (Uses):										
Transfers from other funds	800,000	10,800,000	10,800,000	-	-	-	-	-	-	
Transfers to other funds	(3,352,410)	(14,120,298)	(14,120,298)	-	-	-	-	-	-	
Fund balance appropriated	240,385	7,527,992	-	(7,527,992)	-	-	-	-	-	
Total other financing sources (uses)	(2,312,025)	4,207,694	(3,320,298)	(7,527,992)	-	-	-	-	-	
Net change in fund balance	\$ -	\$ -	15,027,403	\$ 15,027,403	\$ -	\$ -	789,289	\$ 789,289		
Fund balance, beginning of year	56,678,000				-					
Fund balance, end of year	\$ 71,705,403				\$ 789,289					

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2023

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 40,025,410	\$ 10,570,791	\$ 50,596,201	\$ 4,980,833
Accounts receivable, net	1,427,381	157,386	1,584,767	3,136
Due from other governments	406,014	154,610	560,624	-
Prepaid items	754	1,784	2,538	10,000
Cash and cash equivalents, restricted	1,544,971	919,265	2,464,236	-
Total current assets	<u>43,404,530</u>	<u>11,803,836</u>	<u>55,208,366</u>	<u>4,993,969</u>
Capital assets:				
Non-depreciable capital assets	55,445,340	658,648	56,103,988	-
Depreciable capital assets, net	75,216,394	9,114,897	84,331,291	-
Total non-current assets	<u>130,661,734</u>	<u>9,773,545</u>	<u>140,435,279</u>	<u>-</u>
Total assets	<u>174,066,264</u>	<u>21,577,381</u>	<u>195,643,645</u>	<u>4,993,969</u>
Deferred Outflows of Resources:				
Pension deferrals	1,264,951	632,475	1,897,426	-
OPEB deferrals	525,717	262,859	788,576	-
Deferred charges, net	142,542	-	142,542	-
Total deferred outflows of resources	<u>1,933,210</u>	<u>895,334</u>	<u>2,828,544</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and other accrued liabilities	1,308,821	201,680	1,510,501	3,107,770
Advance from grantor	-	916,450	916,450	-
Current portion of compensated absences	106,578	45,509	152,087	-
Current portion of long-term debt	3,065,702	504,091	3,569,793	-
Liabilities to be paid from restricted assets:				
Accounts payable	901,086	-	901,086	-
Customer deposits	126,775	2,815	129,590	-
Total current liabilities	<u>5,508,962</u>	<u>1,670,545</u>	<u>7,179,507</u>	<u>3,107,770</u>
Non-current liabilities:				
Accrued landfill closure/post-closure care costs	-	9,498,237	9,498,237	-
Compensated absences	63,547	53,443	116,990	-
Net pension liability	1,864,887	932,443	2,797,330	-
Total OPEB liability	3,137,820	1,568,910	4,706,730	-
Long-term debt	60,061,417	2,545,238	62,606,655	-
Total non-current liabilities	<u>65,127,671</u>	<u>14,598,271</u>	<u>79,725,942</u>	<u>-</u>
Total liabilities	<u>70,636,633</u>	<u>16,268,816</u>	<u>86,905,449</u>	<u>3,107,770</u>
Deferred Inflows of Resources:				
Pension deferrals	17,759	8,879	26,638	-
OPEB deferrals	882,899	441,450	1,324,349	-
Total deferred inflows of resources	<u>900,658</u>	<u>450,329</u>	<u>1,350,987</u>	<u>-</u>
Net Position:				
Net investment in capital assets	68,051,725	6,724,216	74,775,941	-
Unrestricted	36,410,458	(970,646)	35,439,812	1,886,199
Total net position	<u>\$ 104,462,183</u>	<u>\$ 5,753,570</u>	<u>\$ 110,215,753</u>	<u>\$ 1,886,199</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, 2023**

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 17,872,354	\$ 910,115	\$ 18,782,469	\$ -
Water and sewer taps	209,240	-	209,240	-
Availability fee	-	4,854,083	4,854,083	-
Other operating revenues	237,523	11,261	248,784	10,737,508
Total operating revenues	<u>18,319,117</u>	<u>5,775,459</u>	<u>24,094,576</u>	<u>10,737,508</u>
Operating Expenses:				
Water treatment and maintenance	8,471,389	-	8,471,389	-
Sewage collection	3,540,411	-	3,540,411	-
Landfill operations	-	3,664,773	3,664,773	-
Landfill closure and post-closure costs	-	1,129,985	1,129,985	-
Other services	-	-	-	10,609,962
Depreciation	3,640,309	1,178,345	4,818,654	-
Total operating expenses	<u>15,652,109</u>	<u>5,973,103</u>	<u>21,625,212</u>	<u>10,609,962</u>
Operating income (loss)	<u>2,667,008</u>	<u>(197,644)</u>	<u>2,469,364</u>	<u>127,546</u>
Non-Operating Revenues (Expenses):				
Ad valorem taxes	415	-	415	-
Investment earnings	859,719	292,540	1,152,259	85,533
Gain(Loss) on disposal of capital assets	5,474	12,000	17,474	-
White goods disposal tax	-	24,178	24,178	-
Tire disposal tax	-	169,052	169,052	-
Franchise fees	-	48,258	48,258	-
Solid waste disposal tax	-	84,419	84,419	-
NC electronics management fund distribution	-	15,530	15,530	-
Federal and State grants, non-capital	-	833,550	833,550	-
Interest and fees	(1,556,898)	(79,471)	(1,636,369)	-
Total non-operating revenues (expenses)	<u>(691,290)</u>	<u>1,400,056</u>	<u>708,766</u>	<u>85,533</u>
Income (loss) before contributions and transfers	<u>1,975,718</u>	<u>1,202,412</u>	<u>3,178,130</u>	<u>213,079</u>
Capital contributions	2,430,569	-	2,430,569	-
Transfers from other funds	-	-	-	800,000
Change in net position	4,406,287	1,202,412	5,608,699	1,013,079
Net position, beginning	<u>100,055,896</u>	<u>4,551,158</u>	<u>104,607,054</u>	<u>873,120</u>
Net position, ending	<u><u>\$ 104,462,183</u></u>	<u><u>\$ 5,753,570</u></u>	<u><u>\$ 110,215,753</u></u>	<u><u>\$ 1,886,199</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, 2023**

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 18,550,499	\$ 5,821,808	\$ 24,372,307	\$ 10,735,161
Cash paid for goods and services	(11,407,468)	(1,213,331)	(12,620,799)	(10,406,300)
Cash paid on behalf of employees	(3,873,334)	(2,965,571)	(6,838,905)	-
Net cash provided by operating activities	<u>3,269,697</u>	<u>1,642,906</u>	<u>4,912,603</u>	<u>328,861</u>
Cash flows from noncapital financing activities:				
Ad valorem taxes	415	-	415	-
White goods disposal tax	-	24,178	24,178	-
Tire disposal tax	-	169,052	169,052	-
Franchise fees	-	48,258	48,258	-
Solid waste disposal tax	-	84,419	84,419	-
NC electronics management fund distribution	-	15,530	15,530	-
Transfers in	-	-	-	800,000
Net cash provided by non-capital financing activities	<u>415</u>	<u>341,437</u>	<u>341,852</u>	<u>800,000</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(10,695,347)	(1,234,143)	(11,929,490)	-
Debt issued	12,333,375	-	12,333,375	-
Debt principal paid	(2,611,702)	(496,091)	(3,107,793)	-
Interest and fees paid	(1,556,898)	(79,471)	(1,636,369)	-
Capital contributions	674,000	-	674,000	-
Proceeds from sale of assets	5,474	12,000	17,474	-
Net cash (used) by capital and related financing activities	<u>(1,851,098)</u>	<u>(1,797,705)</u>	<u>(3,648,803)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	859,719	292,540	1,152,259	85,533
Net increase (decrease) in cash and cash equivalents	2,278,733	479,178	2,757,911	1,214,394
Cash and cash equivalents - beginning	<u>39,291,648</u>	<u>11,010,878</u>	<u>50,302,526</u>	<u>3,766,439</u>
Cash and cash equivalents - ending	<u>\$ 41,570,381</u>	<u>\$ 11,490,056</u>	<u>\$ 53,060,437</u>	<u>\$ 4,980,833</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, 2023**

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,667,008	\$ (197,644)	\$ 2,469,364	\$ 127,546
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,640,309	1,178,345	4,818,654	-
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	-	1,129,985	1,129,985	-
Change in assets, liabilities, and deferred outflows and inflows of resources:				
(Increase) in receivables	(376,279)	(7,341)	(383,620)	(2,347)
Decrease in due from other governments	601,881	53,286	655,167	-
(Increase) decrease in prepaid items	(44)	292	248	8,650
(Increase) in deferred outflows-pension	(497,446)	(248,723)	(746,169)	-
Decrease in deferred outflows-OPEB	230,915	241,562	472,477	-
Increase in net pension liability	1,386,810	693,404	2,080,214	-
(Decrease) in net OPEB liability	(827,878)	(1,074,889)	(1,902,767)	-
(Decrease) in deferred inflows - pension	(680,950)	(340,475)	(1,021,425)	-
Increase in deferred inflows - OPEB	541,169	213,630	754,799	-
Increase (decrease) in accounts payable	(3,185,101)	(104)	(3,185,205)	195,012
Increase in customer deposits	5,780	404	6,184	-
Increase in compensated absences payable	20,422	1,174	21,596	-
Total adjustments	602,689	1,840,550	2,443,239	201,315
Net cash provided (used) by operating activities	\$ 3,269,697	\$ 1,642,906	\$ 4,912,603	\$ 328,861
Non-cash investing, capital, and financing activities:				
Contributed depreciable assets, net of accumulated depreciation	\$ 1,756,569	\$ -	\$ 1,756,569	\$ -

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 185,468
Taxes receivable for other governments, net	56,633
Accounts receivable, net	3,380
Due from other governments	66,122
Total assets	<u>311,603</u>
Liabilities:	
Accounts payable and other accrued liabilities	88,929
Total liabilities	<u>88,929</u>
Net Position:	
Restricted:	
Individuals, organizations, and other governments	222,674
Total net position	<u>\$ 222,674</u>

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, 2023

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 5,862,696
Collections of gathered evidence	54,052
Collections of executed court orders	46,721
Collections on behalf of inmates	214,946
Total additions	<u>6,178,415</u>
Deductions:	
Tax distributions to other governments	5,876,859
Distribution of gathered evidence	23,309
Distribution of executed court orders	46,731
Payments on behalf of inmates	206,579
Total deductions	<u>6,153,478</u>
Net change in fiduciary net position	24,937
Net Position, beginning	<u>197,737</u>
Net Position, ending	<u>\$ 222,674</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, 2023

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, 2023

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 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 and several smaller State and Federal grants.

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

Opioid Settlement Fund. The Opioid Settlement Fund is used to account for Opioid settlement monies that have been awarded to the County.

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 and the Representative Payee Fund.

Capital Projects Funds. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The County has the following nonmajor capital projects funds: the School Capital Reserve Fund and the General Capital Projects Fund. The School Capital Reserve Fund is a 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 is presented as a Capital Projects Funds. The budgetary comparison for the School Capital Reserve Fund and the General Capital Projects 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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] 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, the North Carolina Capital Management Trust (NCCMT), and the North Carolina Cooperative Liquid Assets Securities System (North Carolina CLASS). The County's investments are carried at fair value as determined by quoted market prices. The NCCMT is authorized by G.S 159-30. The NCCMT is an SEC registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody's Investor Services. The Government Portfolio is reported at fair value.

The North Carolina Cooperative Liquid Assets Securities System (NC CLASS) is an investment pool authorized by North Carolina General Statutes Section 159-30(c)(10) and was established by an Interlocal Agreement dated March 1, 2023, as amended, by the local governments pursuant to Section 160A-460 through Section 160A-464. The investments within North Carolina CLASS are limited to those qualifying for investment under Section 159-30(c). North Carolina CLASS has been rated AAAm by S & P.

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".

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2022. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Restricted Assets. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The 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. Unexpended settlement proceeds are classified as restricted assets because these funds have been awarded to the County and the use is completely restricted by the agreement between the State of North Carolina and the pharmaceutical companies involved in the opioid litigation.

Fund	Description	Amount
General Fund	Unearned revenue, prepaid grants	\$ 324,836
General Capital Projects Fund	Unexpended proceeds	8,218,567
Special Revenue - Special Grants Fund	Unearned revenue, prepaid grants	10,764,642
Special Revenue - Opioid Settlement Fund	Unexpended settlement proceeds	788,783
Water and Sewer Fund	Unexpended proceeds	1,418,196
Water and Sewer Fund	Customer deposits	126,775
Solid Waste Fund	Customer deposits	2,815
Solid Waste Fund	Unearned revenue, prepaid grants	916,450
Total restricted cash		<u>\$ 22,561,064</u>

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) in accordance with the requirements of GASB 87.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Asset	Years
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

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, property taxes receivable unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, pension and OPEB related deferrals.

Long Term Obligations

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

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

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. In the County's governmental and proprietary funds,

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

The County received \$773,842 as part of this settlement in Fiscal Year 2023. 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, 2023. 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, and Option B, which allows additional opioid remediation activities.

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. In Fiscal Year 2023, County staff and the Board of Commissioners have elected to use \$10,000,000 of the ARPA funds for revenue replacement, \$26,480 for an Interactive Voice Response System for Billing and Collections, \$1,142,436 on HVAC upgrades on several County buildings, and \$721,329 to reimburse the Health Fund for COVID expenditures. The remaining funds will be used on various projects allowed by the ARPA.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 \$304,217 at June 30, 2023.

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 \$150 at June 30, 2023. This is an immaterial amount, but GASB requires us to disclose.

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

Restricted fund balance at June 30, 2023 is as follows:

Purpose:	General Fund	Special Grants Fund	Opioid Settlement Fund	Capital Reserve Fund	Other Governmental Funds
Restricted, All Other:					
Stabilization by State statute	\$ 11,484,497	\$ 4,076,420	\$ 506	\$ 13,538	\$ 11,946,502
General government	-	603,205	-	-	1,930,828
Public safety	2,485,811	1,372	-	-	9,474,042
Transportation	-	1,745,275	-	-	-
Economic and physical development	-	-	-	-	2,889,239
Culture and recreation	-	79,390	-	-	1,604,394
Human Services	244,362	8,955	788,783	-	111,390
	\$ 14,214,670	\$ 6,514,617	\$ 789,289	\$ 13,538	\$ 27,956,395

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 \$7,795,935, Register of Deeds' Pension Plan of \$201,441 and unexpended opioid settlement proceeds of \$8,009,691 for a net difference of \$415,197.

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

Committed for Culture and Recreation – portion of fund balance committed by the Board of Commissioners for construction of recreational facilities in the County.

Committed fund balance at June 30, 2023 is as follows:

Purpose:	Capital		Other
	General	Reserve	Governmental
	Fund	Fund	Funds
General government	\$ 2,136,000	\$ -	\$ -
Future Capital Projects:			
Public safety	-	15,003,827	-
Economic and physical development	-	3,157,095	-
Culture and recreation	-	2,923,490	-
Education	-	-	1,450,704
	\$ 2,136,000	\$ 21,084,412	\$ 1,450,704

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 possible building renovations and increase pension costs.

Assigned for Public Safety – portion of fund balance assigned for an expansion of the Jail facility, increased costs for a new Animal Services facility, a firing range and the addition of School Resource Officers to each elementary school in the County.

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Assigned for Culture and Recreation – portion of fund balance assigned for possible expansion of the County public library system.

Assigned fund balance at June 30, 2023 is as follows:

Purpose:	General Fund
Subsequent year's expenditures	\$ 2,450,632
Future Projects:	
General government	3,401,401
Public safety	10,726,952
Economic development	1,290,287
Culture and recreation	4,070,000
	<u>\$ 21,939,272</u>

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

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

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

In accordance with North Carolina G.S. 159-8(a), appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. Accordingly, fund balance available for appropriation is calculated net of this stabilization by State statute amount.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 71,705,403
Less:	
Prepays	(304,217)
Leases	(150)
Stabilization for State statute	(11,484,497)
	<hr/>
Fund balance available for appropriation	<u>\$ 59,916,539</u>

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

	General Fund	Special Grants Fund	Other Governmental Funds
Encumbrances	<u>\$ 2,192,326</u>	<u>\$ 3,871,732</u>	<u>\$ 11,326,374</u>

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

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

Note 2. Deposits and Investments.

A. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the deferral depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, a collateral pool was created, and all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the carrying amount of the County's deposits with banks was \$37,270,005. Balances with banks equaled \$37,733,679. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$36,733,679 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 \$9,562.

B. Investments

At June 30, 2023, 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	\$ 94,287,667	N/A	N/A	
NC Cooperative Liquid Assets Securities System(NC CLASS)	Fair Value - Level 1	6,057,681	N/A	N/A	
US government agencies	Fair Value - Level 2	18,904,616	18,904,616	-	
Commercial Paper	Fair Value - Level 2	24,996,179	19,203,000	5,793,179	
Total investments		<u>\$ 144,246,143</u>	<u>\$ 38,107,616</u>	<u>\$ 5,793,179</u>	

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service.

NC CLASS 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. NC CLASS has an AAAm rating from S & P.

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, 2023 the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

S&P and AAA-mf by Moody's Investor Services as of June 30, 2023. The County's Investment in the North Carolina Cooperative Liquid Assets Securities System carried a credit rating of AAA by Standard and Poor's. The County's investments in US government agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. The County has a policy that investments will be diversified to alleviate the risk of over concentration of assets in a specific issuer or a specific class of securities. More than 5% of the County's investments in commercial paper are in Toyota. This investment is 6.14% of the County's total investments.

Note 3. Receivables

A. Detail

Receivables at the government-wide level at June 30, 2023 were as follows:

	Due from Other Governments				
	Taxes	Accounts	Governments	Lease	Total
Governmental activities:					
General Fund	\$ 920,993	\$ 3,050,122	\$ 8,444,114	\$ 9,753	\$ 12,424,982
Special Grants Fund	-	36,250	168,438	-	204,688
Opioid Settlement Fund	-	10,012,619	-	-	10,012,619
Capital Reserve Fund	-	13,538	-	-	13,538
Other governmental Funds	137,977	4,334	615,794	-	758,105
Total receivables	1,058,970	13,116,863	9,228,346	9,753	23,413,932
Allowance for doubtful accounts	(428,132)	(3,674,009)	-	-	(4,102,141)
Total governmental activities	<u>\$ 630,838</u>	<u>\$ 9,442,854</u>	<u>\$ 9,228,346</u>	<u>\$ 9,753</u>	<u>\$ 19,311,791</u>

Business-type activities:

Water and Sewer Fund	\$ 2,385	\$ 1,709,906	\$ 406,014	\$ -	\$ 2,118,305
Solid Waste Fund	-	244,648	154,610	-	399,258
Total receivables	2,385	1,954,554	560,624	-	2,517,563
Allowance for doubtful accounts	(2,385)	(369,787)	-	-	(372,172)
Total business-type activities	<u>\$ -</u>	<u>\$ 1,584,767</u>	<u>\$ 560,624</u>	<u>\$ -</u>	<u>\$ 2,145,391</u>

The total due from other governments consists of the following:

Governmental activities	\$ 9,228,346
Business-type activities	560,624
Total due from other governments	<u>\$ 9,788,970</u>
Local option sales tax	\$ 6,109,416
Various federal and state grants	821,040
Ambulance Cost Settlement	348,852
Local reimbursements and utility revenues	25,485
Scrap tire tax	43,032
Solid waste disposal tax	20,972
Sales tax reimbursements	1,570,764
Vehicle tax system	849,409
Total due from other governments	<u>\$ 9,788,970</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 06/30/2023, the value of the lease receivable is \$9,753. 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 06/30/2023 was \$9,603, and Lincoln County recognized lease revenue of \$3,539 during the fiscal year. The lessee has one extension option(s), each for 180 months.

At June 30, 2023, taxes receivable for other governments in the Custodial Fund is net of an allowance for doubtful accounts of \$53,705.

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

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

Year Levied	Tax	Interest	Total
2020	2,042,979	485,208	2,528,187
2021	2,127,239	313,769	2,441,008
2022	2,154,236	123,869	2,278,105
2023	2,452,725	-	2,452,725
Total	<u>\$ 8,777,179</u>	<u>\$ 922,846</u>	<u>\$ 9,700,025</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 8,394,859	\$ 34,499	\$ -	\$ -	\$ 8,429,358
Construction in Progress	43,880,405	16,255,164	- -	(8,625)	60,126,944
Total Capital Assets Not Being Depreciated	<u>52,275,264</u>	<u>16,289,663</u>	<u>- -</u>	<u>(8,625)</u>	<u>68,556,302</u>
Capital Assets Being Depreciated:					
Buildings	74,340,344	- -	- -	- -	74,340,344
Improvements	17,409,029	1,218,835	- -	- -	18,627,864
Equipment	21,598,855	1,107,524	(21,542)	8,625	22,693,462
Vehicles	15,289,749	1,988,896	(339,985)	- -	16,938,660
Total Capital Assets Being Depreciated	<u>128,637,977</u>	<u>4,315,255</u>	<u>(361,527)</u>	<u>8,625</u>	<u>132,600,330</u>
Less: Accumulated depreciation for:					
Buildings	(18,456,386)	(1,476,533)	- -	- -	(19,932,919)
Improvements	(6,755,275)	(735,910)	- -	- -	(7,491,185)
Equipment	(12,017,980)	(1,673,037)	6,690	- -	(13,684,327)
Vehicles	(9,791,898)	(1,433,767)	339,985	- -	(10,885,680)
Total accumulated depreciation	<u>(47,021,539)</u>	<u>(5,319,247)</u>	<u>346,675</u>	<u>- -</u>	<u>(51,994,111)</u>
Total capital assets being depreciated, net	<u>81,616,438</u>				<u>80,606,219</u>
Capital Assets Being Amortized:					
Right to use assets:					
Leased buildings	563,141	- -	- -	- -	563,141
Leased equipment	105,724	- -	- -	- -	105,724
Total Capital Assets Being Amortized	<u>668,865</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>668,865</u>
Less: Accumulated amortization for:					
Right to use assets:					
Leased buildings	(42,035)	(45,417)	- -	- -	(87,452)
Leased equipment	(26,123)	(26,123)	- -	- -	(52,246)
Total accumulated amortization	<u>(68,158)</u>	<u>(71,540)</u>	<u>- -</u>	<u>- -</u>	<u>(139,698)</u>
Total capital assets being amortized, net	<u>600,707</u>				<u>529,167</u>
Governmental Activities Capital assets, net	<u><u>\$ 134,492,409</u></u>				<u><u>\$ 149,691,688</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	\$ 838,427	\$ -	\$ -	\$ -	\$ 838,427
Construction in Progress	44,487,216	10,467,866	-	(348,169)	\$ 54,606,913
Total Capital Assets Not Being Depreciated	<u>45,325,643</u>	<u>10,467,866</u>	<u>-</u>	<u>(348,169)</u>	<u>55,445,340</u>
Capital Assets Being Depreciated:					
Buildings	41,787,579	-	-	-	41,787,579
Improvements	935,461	-	-	-	935,461
Water lines	53,180,408	1,049,848	-	-	54,230,256
Sewer lines	27,680,516	825,463	-	-	28,505,979
Equipment	4,076,638	108,739	-	348,169	4,533,546
Vehicles	1,387,130	- (15,275)	348,169	- 1,371,855	131,364,676
Total Capital Assets Being Depreciated	<u>129,047,732</u>	<u>1,984,050</u>	<u>(15,275)</u>	<u>348,169</u>	<u>131,364,676</u>
Less: Accumulated depreciation for:					
Buildings	(17,534,689)	(1,337,281)	-	-	(18,871,970)
Improvements	(540,909)	(40,898)	-	-	(581,807)
Water lines	(21,799,557)	(1,147,002)	-	-	(22,946,559)
Sewer lines	(8,626,470)	(806,683)	-	-	(9,433,153)
Equipment	(2,940,937)	(218,832)	-	- (3,159,769)	(3,159,769)
Vehicles	(1,080,686)	(89,613)	15,275	-	(1,155,024)
Total accumulated depreciation	<u>(52,523,248)</u>	<u>(3,640,309)</u>	<u>15,275</u>	<u>-</u>	<u>(56,148,282)</u>
Total capital assets being depreciated, net	<u>76,524,484</u>				<u>75,216,394</u>
Water & Sewer Fund Capital assets, net	<u>121,850,127</u>				<u>130,661,734</u>
Solid Waste Fund:					
Capital Assets Not Being Depreciated:					
Land	640,648	-	-	-	640,648
Construction in Progress	- 18,000	- 18,000	- 18,000	- 18,000	18,000
Total Capital Assets Not Being Depreciated	<u>640,648</u>	<u>18,000</u>	<u>- 18,000</u>	<u>- 18,000</u>	<u>658,648</u>
Capital Assets Being Depreciated:					
Buildings	538,923	-	-	-	538,923
Improvements	18,092,989	-	-	-	18,092,989
Equipment	4,301,826	833,281	-	-	5,135,107
Vehicles	3,206,073	382,862	(140,819)	- 3,448,116	3,448,116
Total Capital Assets Being Depreciated	<u>26,139,811</u>	<u>1,216,143</u>	<u>(140,819)</u>	<u>-</u>	<u>27,215,135</u>
Less: Accumulated depreciation for:					
Buildings	(291,058)	(10,778)	-	-	(301,836)
Improvements	(11,895,120)	(642,835)	-	-	(12,537,955)
Equipment	(3,108,331)	(273,886)	-	-	(3,382,217)
Vehicles	(1,768,203)	(250,846)	140,819	- (1,878,230)	(1,878,230)
Total accumulated depreciation	<u>(17,062,712)</u>	<u>(1,178,345)</u>	<u>140,819</u>	<u>-</u>	<u>(18,100,238)</u>
Total capital assets being depreciated, net	<u>9,077,099</u>				<u>9,114,897</u>
Solid Waste Fund capital assets, net	<u>9,717,747</u>				<u>9,773,545</u>
Business-type activities capital assets, net	<u>\$ 131,567,874</u>				<u>\$ 140,435,279</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

General government	\$ 1,574,623
Public Safety	2,592,319
Transportation	132,604
Economic and Physical Development	189,523
Culture & Recreation	651,178
Human Services	250,540
Total	\$ 5,390,787

Business-Type Activities

Water and sewer	\$ 3,640,309
Solid Waste	1,178,345
	\$ 4,818,655

Net Investment in Capital Assets

	Governmental Activities	Water & Sewer Fund	Solid Waste Fund	Business-type Activities
Capital assets, net	\$ 149,162,521	\$ 130,661,734	\$ 9,773,545	\$ 140,435,279
Right to use leased assets, net	529,167	-	-	-
	149,691,688	130,661,734	9,773,545	140,435,279
Long-term debt outstanding	(91,696,444)	(63,127,119)	(3,049,329)	(66,176,448)
School debt for which the County does not hold asset title	22,979,579	-	-	-
Premium on school related debt	922,743	-	-	-
Discount on school related debt	(16,487)	-	-	-
Unspent debt proceeds	7,795,935	517,110	-	517,110
Total related debt	(60,014,674)	(62,610,009)	(3,049,329)	(65,659,338)
Net investment in capital assets	\$ 89,677,014	\$ 68,051,725	\$ 6,724,216	\$ 74,775,941

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 5. Liabilities

A. Payables

Payables at the government-wide level at June 30, 2023 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental activities:					
General Fund	\$ 3,234,313	\$ 2,520,890	\$ 288,075	\$ 3,999,398	\$ 10,042,676
Special Grants Fund	165,467	-	-	-	165,467
Other governmental Funds	452,454	-	-	1,287,969	1,740,423
Total governmental activities	<u>\$ 3,852,234</u>	<u>\$ 2,520,890</u>	<u>\$ 288,075</u>	<u>\$ 5,287,367</u>	<u>\$ 11,948,566</u>
Business-type activities:					
Water and Sewer Fund	\$ 1,300,249	\$ 128,206	\$ 711,541	\$ 69,911	\$ 2,209,907
Solid Waste Fund	102,089	76,024	23,567	-	201,680
Total business-type activities	<u>\$ 1,402,338</u>	<u>\$ 204,230</u>	<u>\$ 735,108</u>	<u>\$ 69,911</u>	<u>\$ 2,411,587</u>

Construction Commitments

The government has active construction projects as of June 30, 2023. At that date, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Animal Services Expansion	\$ 931,608	\$ 322,717
Courthouse Construction	37,440,294	1,924,051
West Lincoln Passive Park	1,686,009	1,149,391
Emergency Services Facility	13,546,538	5,953,462
Communication/CAD System	1,943,024	1,017,699
Jail Expansion	690,730	959,342
Airport Land Grading	19,782	2,089,239
Beattys Ford Park	18,047	421,953
NC 16 Waterline Phase II	646,892	1,753,108
St James/Kidville Waterline	29,747	1,170,253
Water Transmission Line	210,924	5,889,076
Water Treatment Plant Expansion	12,478,013	2,199,644
Reepsville Road Waterline	8,081,904	165,061
Pump Station 29	39,970	690,030
Wastewater Treatment Plant Exp	<u>32,953,512</u>	<u>3,606,988</u>
Total	<u>\$ 110,716,994</u>	<u>\$ 29,312,014</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

B. Long-Term Debt

Leases Payable. The County has entered into agreements to lease building space and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On July 1, 2021, 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 June 30, 2023, the value of the lease liability is \$53,317. 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 June 30, 2023 of \$105,724 with accumulated amortization of \$52,245 is included with leased equipment on the capital assets activities table.

On July 1, 2021, 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 June 30, 2023, the value of the lease liability is \$450,415. 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 June 30, 2023 of \$472,499 with accumulated amortization of \$31,451 is included with leased buildings on the capital assets activities table.

On August 12, 2021, 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 June 30, 2023, the value of the lease liability is \$34,843. 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 June 30, 2023 of \$90,642 with accumulated amortization of \$56,002 is included with leased buildings on the capital assets activities table.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
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	12,361	10,435	22,796
2029-2033	66,764	47,220	113,984
2034-2038	75,843	38,140	113,983
2039-2043	86,158	27,826	113,984
2044-2048	97,875	16,108	113,983
2049-2052	65,003	3,387	68,390
Total	\$ 538,575	\$ 188,547	\$ 727,122

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

The County's general obligation bonds at June 30, 2023 are comprised of the following issues:

Governmental Activities:

Direct Placement General Obligation Bonds

\$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	2,725,000
\$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	9,991,000
\$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>7,410,000</u>
Total direct placement general obligation bonds	<u>\$20,126,000</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, 2023 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	\$ 12,045,000
\$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>26,650,000</u>
Total revenue bonds Water and Sewer Fund	<u>\$38,695,000</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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%	\$ 18,655,000
\$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	3,951,000
\$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	412,500
\$11,139,000 2017 installment financing contract, issued to fund the Health Department renovation and VIPER construction, due in annual installments from \$441,000 to \$1,240,000 through October, 2032; interest at 2.35% due April 1 and October 1	5,089,000
\$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	2,445,922
\$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	1,459,000
\$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%	6,972,750
\$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%	<u>31,025,000</u>
Total governmental activities	<u>\$ 70,010,172</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 135,004
\$7,513,965 Federal Revolving Loan issued for water system improvements; due in annual installments; interest at 1.13% due May 1 and November 1	3,123,398
\$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>12,600,000</u>
Total direct borrowings	<u>15,858,402</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	2,620,000
Total Water and Sewer Fund	<u>18,478,402</u>

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	154,077
\$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%	1,466,252
\$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>1,429,000</u>
Total Solid Waste Fund	<u>3,049,329</u>
Total business-type activities	<u>21,527,731</u>
Total direct borrowings and direct placements	<u><u>\$91,537,903</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Changes in Long-Term Debt. The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental activities:					
Bonds payable					
Direct placement general obligation bonds					
Direct placement	\$ 26,673,000	\$ -	\$ 6,547,000	\$ 20,126,000	\$ 6,354,000
Premium	1,526,185	-	470,599	1,055,586	-
Discount	(19,235)	-	(2,748)	(16,487)	-
Total direct placement general obligation bonds	28,179,950	-	7,014,851	21,165,099	6,354,000
Direct placement installment purchase					
Direct placement	76,323,914	-	6,313,742	70,010,172	5,632,742
Discount	(19,143)	-	(1,741)	(17,402)	-
Total direct placement installment purchase	76,304,771	-	6,312,001	69,992,770	5,632,742
Lease liabilities					
605,394	-	66,819	538,575	67,550	
Compensated absences	2,840,293	1,691,469	1,804,976	2,726,786	1,481,574
Net pension liability (LGERS)	7,250,835	21,033,283	-	28,284,118	-
Total pension liability (LEOSSA)	4,254,620	-	353,157	3,901,463	-
Net OPEB liability	59,485,467	-	11,895,196	47,590,271	-
Total governmental activities	<u>\$ 178,921,330</u>	<u>\$ 22,724,752</u>	<u>\$ 27,447,000</u>	<u>\$ 174,199,082</u>	<u>\$ 13,535,866</u>
Business-type activities:					
Water and Sewer Fund:					
Bonds payable					
Revenue bonds	\$ 39,940,000	\$ -	\$ 1,245,000	\$ 38,695,000	\$ 1,695,000
Premium	6,223,038	-	269,321	5,953,717	-
Total revenue bonds	46,163,038	-	1,514,321	44,648,717	1,695,000
Direct borrowings	4,735,729	12,333,375	1,210,702	15,858,402	1,210,702
Direct placement installment purchase	2,776,000	-	156,000	2,620,000	160,000
Compensated absences	149,703	145,157	124,735	170,125	106,578
Net pension liability (LGERS)	478,077	1,386,810	-	1,864,887	-
Net OPEB liability	3,965,698	-	827,878	3,137,820	-
Total Water and Sewer Fund	<u>58,268,245</u>	<u>13,865,342</u>	<u>3,833,636</u>	<u>68,299,951</u>	<u>3,172,280</u>
Solid Waste Fund:					
Direct placement installment purchase	3,545,420	-	496,091	3,049,329	504,091
Accrued landfill closure and post-closure care costs	8,368,252	1,129,985	-	9,498,237	-
Compensated absences	97,778	58,237	57,063	98,952	45,509
Net pension liability (LGERS)	239,039	693,404	-	932,443	-
Net OPEB liability	2,643,799	-	1,074,889	1,568,910	-
Total Solid Waste Fund	<u>14,894,288</u>	<u>1,881,626</u>	<u>1,628,043</u>	<u>15,147,871</u>	<u>549,600</u>
Total business-type activities	<u><u>\$ 73,162,533</u></u>	<u><u>\$ 15,746,968</u></u>	<u><u>\$ 5,461,679</u></u>	<u><u>\$ 83,447,822</u></u>	<u><u>\$ 3,721,880</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, Lincoln County had a legal debt margin of approximately \$918,750,000.

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 \$840,400. The net revenues of the Water and Sewer Fund for FY 23 were \$18,319,117.

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 \$1,999,925. The net revenues of the Water and Sewer Fund for FY 23 were \$18,319,117. Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
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	2,035,000	1,150,325
2029-2033	10,010,000	4,216,450
2034-2038	9,595,000	2,468,875
2039-2043	8,970,000	820,769
2044-2048	825,000	15,469
Total	<u>\$38,695,000</u>	<u>\$ 14,223,188</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, is as follows:

Operating revenues	\$ 18,319,117
Operating expenses*	12,011,800
Operating income	<u>6,307,317</u>
Nonoperating revenues (expenses)	(691,290)
Income available for debt service	<u>5,616,027</u>
15% of unrestricted net position of System	<u>5,461,569</u>
Available for debt service	<u><u>\$ 11,077,596</u></u>
Debt service, principal and interest paid (Revenue bond only)	\$ 2,545,066
Debt service coverage ratio	435.26%

*Per rate covenants, this does not include the depreciation expense of \$3,640,309.

Total debt service coverage ratio:

Operating revenues	\$ 18,319,117
Operating expenses*	12,011,800
Operating income	<u>6,307,317</u>
Nonoperating revenues (expenses)	(691,290)
Income available for debt service	<u>5,616,027</u>
Debt service, principal and interest paid	\$ 4,168,600
Debt service coverage ratio	134.72%

*Per rate covenants, this does not include the depreciation expense of \$3,640,309.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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):

	Direct Placement General Obligation Bonds		Direct Placement Installment Purchase Agreements	
	Principal	Interest	Principal	Interest
Governmental Activities:				
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	332,737	5,594,916	1,417,924
2027	3,507,000	201,443	5,573,916	1,281,477
2028	2,095,000	71,540	4,410,076	1,145,497
2029-2033	1,029,000	23,564	20,540,041	4,132,701
2034-2038	-	-	15,074,739	1,878,386
2039-2043	-	-	7,570,000	298,352
Total	<u>\$ 20,126,000</u>	<u>\$ 1,802,955</u>	<u>\$ 70,010,172</u>	<u>\$ 13,401,256</u>

	Revenue Bonds		Direct Borrowings		Direct Placement Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest
Business-Type Activities:						
2024	\$ 1,695,000	\$ 1,521,825	\$ 1,210,702	\$ 177,306	\$ 664,091	\$ 120,237
2025	1,770,000	1,435,200	864,389	164,571	676,091	105,843
2026	1,855,000	1,344,575	864,389	155,428	687,917	91,223
2027	1,940,000	1,249,700	864,389	146,286	700,917	76,370
2028	2,035,000	1,150,325	864,389	137,143	334,917	64,853
2029-2033	10,010,000	4,216,450	4,321,945	548,570	1,634,133	206,048
2034-2038	9,595,000	2,468,875	4,321,945	320,000	971,263	36,198
2039-2043	8,970,000	820,769	2,546,254	91,429	-	-
2044-2048	<u>825,000</u>	<u>15,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 38,695,000</u>	<u>\$ 14,223,188</u>	<u>\$ 15,858,402</u>	<u>\$ 1,740,733</u>	<u>\$ 5,669,329</u>	<u>\$ 700,772</u>

Debt Related to Capital Activities

Of the total governmental activities debt listed, \$67,156,593 relates to assets to which the County holds title, while the remaining \$22,979,579 is related to assets owned and utilized by the school system. Unspent restricted cash related to this debt amount amounts to \$7,795,935.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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.

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, 2023 was 13.04% of compensation for law enforcement officers and 12.15% for general employees and

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 \$5,613,841 for the year ended June 30, 2023.

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, 2023, the County reported a liability of \$31,081,448 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, the County's proportion was 0.55095% (measured as of June 30, 2022), which was an increase of 0.03139% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023 the County recognized pension expense of \$9,087,391. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,339,271	\$ 131,308
Changes of assumptions	3,101,231	-
Net difference between projected and actual earnings on pension plan investments	10,272,744	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	755,434	164,672
County contributions subsequent to the measurement date	<u>5,613,841</u>	-
Total	<u>\$ 21,082,521</u>	<u>\$ 295,980</u>

\$5,613,841 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, 2024. 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, 2023

Year Ending June 30	Amount
2024	\$ 4,859,039
2025	4,057,753
2026	1,361,781
2027	4,894,127
2028	-
Thereafter	-
Total	<u><u>\$ 15,172,700</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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 actuary currently uses mortality tables that vary by age, gender, employee group (i.e., general and 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. public plan population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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, 2022 are summarized in the following table:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investing consulting firm as part of a study that was completed in early 2022, 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 2.25%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.5%. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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)	\$ 56,098,010	\$ 31,081,448	\$ 10,466,348

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, 2023

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, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	123
Total	130

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, 2021 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	4.31%

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, 2021, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental 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, 2023

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 \$108,247 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, 2023, the County reported a total pension liability of \$3,901,463. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$487,183.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 445,185	\$ 305,547
Changes of assumptions	704,835	712,920
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>108,247</u>	-
Total	<u><u>\$ 1,258,267</u></u>	<u><u>\$ 1,018,467</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$108,247, 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2024	\$ 110,348
2025	142,104
2026	96,237
2027	(72,799)
2028	(122,300)
Thereafter	<u>(22,037)</u>
Total	<u><u>\$ 131,553</u></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.:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
	<u><u>\$ 4,239,745</u></u>	<u><u>\$ 3,901,463</u></u>	<u><u>\$ 3,595,115</u></u>
Total pension liability			

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

	2023
Beginning balance	\$ 4,254,620
Service cost	268,641
Interest on the total pension liability	94,120
Difference between expected and actual experience	161,471
Changes of assumptions and other inputs	(734,386)
Benefit payments	<u>(143,003)</u>
Ending balance of the total pension liability	<u><u>\$ 3,901,463</u></u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% at the December 31, 2021 measurement date to 4.31% at the December 31, 2022 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, 2023

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, 2023 were \$533,636 which consisted of \$388,514 from the County and \$145,122 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.

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, 2023

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 \$9,532 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$132,008 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, the County's proportion was 0.99704%, (measured as of June 30, 2022) which was a decrease of 0.02862% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$18,677. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,017	\$ 2,393
Changes of assumptions	6,989	-
Net different between projected and actual earnings on pension plan investments	54,867	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,916	4,495
County contributions subsequent to the measurement date	<u>9,532</u>	<u>-</u>
Total	<u>\$ 76,321</u>	<u>\$ 6,888</u>

\$9,532, 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, 2024. 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, 2023

Year Ending June 30	Amount
2024	\$ 13,724
2025	14,112
2026	18,266
2027	13,799
2028	-
Thereafter	-
Total	<u>\$ 59,901</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 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, 2021 valuation were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment 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 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 99.9% 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, 2022 is 1.1%.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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 discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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)	\$ (152,158)	\$ (132,008)	\$ (224,673)

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 June 30, 2022, 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, 2022, with an actuarial valuation date of December 31, 2021. 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:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 31,081,448	\$ (132,008)	n/a	\$ 30,949,440
Proportion of the Net Pension Liability (Asset)	0.55095%	-0.99704%	n/a	n/a
Total Pension Liability	-	-	3,901,463	3,901,463
Pension Expense	\$ 9,087,391	\$ 18,677	\$ 487,183	\$ 9,593,251

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,339,271	\$ 1,017	\$ 445,185	\$ 1,785,473
Changes of assumptions	3,101,231	6,989	704,835	3,813,055
Net difference between projected and actual earnings on plan investments	10,272,744	54,867	-	10,327,611
Changes in proportion and differences between County contributions and proportionate share of contributions	755,434	3,916	-	759,350
County contributions (LGERS, ROD) benefit payments and administration costs (LEOSSA) subsequent to the measurement date	5,613,841	9,532	108,247	5,731,620
Total Deferred Outflows of Resources	<u>\$ 21,082,521</u>	<u>\$ 76,321</u>	<u>\$ 1,258,267</u>	<u>\$ 22,417,109</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 131,308	\$ 2,393	\$ 305,547	\$ 439,248
Changes of assumptions	-	-	712,920	712,920
Net difference between projected and actual earnings on plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	164,672	4,495	-	169,167
Total Deferred Inflows of Resources	<u>\$ 295,980</u>	<u>\$ 6,888</u>	<u>\$ 1,018,467</u>	<u>\$ 1,321,335</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 7. Death Benefit Plan

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

Note 8. Other Post-Employment Benefits (OPEB)

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

Commencement of Service	Years of Creditable Service	County Contribution
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, 2023

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	173
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	242
Total	415

Total OPEB Liability

The County's total OPEB liability of \$52,297,001 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 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%
Payroll growth assumption	3.25%
Salary increases, including wage inflation	
General Employees	3.3% - 8.3%
Firefighters	3.3% - 8.3%
Law Enforcement Officers	3.3% - 7.8%
Municipal Bond Index Rate	
Prior Measurement Date	2.16%
Measurement Date	3.69%
Health Care Cost Trends	
Pre-Medicare	7.5 % for 2022 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.5 % for 2022 decreasing to an ultimate rate of 4.50% by 2030
Dental	3.50%

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, 2023

Changes in the Total OPEB Liability

Balance as of June 30, 2022	\$ 66,094,964
Changes for the year	
Service cost	1,396,640
Interest	1,410,231
Changes of benefit terms	-
Differences between expected and actual experience	(3,499,128)
Changes in assumptions or other inputs	(11,385,987)
Benefit payments	(1,719,719)
Net changes	(13,797,963)
Balance at June 30, 2023	\$ 52,297,001

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.69%

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 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, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.69%) or one-percentage-point higher (4.69%) than the current discount rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	<u>\$ 60,769,172</u>	<u>\$ 52,297,001</u>	<u>\$ 45,550,108</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 45,163,538</u>	<u>\$ 52,297,001</u>	<u>\$ 61,312,215</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

For the year ended June 30, 2023, the County recognized OPEB expense of (\$132,247). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,751	\$ 4,750,732
Changes of assumptions	6,717,816	9,964,257
County contributions subsequent to the measurement date	1,836,385	-
Total	<u>\$ 8,761,952</u>	<u>\$ 14,714,989</u>

\$1,836,385 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, 2024.

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

Measurement Period Ended		
June 30		
2024	\$ (2,939,118)	
2025	(2,212,409)	
2026	(2,679,568)	
2027	41,673	
2028	-	
Thereafter	-	
Total	<u>\$ (7,789,422)</u>	

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

The County's landfill consists of Phases I through VIII and an area used for construction and debris (C&D) materials. Cells have been constructed in Phase I, II, and III, accordingly, along with the C&D area. Federal and State laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$9,498,237 reported as landfill closure and post-closure care liability at June 30, 2023 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, 2023

landfill sections. The sanitary landfill reported a cumulative amount of \$8,029,100 to date based on the use of 64% of Phase I through IV's estimated capacity. The C&D portion reported a cumulative amount of \$1,469,137 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 \$4,679,606 as the remaining estimated capacity is filled. Of this amount, \$4,516,369 is related to the remaining capacity in the sanitary landfill, and \$163,237 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 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phases I through III in the year 2026 for the sanitary portion and that same year for the C&D portion.

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

Note 10. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred charges	\$ 808,879	\$ -
(Pensions, OPEB) - difference between expected and actual experience	1,993,224	5,189,980
(Pensions) - Net difference between projected and actual investment earnings	10,327,611	-
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	759,350	169,167
(Pensions, OPEB) - change in assumptions	10,530,871	10,677,177
Contributions to pension plan subsequent to measurement date (LGERS, OPEB, LEOSSA)	7,558,473	-
Benefit payments and admin costs paid subsequent to the measurement date (ROD)	9,532	-
Leases		9,603
Prepaid taxes not yet earned	-	420,703
Government-wide deferred outflows and inflows of resources	31,987,940	16,466,630
Taxes receivable, net (General)	-	543,568
Taxes receivable, net (Special Revenue)	-	87,270
Opioid settlement receivable, net (Special Revenue)	-	8,009,691
Other receivables, net (General)	-	527,342
Total	\$ 31,987,940	\$ 25,634,501

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director, Controller and 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. Effective with the bond renewal on July 1, 2023 the County increased the bonding for the Finance Director to \$1,000,000 in order to comply with S.L. 2022-53, Section 9(a).

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 \$2,638,327 for claims incurred, but not reported, in the Health Benefits Fund and \$244,541 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:

	2023	2022
Unpaid claims, beginning	\$ 2,615,072	\$ 1,882,022
Incurred claims	9,627,370	10,136,430
Claim payments	<u>(9,359,574)</u>	<u>(9,403,380)</u>
Unpaid claims, ending	<u>\$ 2,882,868</u>	<u>\$ 2,615,072</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 12. Interfund Activity

The transfer to/from other funds for the year ended June 30, 2023 were for the purpose of funding capital projects and consist of the following:

From	To	Purpose	Amount
General Fund	General Capital Projects Fund	Annual transfer to project fund	\$ 2,491,780
Special Grants Fund	General Fund	To close projects	10,000,000
General Fund	Special Grants Fund	County match for grant projects	299,534
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	1,185,881
Capital Reserve Fund	General Capital Projects Fund	To fund projects	3,759,093
Water and Sewer Fund	Water & Sewer Capital Projects Fund	Annual transfer to project fund	365,000
General Fund	Health Internal Service Fund	To cover deficit	800,000
General Fund	E911 Fund	To match grant expenditures	119,624
General Fund	Capital Reserve Fund	Annual transfer of 1 cent	10,409,360
Total			<u>\$ 30,230,272</u>

Note 13. Claims and Judgments

At June 30, 2023 the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

Note 14. Summary Disclosure of Significant Contingencies

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

Note 15. Related Organizations

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

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 16. Related Party Transactions

The County and its discretely presented component unit engaged in the following transactions during the year ended June 30, 2023:

Lincoln County ABC Board:		
Payments to the County:		
For profit distributions	\$	204,000
For law enforcement		62,800
For alcohol education		87,919
Total	\$	354,719

Note 17. 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, 2023 provided no additional dollars in support of Partners’ services, due to unspent funds from prior years in Partners’ possession. The County does not have an equity interest in Partners; therefore, no equity interest has been reflected in the financial statements at June 30, 2023. 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, 2023. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2023. Complete financial statements for the Airport can be obtained from Lincoln County’s administrative offices at PO Box 738, Lincolnton, NC 28093.

Note 18. Jointly Governed Organization

The County, in conjunction with seven other counties and 50 municipalities, established the Centralina Council of Governments (the “Council”). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

appoints one member to the Council's governing board. The County paid membership dues of \$20,917 to the Council during the fiscal year ended June 30, 2023.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$279,499 for operations for the year ended June 30, 2023.

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, 2023.

Note 19. Subsequent Event

In the Fiscal Year 2024 North Carolina State budget, the County was awarded \$18,000,000 for capital improvements at the Lincoln County Library, and \$11,450,000 for the Water and Sewer Fund. The Water and Sewer Fund will utilize the monies for construction of a waterline on Laboratory Road, and other necessary improvements to the system.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by generally accepted accounting principles

- Schedule of the Changes in Total Pension Liability and Pension Liability as a Percentage of Covered Employee Payroll for the Law Enforcement Officers' Special Separation Allowance.
 - Schedule of Proportionate Share of Net Pension Liability for Local 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 SEVEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017
Beginning balance of the total pension liability	\$ 4,254,620	\$ 4,561,498	\$ 2,716,033	\$ 2,265,319	\$ 2,320,148	\$ 2,102,988	\$ 2,030,142
Service cost	268,641	254,382	165,291	137,311	142,100	122,073	122,695
Interest on the total pension liability	94,120	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	161,471	(420,880)	426,784	239,370	(100,372)	(58,864)	-
Changes of assumptions or other inputs	(734,386)	(117,717)	1,272,201	83,810	(93,140)	158,714	(53,489)
Benefit payments	(143,003)	(109,642)	(105,632)	(90,586)	(75,540)	(84,311)	(67,629)
Ending balance of the total pension liability	\$ 3,901,463	\$ 4,254,620	\$ 4,561,498	\$ 2,716,033	\$ 2,265,319	\$ 2,320,148	\$ 2,102,988
Covered employee payroll	\$ 7,164,412	\$ 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	54.46%	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 TEN FISCAL YEARS*

	Local Governmental Employees' Retirement System									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.55095%	0.51956%	0.53182%	0.50284%	0.48901%	0.48765%	0.47918%	0.48338%	0.47701%	0.46080%
County's proportionate share of the net pension liability (asset) (\$)	\$ 31,081,448	\$ 7,967,951	\$ 19,004,194	\$ 13,732,168	\$ 11,600,990	\$ 7,449,941	\$ 10,169,807	\$ 2,169,381	\$ (2,813,149)	\$ 5,554,409
County's covered payroll	\$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	\$23,251,657
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.43%	21.20%	52.22%	40.14%	37.78%	25.76%	35.84%	8.23%	-10.76%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	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.

LINCOLN COUNTY, NORTH CAROLINA

LINCOLN COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,613,841	\$ 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	5,613,841	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>\$ 43,968,454</u>	<u>\$ 43,515,964</u>	<u>\$ 37,578,807</u>	<u>\$ 36,390,836</u>	<u>\$ 34,211,530</u>	<u>\$ 30,707,248</u>	<u>\$ 28,920,587</u>	<u>\$ 28,375,873</u>	<u>\$ 26,371,714</u>	<u>\$ 26,134,922</u>
County's covered payroll	12.77%	11.43%	10.24%	9.06%	7.86%	7.62%	7.41%	6.79%	7.18%	7.07%
Contributions as a percentage of covered payroll										

LINCOLN COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.99704%	1.02566%	0.95985%	0.81840%	0.95402%	0.92902%	0.89590%	0.84183%	0.80800%	0.79900%
County's proportionate share of the net pension liability (asset) (\$)	\$ (132,008)	\$ (197,060)	\$ (219,978)	\$ (161,569)	\$ (158,014)	\$ (158,574)	\$ (167,497)	\$ (195,086)	\$ (183,245)	\$ 170,709
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	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.

LINCOLN COUNTY, NORTH CAROLINA

LINCOLN COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	Register of Deeds' Supplemental Pension Fund									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,532	\$ 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	9,532	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>

LINCOLN COUNTY, NORTH CAROLINA

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

	2023	2022	2021	2020	2019	2018
Beginning balance	\$ 66,094,964	\$ 64,126,575	\$ 55,722,570	\$ 50,470,936	\$ 51,200,087	\$ 54,218,205
Service cost	1,396,640	1,350,071	1,320,880	1,179,195	1,530,860	1,744,086
Interest on the total OPEB liability	1,410,231	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	(3,499,128)	-	(4,788,884)	443,027	(260,403)	238,436
Changes of assumptions or other inputs	(11,385,987)	673,093	11,473,854	3,462,816	(2,492,541)	(5,269,369)
Benefit payments	(1,719,719)	(1,460,503)	(1,571,108)	(1,762,765)	(1,306,734)	(1,343,174)
Other changes	-	-	-	-	-	-
Ending balance of the total OPEB liability	\$ 52,297,001	\$ 66,094,964	\$ 64,126,575	\$ 55,722,570	\$ 50,470,936	\$ 51,200,087
Covered employee payroll	\$ 13,676,461	\$ 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	382.39%	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>
2023	3.69%
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

GENERAL FUND

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

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes			
Current year		\$ 76,953,473	
Prior years		412,837	
Penalties and interest		374,681	
Total	<u>\$ 77,003,909</u>	<u>77,740,991</u>	<u>\$ 737,082</u>
Local Option Sales Taxes:			
Article 39 one percent		14,634,551	
Article 40 one-half of one percent		7,531,950	
Article 42 one-half of one percent		7,354,319	
Article 44 one-half of one percent		2,155,339	
Article 46 one-quarter of one percent		3,771,704	
Medicaid hold harmless		3,421,515	
Total	<u>31,324,991</u>	<u>38,869,378</u>	<u>7,544,387</u>
Other Taxes and Licenses:			
Real estate transfer tax		2,281,678	
Local occupancy tax and car rental tax		401,087	
Utility franchise tax		192,495	
Total	<u>2,530,838</u>	<u>2,875,260</u>	<u>344,422</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine tax		315,000	
Total	<u>315,000</u>	<u>355,105</u>	<u>40,105</u>
Restricted Intergovernmental Revenues:			
Federal and State grants		11,583,058	
Court facilities fees		105,876	
ABC revenue		415,470	
Local/Other		1,066,157	
Total	<u>14,051,563</u>	<u>13,170,561</u>	<u>(881,002)</u>
Permits and Fees:			
Planning and Building permits		1,999,192	
Concealed carry permits		193,530	
Fire marshal		29,885	
Register of Deeds		577,236	
Environmental health		388,638	
Total	<u>3,215,409</u>	<u>3,188,481</u>	<u>(26,928)</u>
Sales and Services:			
Rents, concessions, and fees		298,147	
Emergency medical services		4,761,358	
Animal services		35,825	
Sheriff department		247,354	
Transportation services		690,085	
Human services		976,202	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Other sales and services		421,955	
Total	6,078,167	7,430,926	1,352,759
Miscellaneous:			
Sale of property		113,814	
Contributions		205,279	
Indirect fees		799,111	
Other		447,860	
Total	1,307,153	1,566,064	258,911
Investment Earnings	118,073	1,905,774	1,787,701
Total revenues	135,945,103	147,102,540	11,157,437
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		188,520	
Other operating expenditures		255,512	
Reimbursement - special revenue funds		(1,196)	
Total	442,836		
County Manager:			
Salaries and employee benefits		554,258	
Other operating expenditures		34,714	
Capital outlay		2,419	
Total	591,391		
Human Resources:			
Salaries and employee benefits		409,608	
Other operating expenditures		75,884	
Capital outlay		7,642	
Reimbursement - special revenue funds		(1,458)	
Total	491,676		
Finance:			
Salaries and employee benefits		1,163,010	
Other operating expenditures		140,786	
Capital outlay		13,275	
Reimbursement - special revenue funds		(5,195)	
Total	1,311,876		
Information Technology:			
Salaries and employee benefits		1,052,141	
Other operating expenditures		646,057	
Capital outlay		87,616	
Reimbursement - special revenue funds		(5,989)	
Total	1,779,825		

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Safety and Training:			
Other operating expenditures		<u>42,973</u>	
Taxes:			
Salaries and employee benefits	2,140,281		
Other operating expenditures	789,593		
Capital outlay	27,705		
Reimbursement - special revenue funds	(15,478)		
Total	<u>2,942,101</u>		
Legal:			
Salaries and employee benefits	182,032		
Other operating expenditures	31,352		
Capital outlay	2,731		
Reimbursement - special revenue funds	(1,863)		
Total	<u>214,252</u>		
Elections:			
Salaries and employee benefits	420,207		
Other operating expenditures	155,025		
Capital outlay	31,015		
Reimbursement - special revenue funds	(1,759)		
Total	<u>604,488</u>		
Register of Deeds:			
Salaries and employee benefits	631,869		
Other operating expenditures	1,300,028		
Capital outlay	7,018		
Reimbursement - special revenue funds	(1,386)		
Total	<u>1,937,529</u>		
Central Services:			
Other operating expenditures		<u>1,217,442</u>	
Facilities Management:			
Salaries and employee benefits	2,232,136		
Other operating expenditures	2,247,548		
Capital outlay	1,018,160		
Reimbursement - special revenue funds	(9,904)		
Total	<u>5,487,940</u>		
District Court:			
Other operating expenditures		<u>213,627</u>	
Capital outlay		<u>19,055</u>	
Total		<u>232,682</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Special Appropriations/Outside Agencies:			
Other operating expenditures		265,823	
Total general government	20,348,708	17,562,834	2,785,874
Public Safety:			
Sheriff Department:			
Salaries and employee benefits		12,879,109	
Other operating expenditures		2,309,908	
Capital outlay		862,789	
Reimbursement - special revenue funds		(60,017)	
Total	15,991,789		
Communications:			
Salaries and employee benefits		1,613,954	
Other operating expenditures		290,972	
Capital outlay		1,225	
Reimbursement - special revenue funds		(16,872)	
Total	1,889,279		
Jail:			
Salaries and employee benefits		3,228,009	
Other operating expenditures		1,529,793	
Capital outlay		52,861	
Reimbursement - special revenue funds		(13,762)	
Total	4,796,901		
Jail Commissary:			
Other operating expenditures		112,269	
Capital outlay		28,039	
Total	140,308		
Emergency Management:			
Salaries and employee benefits		237,387	
Other operating expenditures		96,117	
Capital outlay		214,871	
Total	548,375		
Emergency Medical Services:			
Salaries and employee benefits		6,999,996	
Other operating expenditures		1,519,129	
Capital outlay		603,266	
Reimbursement - special revenue funds		(253,505)	
Total	8,868,886		
Medical Examiner:			
Other operating expenditures		53,686	

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Fire Marshal:			
Salaries and employee benefits		406,663	
Other operating expenditures		52,913	
Capital outlay		77,051	
Total		<u>536,627</u>	
Assistance to Local Volunteer Fire Departments:			
Other operating expenditures		<u>99,846</u>	
Inspections:			
Salaries and employee benefits		1,488,552	
Other operating expenditures		333,304	
Capital outlay		270,048	
Reimbursement - special revenue funds		(11,162)	
Total		<u>2,080,742</u>	
Animal Services:			
Salaries and employee benefits		1,553,038	
Other operating expenditures		435,856	
Capital outlay		43,463	
Reimbursement - special revenue funds		(12,015)	
Total		<u>2,020,342</u>	
Special Appropriations/Outside Agencies:			
Other operating expenditures		<u>74,600</u>	
Total public safety	<u>40,035,977</u>	<u>37,101,381</u>	<u>2,934,596</u>
Transportation:			
Transportation Lincoln County:			
Salaries and employee benefits		1,160,385	
Other operating expenditures		370,484	
Capital outlay		1,800	
Total		<u>1,532,669</u>	
Special Appropriations/Outside Agencies:			
Other operating expenditures		<u>104,400</u>	
Total transportation	<u>1,813,058</u>	<u>1,637,069</u>	<u>175,989</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		675,414	
Other operating expenditures		527,005	
Reimbursement - special revenue funds		(5,191)	
Total		<u>1,197,228</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Soil and Water Conservation:			
Salaries and employee benefits		199,128	
Other operating expenditures		22,027	
Total		<u>221,155</u>	
Natural Resources:			
Salaries and employee benefits		230,527	
Other operating expenditures		20,753	
Capital outlay		5,324	
Total		<u>256,604</u>	
Economic Development Commission/Projects:			
Other operating expenditures		<u>2,198,044</u>	
Cooperative Extension:			
Salaries and employee benefits		29,757	
Other operating expenditures		133,754	
Total		<u>163,511</u>	
Special Appropriations/Outside Agencies:			
Other operating expenditures		<u>36,952</u>	
Total economic and physical development	<u>4,831,551</u>	<u>4,073,494</u>	<u>758,057</u>
Culture and Recreation:			
Library:			
Salaries and employee benefits		1,495,910	
Other operating expenditures		769,063	
Capital outlay		78,509	
Reimbursement - special revenue funds		(11,822)	
Total		<u>2,331,660</u>	
Recreation:			
Salaries and employee benefits		614,285	
Other operating expenditures		211,812	
Capital outlay		27,994	
Total		<u>854,091</u>	
Special Appropriations/Outside Agencies:			
Other operating expenditures		<u>309,300</u>	
Total culture and recreation	<u>4,374,310</u>	<u>3,495,051</u>	<u>879,259</u>
Education:			
Public schools - current expense		23,116,196	
Public schools		5,827,875	
Community college - current expense		279,499	
Total		<u>29,223,570</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Special Appropriations/Outside Agencies:			
Other operating expenditures		30,000	
Total education	29,287,866	29,253,570	34,296
Human Services:			
Health Administration:			
Salaries and employee benefits		1,148,880	
Other operating expenditures		208,967	
Capital outlay		14,792	
Reimbursement - special revenue funds		(31,554)	
Total	1,341,085		
Immunization:			
Salaries and employee benefits		80,403	
Other operating expenditures		58,291	
Total	138,694		
Adult Health:			
Salaries and employee benefits		67,576	
Other operating expenditures		898	
Total	68,474		
BCCP - Health:			
Salaries and employee benefits		33,103	
Other operating expenditures		18,944	
Total	52,047		
Communicable Disease:			
Salaries and employee benefits		116,890	
Other operating expenditures		10,772	
Reimbursement - special revenue funds		(68,546)	
Total	59,116		
Lab:			
Salaries and employee benefits		140,711	
Other operating expenditures		19,833	
Total	160,544		
Contracted Services:			
Salaries and employee benefits		579,485	
Other operating expenditures		25,372	
Reimbursement - special revenue funds		(10,861)	
Total	593,996		

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Health Promotion:			
Salaries and employee benefits	36,764		
Other operating expenditures	1,416		
Total	<u>38,180</u>		
Substance Use Prevention			
Salaries and employee benefits	78,505		
Other operating expenditures	6,876		
Total	<u>85,381</u>		
CMHRP Care Management			
Salaries and employee benefits	171,427		
Other operating expenditures	3,962		
Total	<u>175,389</u>		
Maternal Health Clinic:			
Salaries and employee benefits	80,366		
Other operating expenditures	583		
Total	<u>80,949</u>		
Family Planning:			
Salaries and employee benefits	113,294		
Other operating expenditures	40,717		
Total	<u>154,011</u>		
Child Health:			
Salaries and employee benefits	96,889		
Other operating expenditures	2,116		
Capital outlay	3,867		
Reimbursement - special revenue funds	(6,782)		
Total	<u>96,090</u>		
CMARC Care Management			
Salaries and employee benefits	104,435		
Other operating expenditures	3,436		
Total	<u>107,871</u>		
Women, Infants, and Children:			
Salaries and employee benefits	440,002		
Other operating expenditures	13,525		
Capital outlay	1,987		
Total	<u>455,514</u>		
School Health:			
Salaries and employee benefits	1,171,176		
Other operating expenditures	18,729		
Capital outlay	17,001		
Total	<u>1,206,906</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Peer Counselor:			
Salaries and employee benefits		11,783	
Public Health Preparedness:			
Salaries and employee benefits	119,871		
Other operating expenditures	2,605		
Total	122,476		
Environmental Health:			
Salaries and employee benefits	753,102		
Other operating expenditures	86,049		
Capital outlay	36,772		
Total	875,923		
Social Services Administration:			
Salaries and employee benefits	1,596,857		
Other operating expenditures	441,226		
Capital outlay	40,180		
Total	2,078,263		
Children's Services:			
Salaries and employee benefits	3,182,369		
Other operating expenditures	1,130,251		
Total	4,312,620		
Adult Services:			
Salaries and employee benefits	1,086,536		
Other operating expenditures	334,904		
Total	1,421,440		
State In-Home Care:			
Other operating expenditures	840		
Office on Aging - HCCBG:			
Other operating expenditures	250,409		
Child Support Enforcement:			
Salaries and employee benefits	706,337		
Other operating expenditures	16,029		
Total	722,366		
Guardianship			
Other operating expenditures	57,285		
Community Alternative Programs - Disabled Adults			
Other operating expenditures	22,599		

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
TANF Program:			
Salaries and employee benefits	363,446		
Other operating expenditures	1,109		
Total	<u>364,555</u>		
Family Medicaid:			
Salaries and employee benefits	1,148,345		
Other operating expenditures	5,523		
Total	<u>1,153,868</u>		
Adult Medicaid:			
Salaries and employee benefits	1,184,936		
Other operating expenditures	14,904		
Total	<u>1,199,840</u>		
Food and Nutrition:			
Salaries and employee benefits	959,212		
Other operating expenditures	414,826		
Total	<u>1,374,038</u>		
Food and Nutrition - Fraud:			
Salaries and employee benefits	76,720		
Other operating expenditures	427		
Total	<u>77,147</u>		
Assistance Programs:			
SA Blind	<u>4,474</u>		
Seniors' Health Insurance Information Program:			
Other operating expenditures	<u>10,048</u>		
Veterans Service Office:			
Salaries and employee benefits	223,621		
Other operating expenditures	14,134		
Capital outlay	1,078		
Total	<u>238,833</u>		
Juvenile Crime Prevention Council:			
Salaries and employee benefits	8,640		
Other operating expenditures	230,119		
Total	<u>238,759</u>		
Senior Services:			
Salaries and employee benefits	305,998		
Other operating expenditures	249,667		
Capital outlay	3,755		
Reimbursement - special revenue funds	(1,240)		
Total	<u>558,180</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Special Appropriations/Outside Agencies:			
Other operating expenditures		30,000	
Total human services	23,045,332	19,939,993	3,105,339
Debt Service:			
Principal retirement		12,927,561	
Interest and fees		2,763,886	
Total debt service	16,415,995	15,691,447	724,548
Total expenditures	140,152,797	128,754,839	11,397,958
Revenues over (under) expenditures	(4,207,694)	18,347,701	22,555,395
Other Financing Sources (Uses):			
Transfers from other funds:			
Special Grants Fund	10,000,000	10,000,000	-
School Capital Reserve Fund	800,000	800,000	-
Transfers to other funds:			
General Capital Projects Fund	(2,491,780)	(2,491,780)	-
Emergency Telephone Systems Fund	(119,624)	(119,624)	-
Special Grants Fund	(299,534)	(299,534)	-
Capital Reserve Fund	(10,409,360)	(10,409,360)	-
Health Insurance Fund	(800,000)	(800,000)	-
Fund balance appropriated	7,527,992	-	(7,527,992)
Total other financing sources (uses)	4,207,694	(3,320,298)	(7,527,992)
Net change in fund balance	\$ -	15,027,403	\$ 15,027,403
Fund Balance, beginning		56,678,000	
Fund Balance, ending		\$ 71,705,403	

GOVERNMENTAL ACTIVITIES OTHER MAJOR FUNDS

SPECIAL REVENUE FUNDS

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

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.

Opioid Settlement Fund – This fund accounts for allocations received from the “National Opioid Settlement Agreement”. These funds are to be used specifically for expenditures related to opioid remediation activities.

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.

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

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, 2023**

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenue					
Federal and State grants	\$ 29,834,330	\$ 1,174,194	\$ 14,987,943	\$ 12,892,311	\$ 3,269,826
Local	39,850	39,850	-	-	39,850
Sales and Service - Fees	-	54,267	55,594	-	109,861
Investment earnings	-	(11,204)	543,430	45	532,181
Total revenues	<u>29,874,180</u>	<u>1,257,107</u>	<u>15,586,967</u>	<u>12,892,356</u>	<u>3,951,718</u>
Expenditures:					
General government					
Interactive Voice Response System	140,000	10,073	26,480	-	36,553
Register of Deeds Automation	90,216	-	73,291	-	73,291
HVAC Upgrades	3,500,000	-	1,142,436	-	1,142,436
Old Courthouse Renovation	4,539,850	86,600	27,356	-	113,956
SCIF General Projects	2,000,000	-	717,779	-	717,779
SCIF Alexander	688,245	-	30,000	-	30,000
Medical Expenditures	841,334	-	721,329	721,329	-
Public safety					
SCIF Sheriff Equipment	200,000	84,357	115,688	200,045	-
SCIF General Projects	700,000	-	12,150	-	12,150
Enforcing the Law	84,270	-	56,530	-	56,530
SAMHSA grant	199,946	98,415	46,985	-	145,400
HRSA Provider Relief Fund	663,656	144,402	519,254	663,656	-
Medication Assisted Treatment Bridge	350,000	-	-	-	-
Transportation					
Transportation Lincoln County vehicles	625,951	12,650	-	-	12,650
Lincolnton-Lincoln County Airport	483,939	-	9,224	-	9,224
Catawba Springs Traffic	445,726	4,500	44,405	-	48,905
St. James Traffic	336,748	7,100	42,275	-	49,375
Charter School Traffic	417,000	-	-	-	-
Economic and physical development					
NCHFA grant	182,450	1,350	-	1,350	-
Essential Single Family Rehab	190,000	-	-	-	-
Streamflow Rehabilitation	273,392	-	-	-	-
Culture and recreation					
SLNC CARES	30,005	29,745	-	29,745	-
LSTA STEM Vehicle	125,000	-	-	-	-
ALA Humanities grant	10,000	9,514	486	10,000	-
LSTA Bright Ideas	15,000	-	14,220	14,220	-
Digital Arts Studio	55,500	-	55,500	55,500	-
SCIF Rescue Park Soccer	1,100,000	-	-	-	-
Human services					
AA716	278,769	8,584	24,136	-	32,720
AA543	869,762	661,315	30,913	-	692,228

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, 2023**

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
AA546	332,066	-	123,106	-	123,106
AA361	115,000	-	-	-	-
AA620	84,421	-	25,873	-	25,873
School Health Staffing	1,655,420	12,846	1,185,093	1,197,939	-
MIPPA grants	9,430	-	8,210	5,422	2,788
ARPA Senior Services	148,083	16,010	95,110	-	111,120
ARPA Centralina for Senior Services	28,514	-	-	-	-
Total expenditures	<u>21,809,693</u>	<u>1,187,461</u>	<u>5,147,829</u>	<u>2,899,206</u>	<u>3,436,084</u>
Revenues over (under) expenditures	<u>8,064,487</u>	<u>69,646</u>	<u>10,439,138</u>	<u>9,993,150</u>	<u>515,634</u>
Other Financing Sources (Uses):					
Transfers from other funds					
General Fund	1,935,513	1,629,879	299,534	6,850	1,922,563
Transfers to other funds					
General Fund	(10,000,000)	-	(10,000,000)	(10,000,000)	-
Total other financing sources (uses)	<u>(8,064,487)</u>	<u>1,629,879</u>	<u>(9,700,466)</u>	<u>(9,993,150)</u>	<u>1,922,563</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,699,525</u>	<u>738,672</u>	<u>\$ -</u>	<u>\$ 2,438,197</u>
Fund Balance, beginning			<u>1,699,525</u>		
Fund Balance, ending			<u>\$ 2,438,197</u>		

LINCOLN COUNTY, NORTH CAROLINA

MAJOR SPECIAL REVENUE - OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental revenue			
Federal	\$ 733,655	\$ 773,842	\$ 40,187
Investment earnings	-	15,447	15,447
Total revenues	<u>733,655</u>	<u>789,289</u>	<u>55,634</u>
Expenditures:			
Human Services			
Other operating expenditures	<u>733,655</u>	-	<u>733,655</u>
Net change in fund balance	<u>\$ -</u>	<u>789,289</u>	<u>\$ 789,289</u>
Fund Balance, beginning			<u>-</u>
Fund Balance, ending		<u>\$ 789,289</u>	

LINCOLN COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 419,823	\$ 419,823
Total revenues	<u>-</u>	<u>419,823</u>	<u>419,823</u>
Other Financing Sources (Uses):			
Transfers from other funds			
General Fund	10,409,360	10,409,360	-
Transfers to other funds			
General Fund	(10,409,360)	-	10,409,360
General Capital Projects Fund	(3,759,093)	(3,759,093)	-
Fund balance appropriated	3,759,093	-	(3,759,093)
Total other financing sources (uses)	<u>-</u>	<u>6,650,267</u>	<u>6,650,267</u>
Net change in fund balance	\$ -	\$ 7,070,090	\$ 7,070,090
Fund Balance, beginning		<u>14,027,860</u>	
Fund Balance, ending		<u>\$ 21,097,950</u>	

GOVERNMENTAL ACTIVITIES NONMAJOR FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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.

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.

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.

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds					
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Representative Payee Fund	
Assets:						
Cash and cash equivalents	\$ 1,162,586	\$ 45,818	\$ 342,424	\$ 560,885	\$ 115,220	
Taxes receivable, net	87,270	-	-	-	-	
Accounts receivable, net	-	29	220	360	-	
Due from other governments	125,383	-	267	27,058	-	
Cash and cash equivalents, restricted	-	-	-	-	-	
Total assets	<u>\$ 1,375,239</u>	<u>\$ 45,847</u>	<u>\$ 342,911</u>	<u>\$ 588,303</u>	<u>\$ 115,220</u>	
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and other accrued liabilities	\$ 1,287,969	\$ -	\$ 1,348	\$ 810	\$ 3,830	
Liabilities to be paid from restricted assets:						
Accounts Payable	-	-	-	-	-	
Total liabilities	<u>1,287,969</u>	<u>-</u>	<u>1,348</u>	<u>810</u>	<u>3,830</u>	
Deferred Inflows of Resources:						
Unavailable taxes	87,270	-	-	-	-	
Prepaid taxes	-	-	-	-	-	
Deferred revenue	-	-	-	-	-	
Total deferred inflows of resources	<u>87,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balances:						
Restricted:						
Stabilization by State statute	125,383	29	1,718	27,418	-	
General government	-	-	-	-	-	
Public safety	-	45,818	339,845	560,075	-	
Economic and physical development	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	
Human Services	-	-	-	-	111,390	
Committed:						
Future capital projects	-	-	-	-	-	
Unassigned	(125,383)	-	-	-	-	
Total fund balances	<u>-</u>	<u>45,847</u>	<u>341,563</u>	<u>587,493</u>	<u>111,390</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,375,239</u>	<u>\$ 45,847</u>	<u>\$ 342,911</u>	<u>\$ 588,303</u>	<u>\$ 115,220</u>	

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Capital Project Funds			
	General Capital Projects Fund	School Capital Reserve Fund		Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 6,864,720	\$ 1,450,704	\$	10,542,357
Taxes receivable, net	-	-		87,270
Accounts receivable, net	2,794	931		4,334
Due from other governments	463,086	-		615,794
Cash and cash equivalents, restricted	8,218,567	-		8,218,567
Total assets	\$ 15,549,167	\$ 1,451,635	\$	19,468,322
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 23,834	\$ -	\$	1,317,791
Liabilities to be paid from restricted assets:				
Accounts Payable	422,632	-		422,632
Total liabilities	446,466	-	\$	1,740,423
Deferred Inflows of Resources:				
Unavailable taxes	-	-		87,270
Prepaid taxes	-	-		-
Deferred revenue	-	-		-
Total deferred inflows of resources	-	-	\$	87,270
Fund Balances:				
Restricted:				
Stabilization by State statute	11,791,023	931		11,946,502
General Government	1,930,828	-		1,930,828
Public safety	8,528,304	-		9,474,042
Economic and physical development	2,889,239	-		2,889,239
Culture and recreation	1,604,394	-		1,604,394
Human Services	-	-		111,390
Committed:				
Future capital projects	-	1,450,704		1,450,704
Unassigned	(11,641,087)	-		(11,766,470)
Total fund balances	15,102,701	1,451,635	\$	17,640,629
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,549,167	\$ 1,451,635	\$	19,468,322

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Representative Payee Fund
Revenues:					
Ad valorem taxes	\$ 13,108,524	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenue	-	22,441	207,876	217,034	201,532
Investment earnings	-	912	6,349	10,543	-
Total revenues	13,108,524	23,353	214,225	227,577	201,532
Expenditures:					
Current:					
Public safety	13,108,524	-	72,656	184,048	-
Human services	-	-	-	-	229,254
Capital outlay	-	-	-	-	-
Total expenditures	13,108,524	-	72,656	184,048	229,254
Revenues over (under) expenditures	-	23,353	141,569	43,529	(27,722)
Other Financing Sources (Uses):					
Transfers from other funds	-	-	-	119,624	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	119,624	-
Net change in fund balances	-	23,353	141,569	163,153	(27,722)
Fund balances, beginning	-	22,494	199,994	424,340	139,112
Fund balances, ending	\$ -	\$ 45,847	\$ 341,563	\$ 587,493	\$ 111,390

LINCOLN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

Capital Project Funds			
General Capital Projects	School Capital Reserve Fund	Total Nonmajor Governmental Funds	
Fund			
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 13,108,524
Restricted intergovernmental revenue	-	468,530	1,117,413
Investment earnings	294,071	42,253	354,128
Total revenues	<u>294,071</u>	<u>510,783</u>	<u>14,580,065</u>
Expenditures:			
Current:			
Public safety	-	-	13,365,228
Human services	-	-	229,254
Capital outlay	15,331,428	-	15,331,428
Total expenditures	<u>15,331,428</u>	<u>-</u>	<u>28,925,910</u>
Revenues over (under) expenditures	<u>(15,037,357)</u>	<u>510,783</u>	<u>(14,345,845)</u>
Other Financing Sources (Uses):			
Transfers from other funds	6,250,873	-	6,370,497
Transfers to other funds	-	(800,000)	(800,000)
Total other financing sources (uses)	<u>6,250,873</u>	<u>(800,000)</u>	<u>5,570,497</u>
Net change in fund balances	(8,786,484)	(289,217)	(8,775,348)
Fund balances, beginning	<u>23,889,185</u>	<u>1,740,852</u>	<u>26,415,977</u>
Fund balances, ending	<u>\$ 15,102,701</u>	<u>\$ 1,451,635</u>	<u>\$ 17,640,629</u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 13,389,151	\$ 13,108,524	\$ (280,627)
Expenditures:			
Alexis Fire District	514,142	494,445	19,697
Boger City Fire District	1,068,339	1,031,263	37,076
Crouse Fire District	199,986	189,304	10,682
Denver Fire District	3,671,319	3,492,022	179,297
East Lincoln Fire District	4,311,026	4,360,917	(49,891)
Howard's Creek Fire District	460,203	453,246	6,957
North 321 Fire District	909,150	895,196	13,954
North Brook Fire District	438,969	423,489	15,480
Pumpkin Center Fire District	847,494	821,255	26,239
South Fork Fire District	519,258	516,241	3,017
Union Fire District	449,265	431,146	18,119
Total expenditures	<u>13,389,151</u>	<u>13,108,524</u>	<u>280,627</u>
Net change in fund balance	\$ -	-	\$ -
Fund Balance, beginning			
Fund Balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental			
Federal	\$ 12,707	\$ 22,441	\$ 9,734
Investment earnings	13	912	899
Total revenues	<u>12,720</u>	<u>23,353</u>	<u>10,633</u>
Expenditures:			
Public safety			
Other operating expenditures	<u>12,720</u>	-	12,720
Net change in fund balance	<u>\$ -</u>	23,353	<u>\$ 23,353</u>
Fund Balance, beginning		<u>22,494</u>	
Fund Balance, ending		<u>\$ 45,847</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental revenue			
Federal	\$ 25,450	\$ 207,876	\$ 182,426
Investment earnings	-	6,349	6,349
Total revenues	<u>25,450</u>	<u>214,225</u>	<u>188,775</u>
Expenditures:			
Public Safety:			
Other operating expenditures		7,953	
Capital outlay		64,703	
Total expenditures	<u>91,093</u>	<u>72,656</u>	<u>18,437</u>
Revenues over (under) expenditures	(65,643)	141,569	207,212
Other Financing Sources (Uses):			
Fund balance appropriated	<u>65,643</u>	<u>-</u>	<u>(65,643)</u>
Net change in fund balance	<u>\$ -</u>	<u>141,569</u>	<u>\$ 141,569</u>
Fund Balance, beginning		<u>199,994</u>	
Fund Balance, ending		<u>\$ 341,563</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
North Carolina 911 funds	\$ 217,000	\$ 217,034	\$ 34
Investment earnings	-	10,543	10,543
Total revenues	<u>217,000</u>	<u>227,577</u>	<u>10,577</u>
Expenditures:			
Public Safety:			
Other operating expenditures		184,048	
Total expenditures	<u>336,624</u>	<u>184,048</u>	<u>152,576</u>
Revenues over (under) expenditures	(119,624)	43,529	163,153
Other Financing Sources:			
Transfers from other funds			
General Fund	119,624	119,624	-
Total other financing sources (uses)	<u>119,624</u>	<u>119,624</u>	<u>-</u>
Net change in fund balance	\$ -	163,153	<u>163,153</u>
Fund Balance, beginning		<u>424,340</u>	
Fund Balance, ending	<u>\$ 587,493</u>		

LINCOLN COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEMS FUND UNSPENT BALANCE
PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2023**

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	\$ 163,153
Less Reimbursement of Ineligible 911 expenditures reported in the Emergency Telephone System Fund	(119,624)
Total PSAP revenues and expenditures	<hr/> 43,529
Beginning balance, PSAP Revenue - Expenditure Report	<hr/> 543,964
Ending balance, PSAP Revenue - Expenditure Report	<hr/> <u>\$ 587,493</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, 2023

	Authorized Budget	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenue	\$ 1,500,000	\$ 611,205	\$ 201,532	\$ 189,678	\$ 623,059
Expenditures:					
Human services					
Payments made for the behalf of beneficiaries	1,500,000	472,093	229,254	189,678	511,669
Net change in fund balance	\$ -	\$ 139,112	(27,722)	\$ -	\$ 111,390
Fund Balance, beginning			139,112		
Fund Balance, ending			\$ 111,390		

LINCOLN COUNTY, NORTH CAROLINA

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, 2023

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental					
Federal and State grants	\$ 43,447	\$ 43,447	\$ -	\$ -	\$ 43,447
Investment earnings	-	134,726	294,071	-	428,797
Total revenues	43,447	178,173	294,071	-	472,244
Expenditures:					
Capital outlay					
Probation/Veterans Building	2,916,780	2,376,694	540,086	2,916,780	-
Communications System	2,960,723	1,083,422	859,602	-	1,943,024
Jail Expansion	1,650,072	-	690,730	-	690,730
Trail Planning	600,000	-	-	-	-
Emergency Services Facility	19,500,000	4,837,363	8,709,175	-	13,546,538
Animal Services Expansion	1,254,325	319,445	612,163	-	931,608
Courthouse	39,367,345	34,368,241	3,072,053	-	37,440,294
Airport Land Grading	2,109,021	-	19,782	-	19,782
Airport Business Park	200,000	-	-	-	-
Greenways	43,447	10,397	-	-	10,397
West Lincoln Passive Park	2,835,400	876,219	809,790	-	1,686,009
Beatty's Ford Park	440,000	-	18,047	-	18,047
Total expenditures	73,877,113	43,871,781	15,331,428	2,916,780	56,286,429
Revenues over (under) expenditures	(73,833,666)	(43,693,608)	(15,037,357)	(2,916,780)	(55,814,185)
Other Financing Sources (Uses):					
Long-term debt issued	55,750,000	55,750,000	-	-	55,750,000
Transfer from General Fund	14,390,248	11,898,468	2,491,780	2,916,780	11,473,468
Transfer from Capital Reserve Fund	3,759,093	-	3,759,093	-	3,759,093
Transfer to General Fund	(65,675)	(65,675)	-	-	(65,675)
Total other financing sources (uses)	73,833,666	67,582,793	6,250,873	2,916,780	70,916,886
Net change in fund balance	\$ -	\$ 23,889,185	(8,786,484)	\$ -	\$ 15,102,701
Fund Balance, beginning			23,889,185		
Fund Balance, ending			\$ 15,102,701		

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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
Lottery proceeds	\$ 800,000	\$ 468,530	\$ (331,470)
Investment earnings	- 42,253	42,253	42,253
Total revenues	<u>800,000</u>	<u>510,783</u>	<u>(289,217)</u>
Other Financing Sources (Uses):			
Transfers to other funds			
General Fund	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(289,217)</u>	<u>\$ (289,217)</u>
Fund Balance, beginning		<u>1,740,852</u>	
Fund Balance, ending		<u>\$ 1,451,635</u>	

BUSINESS-TYPE ACTIVITIES

ENTERPRISE FUNDS

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

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

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

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

INTERNAL SERVICE FUNDS

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

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

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

LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water and sewer charges/fees	\$ 17,872,354		
Water and sewer taps	209,240		
Other operating revenues	237,523		
Total operating revenues	<u>\$ 15,062,853</u>	<u>18,319,117</u>	<u>\$ 3,256,264</u>
Non-Operating Revenues:			
Ad valorem taxes	415		
Proceeds from sale of capital assets	5,474		
Investment income	750,690		
Total non-operating revenues	<u>50,000</u>	<u>756,579</u>	<u>706,579</u>
Total revenues	<u>15,112,853</u>	<u>19,075,696</u>	<u>3,962,843</u>
Expenditures:			
Water System:			
Salaries and employee benefits	1,847,548		
Other operating costs	4,927,071		
Capital outlay	149,038		
Reimbursement - special revenue funds	(11,469)		
Total water system	<u>6,912,188</u>		
Sewer System:			
Salaries and employee benefits	708,268		
Other operating costs	1,243,463		
Capital outlay	61,307		
Total sewer system	<u>2,013,038</u>		
Indian Creek Water:			
Other operating costs	<u>34,278</u>		
Water Treatment Plant:			
Salaries and employee benefits	823,832		
Other operating costs	733,110		
Reimbursement - special revenue funds	(1,986)		
Total water treatment plant	<u>1,554,956</u>		
Wastewater Treatment Plant - Killian Creek:			
Salaries and employee benefits	666,728		
Other operating costs	851,344		
Capital outlay	24,720		
Reimbursement - special revenue funds	(3,435)		
Total wastewater treatment - Killian Creek	<u>1,539,357</u>		
Total environmental protection	<u>13,081,661</u>	<u>12,053,817</u>	<u>1,027,844</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, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal		2,611,702	
Interest		1,817,609	
Total debt service	<u>4,432,219</u>	<u>4,429,311</u>	<u>2,908</u>
Total expenditures	<u>17,513,880</u>	<u>16,483,128</u>	<u>1,030,752</u>
Revenues over (under) expenditures	<u>(2,401,027)</u>	<u>2,592,568</u>	<u>4,993,595</u>

Other Financing Sources (Uses):

Transfers from other funds:			
Water and Sewer Capital Projects Fund	1,185,881	1,185,881	-
Transfers to other funds:			
Water and Sewer Capital Projects Fund	(365,000)	(365,000)	-
Fund balance appropriated	1,580,146	-	(1,580,146)
Total other financing sources (uses)	<u>2,401,027</u>	<u>820,881</u>	<u>(1,580,146)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,413,449</u>	<u>\$ 3,413,449</u>

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

Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 3,413,449</u>
--	---------------------

Reconciling items:

Debt principal	2,611,702
Capital outlay capitalized	227,481
Water and Sewer Capital Fund activity:	
Interest income	109,029
Intrafund transfers	(820,881)
Capital contributions	2,430,569
Depreciation	(3,640,309)
Amortization of deferred debt premiums	269,321
Amortization of deferred charges of debt issuances	(12,422)
Increase in deferred outflows of resources - pensions	497,446
(Increase) in net pension liability	(1,386,810)
Decrease in deferred inflows of resources - pensions	680,950
Increase in deferred outflows of resources - OPEB	(230,915)
Decrease in total OPEB liability	827,878
(Increase) in deferred inflows of resources - OPEB	(541,169)
(Increase) in compensated absences	(20,422)
(Increase) in accrued interest payable	(8,610)
Total reconciling items	<u>992,838</u>
Change in net position	<u>\$ 4,406,287</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, 2023

	Project Authorization	Prior Years	Current Year	Closed Projects	Actual Total to Date
Revenues:					
Investment earnings	\$ -	\$ 408,676	\$ 109,029	\$ -	\$ 517,705
Expenditures:					
Capital outlay					
NC 16 Waterline Phase II	2,400,000	644,492	2,401	-	646,893
St James/Kidville Waterline	1,200,000	29,747	-	-	29,747
Water Transmission Line	6,100,000	175,724	35,200	-	210,924
Airlie Parkway Waterline	197,100	165,950	-	165,950	-
Water Plant Expansion	14,677,657	12,462,279	15,734	-	12,478,013
Reepsville Road Waterline	8,246,965	6,399,429	1,682,475	-	8,081,904
Pump Station 7 Rehab	348,169	348,169	-	348,169	-
Pump Station 29 Rehab	730,000	-	39,970	-	39,970
Pump Station 14 Rehab	365,000	-	-	-	-
Wastewater Treatment Plant Expansion	36,560,500	24,261,426	8,692,086	-	32,953,512
Capital outlay	<u>70,825,391</u>	<u>44,487,216</u>	<u>10,467,866</u>	<u>514,119</u>	<u>54,440,963</u>
Revenues over (under) expenditures	<u>(70,825,391)</u>	<u>(44,078,540)</u>	<u>(10,358,837)</u>	<u>(514,119)</u>	<u>(53,923,258)</u>
Other Financing Sources (Uses):					
Long-term debt issued	56,556,471	33,035,721	12,333,375	-	45,369,096
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)
Capital Contributions	674,000	-	674,000	-	674,000
Transfers from other funds:					
Water and Sewer Fund	14,414,094	13,866,095	365,000	1,897,100	12,333,995
Transfers to other funds:					
Water and Sewer Fund	<u>(1,351,831)</u>	<u>(197,100)</u>	<u>(1,185,881)</u>	<u>(1,382,981)</u>	<u>-</u>
Total other financing sources (uses)	<u>70,825,391</u>	<u>50,122,608</u>	<u>12,186,494</u>	<u>514,119</u>	<u>61,794,983</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,044,068</u>	<u>\$ 1,827,657</u>	<u>\$ -</u>	<u>\$ 7,871,725</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Solid waste charges/tipping fees	\$ 910,115		
Availability fees	4,854,083		
Other	11,261		
Total operating revenues	<u>\$ 5,488,781</u>	<u>5,775,459</u>	<u>\$ 286,678</u>
Non-Operating Revenues:			
Federal and State grants	833,550		
White goods disposal tax	24,178		
Tire disposal tax	169,052		
Franchise fees	48,258		
Solid waste disposal tax	84,419		
NC electronics management fund distribution	15,530		
Proceeds from sale of capital assets	12,000		
Investment earnings	292,540		
Total non-operating revenues	<u>240,000</u>	<u>1,479,527</u>	<u>1,239,527</u>
Total revenues	<u>5,728,781</u>	<u>7,254,986</u>	<u>1,526,205</u>
Expenditures:			
Landfill Operations:			
Salaries and employee benefits	2,451,254		
Other operating costs	1,747,853		
Capital outlay	1,234,143		
Reimbursement - special revenue funds	(20,017)		
Total Landfill Operations	<u>6,387,365</u>	<u>5,413,233</u>	<u>974,132</u>
Debt Service:			
Principal	496,091		
Interest	83,412		
Total Debt Service	<u>579,822</u>	<u>579,503</u>	<u>319</u>
Total expenditures	<u>6,967,187</u>	<u>5,992,736</u>	<u>974,451</u>
Revenues over (under) expenditures	<u>(1,238,406)</u>	<u>1,262,250</u>	<u>2,500,656</u>
Other Financing Sources (Uses):			
Fund balance appropriated	<u>1,238,406</u>	<u>-</u>	<u>(1,238,406)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,262,250</u>	<u>\$ 1,262,250</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 1,262,250</u>	
Reconciling items:			
Debt principal	496,091		
Capital outlay capitalized	1,234,143		
Depreciation	(1,178,345)		
Increase in deferred outflows of resources - pensions	248,723		
(Increase) in net pension liability	(693,404)		
Decrease in deferred inflows of resources - pensions	340,475		
(Decrease) in deferred outflows of resources - OPEB	(241,562)		
Decrease in total OPEB liability	1,074,889		
(Increase) in deferred inflows of resources - OPEB	(213,630)		
(Increase) in compensated absences	(1,174)		
Decrease in accrued interest payable	3,941		
(Increase) in landfill closure and post-closure costs	(1,129,985)		
Total reconciling items	<u>(59,838)</u>		
Change in net position	<u>\$ 1,202,412</u>		

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,088,442	\$ 1,892,391	\$ 4,980,833
Accounts receivable, net	1,921	1,215	3,136
Prepaid items	-	10,000	10,000
Total assets	<u>3,090,363</u>	<u>1,903,606</u>	<u>4,993,969</u>
Liabilities:			
Current liabilities:			
Accounts payable and other accrued liabilities	<u>2,863,229</u>	<u>244,541</u>	<u>3,107,770</u>
Net Position:			
Unrestricted	<u>227,134</u>	<u>1,659,065</u>	<u>1,886,199</u>
Total net position	<u>\$ 227,134</u>	<u>\$ 1,659,065</u>	<u>\$ 1,886,199</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, 2023

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues:			
Contributions from employer	\$ 8,730,555	\$ -	\$ 8,730,555
Contributions from employees	1,072,695	-	1,072,695
Workers' compensation premiums	-	929,025	929,025
Other contributions	4,875	358	5,233
Total operating revenues	<u>9,808,125</u>	<u>929,383</u>	<u>10,737,508</u>
Operating Expenses:			
Administration and consulting fees	1,602,336	103,751	1,706,087
Health and workers' compensation claims	8,423,222	480,653	8,903,875
Total operating expenses	<u>10,025,558</u>	<u>584,404</u>	<u>10,609,962</u>
Operating income (loss)	(217,433)	344,979	127,546
Non-Operating Revenues:			
Investment earnings	<u>47,741</u>	<u>37,792</u>	<u>85,533</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
General Fund	<u>800,000</u>	-	<u>800,000</u>
Change in net position	630,308	382,771	1,013,079
Net position, beginning	<u>(403,174)</u>	<u>1,276,294</u>	<u>873,120</u>
Net position, ending	<u>\$ 227,134</u>	<u>\$ 1,659,065</u>	<u>\$ 1,886,199</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from customers	\$ 9,806,798	\$ 928,363	\$ 10,735,161
Cash paid for goods and services	(9,878,441)	(527,859)	(10,406,300)
Net cash provided (used) by operating activities	<u>(71,643)</u>	<u>400,504</u>	<u>328,861</u>
Cash flows from noncapital activities:			
Transfers in	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Cash flows from investing activities:			
Interest on investments	<u>47,741</u>	<u>37,792</u>	<u>85,533</u>
Net increase in cash and cash equivalents	<u>776,098</u>	<u>438,296</u>	<u>1,214,394</u>
Cash and cash equivalents - beginning	<u>2,312,344</u>	<u>1,454,095</u>	<u>3,766,439</u>
Cash and cash equivalents - ending	<u>\$ 3,088,442</u>	<u>\$ 1,892,391</u>	<u>\$ 4,980,833</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (217,433)</u>	<u>\$ 344,979</u>	<u>\$ 127,546</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) in receivables	<u>(1,327)</u>	<u>(1,020)</u>	<u>(2,347)</u>
Decrease in prepaid items	<u>8,650</u>	<u>-</u>	<u>8,650</u>
Increase in accounts payable	<u>138,467</u>	<u>56,545</u>	<u>195,012</u>
Total adjustments	<u>145,790</u>	<u>55,525</u>	<u>201,315</u>
Net cash provided (used) by operating activities	<u>\$ (71,643)</u>	<u>\$ 400,504</u>	<u>\$ 328,861</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, 2023**

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Contributions from employer	\$ 9,167,449	\$ 8,730,555	\$ (436,894)
Contributions from employees	1,200,000	1,072,695	(127,305)
Other contributions	-	4,875	4,875
Total operating revenues	<u>10,367,449</u>	<u>9,808,125</u>	<u>(559,324)</u>
Operating Expenditures:			
Administration and consulting fees	1,445,000	1,602,336	(157,336)
Health claims	9,727,449	8,423,222	1,304,227
Total operating expenditures	<u>11,172,449</u>	<u>10,025,558</u>	<u>1,146,891</u>
Operating income (loss)	(805,000)	(217,433)	587,567
Non-Operating Revenues:			
Investment earnings	5,000	47,741	42,741
Other Financing Sources:			
Transfers from other funds:			
General Fund	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ 630,308</u>	<u>\$ 630,308</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, 2023

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Workers' compensation premiums	\$ 972,816	\$ 929,025	\$ (43,791)
Other contributions	-	358	358
Total operating revenues	<u>972,816</u>	<u>929,383</u>	<u>(43,433)</u>
Operating Expenditures:			
Administration and consulting fees	150,000	103,751	46,249
Workers' compensation claims	822,866	480,653	342,213
Total operating expenditures	<u>972,866</u>	<u>584,404</u>	<u>388,462</u>
Operating income (loss)	(50)	344,979	345,029
Non-Operating Revenues:			
Investment earnings	<u>50</u>	<u>37,792</u>	<u>37,742</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ 382,771</u>	<u>\$ 382,771</u>

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

FIDUCIARY FUNDS

CUSTODIAL FUNDS

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

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

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

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

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

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023

	Municipal Tax Fund	Sheriff Evidence Fund	Sheriff Execution Fund	Jail Inmate Pay Fund	Total Custodial Funds
Assets:					
Cash and cash equivalents	\$ 22,665	\$ 130,099	\$ 5,018	\$ 27,686	\$ 185,468
Taxes receivable for other governments, net	56,633	-	-	-	56,633
Accounts receivable, net	3,380	-	-	-	3,380
Due from other governments	66,122	-	-	-	66,122
Total assets	148,800	130,099	5,018	27,686	311,603
Liabilities:					
Accounts payable and other accrued liabilities	88,787	-	-	142	88,929
Total liabilities	88,787	-	-	142	88,929
Net Position:					
Restricted:					
Individuals, organizations, and other governments	60,013	130,099	5,018	27,544	222,674
Total net position	\$ 60,013	\$ 130,099	\$ 5,018	\$ 27,544	\$ 222,674

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Municipal Tax Fund	Sheriff Evidence Fund	Sheriff Execution Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions:					
Ad valorem taxes for other governments	\$ 5,862,696	\$ -	\$ -	\$ -	\$ 5,862,696
Collections of gathered evidence	-	54,052	-	-	54,052
Collections of executed court orders	-	-	46,721	-	46,721
Collections on behalf of inmates	-	-	-	214,946	214,946
Total additions	5,862,696	54,052	46,721	214,946	6,178,415
Deductions:					
Tax distributions to other governments	5,876,859	-	-	-	5,876,859
Distribution of gathered evidence	-	23,309	-	-	23,309
Distribution of executed court orders	-	-	46,731	-	46,731
Payments on behalf of inmates	-	-	-	206,579	206,579
Total deductions	5,876,859	23,309	46,731	206,579	6,153,478
Net change in fiduciary net position	(14,163)	30,743	(10)	8,367	24,937
Net Position, beginning	74,176	99,356	5,028	19,177	197,737
Net Position, ending	\$ 60,013	\$ 130,099	\$ 5,018	\$ 27,544	\$ 222,674

OTHER SCHEDULES

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, 2023

Fiscal Year	Uncollected Balance		Collections and Credits	Uncollected Balance	
	June 30, 2022	Additions		June 30, 2022	June 30, 2023
2022-2023	\$ -	\$ 78,472,225	\$ 78,070,753	\$ 401,472	
2021-2022	414,017	-	292,430		121,587
2020-2021	109,054	-	44,572		64,482
2019-2020	95,403	-	34,337		61,066
2018-2019	79,061	-	23,932		55,129
2017-2018	42,217	-	9,083		33,134
2016-2017	35,269	-	2,474		32,795
2015-2016	33,833	-	1,656		32,177
2014-2015	39,689	-	1,310		38,379
2013-2014	84,112	-	3,340		80,772
2012-2013	84,796	-	84,796		-
Total	\$ 1,017,451	\$ 78,472,225	\$ 78,568,683		920,993

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (377,425)**Ad Valorem Taxes Receivable, Net**General Fund \$ 543,568**Reconciliation of Collections and Credits with Revenues:**Ad valorem taxes - General Fund \$ 77,740,991

Reconciling items:

Interest collected (285,302)Abatements related to prior years 6,6592% discount allowed 1,027,891Taxes written off 83,131Collection of taxes previously written off (4,687)Total collections and credits \$ 78,568,683

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	Total Levy				
	County-Wide		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate			
Original Levy:					
Property taxed at current year's rate	\$ 12,652,282,068	\$ 0.619	\$ 78,317,626	\$ 70,291,886	\$ 8,025,740
Penalties	-		84,210	84,210	-
Total	12,652,282,068		78,401,836	70,376,096	8,025,740
Discoveries:					
Current year taxes	11,430,210	0.619	70,753	67,892	2,861
Prior year taxes	-		84,368	84,368	-
Penalties	-		5,169	5,169	-
Total	11,430,210		160,290	157,429	2,861
Releases	(14,523,586)		(89,901)	(89,879)	(22)
Total property valuation	\$ 12,649,188,692				
Net Levy			78,472,225	70,443,646	8,028,579
Uncollected taxes at June 30, 2023			401,472	401,472	-
Current Year's Taxes Collected			\$ 78,070,753	\$ 70,042,174	\$ 8,028,579
Current Levy Collection Percentage			99.49%	99.43%	100.00%
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment Ratio ⁽¹⁾					100%
Real property					\$ 9,829,293,893
Personal property					950,222,723
Public service companies ⁽²⁾					572,648,005
Registered vehicles					1,297,024,071
Total assessed valuation					12,649,188,692
Tax rate per \$100 ⁽³⁾					0.619
Levy (includes discoveries, releases, and abatements)⁽⁴⁾					\$ 78,472,225
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts					\$ 13,228,526

⁽¹⁾ Percentage of appraised value has been established by statute.⁽²⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.⁽³⁾ The assessed value times the tax rate will not equal the amount of the levy because the levy includes discoveries and releases at prior years' rates.⁽⁴⁾ The levy includes penalties.

STATISTICAL SECTION

(Unaudited)

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

Contents

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

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

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

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

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

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

		Fiscal Year					
		2014	2015	2016	2017	2018	2019
		2020	2021	2022	2023		
Governmental activities							
Net investment in capital assets							
Restricted	\$ 54,146,520 9,177,119 (91,146,787)	\$ 52,409,026 7,513,118 (82,089,234)	\$ 55,659,430 8,895,232 (72,836,306)	\$ 58,995,204 12,339,420 (69,053,644)	\$ 59,504,444 14,351,029 (88,880,662)	\$ 63,844,832 21,067,797 (85,638,930)	\$ 70,103,209 46,379,661 (100,315,308)
Unrestricted							
Total governmental activities net position	(27,823,148)	(22,167,090)	(8,281,644)	2,280,980	(15,025,189)	(726,301)	16,167,562
Business-type activities							
Net investment in capital assets							
Unrestricted	53,989,857 4,384,501	56,348,162 5,263,073	61,317,027 5,985,673	61,048,458 8,783,600	64,708,737 8,881,563	62,433,585 15,125,562	66,094,327 24,432,773
Total business-type activities	58,374,358	61,611,235	67,303,700	69,832,058	73,590,300	77,558,147	90,527,100
Primary government							
Net investment in capital assets							
Restricted	108,136,377 9,177,119 (86,762,286)	108,757,188 7,513,118 (76,826,161)	116,976,457 8,895,232 (66,849,633)	120,043,662 12,339,420 (60,270,044)	124,213,181 14,351,029 (79,999,099)	126,277,417 21,067,797 (70,513,368)	136,197,536 46,379,661 (75,882,535)
Unrestricted							
Total primary government net position	\$ 30,551,210	\$ 39,444,145	\$ 59,022,056	\$ 72,113,038	\$ 58,565,111	\$ 76,831,846	\$ 106,694,662

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 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	\$ 19,382,116
Public safety	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	53,210,555
Transportation	-	321,507	217,002	1,345,534	1,780,923	1,205,030	1,570,268	1,745,663	1,926,212	1,926,212
Economic and physical development	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	4,309,136
Culture and recreation	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	4,230,728
Education	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	29,253,570
Human services	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	22,733,273
Interest on long term debt	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	2,258,730
Total governmental activities	90,329,180	90,953,206	89,403,755	93,502,373	95,647,095	102,930,637	113,124,615	121,494,391	128,169,808	137,304,320
Business-type activities:										
Water and sewer	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	17,203,533
Solid waste	4,234,410	4,925,026	4,466,194	6,038,674	6,056,364	4,869,933	872,723	5,601,951	5,266,656	6,040,574
East Lincoln water and sewer	94,001	109,284	85,894	7,176	-	-	-	-	-	-
Total business activities	12,707,004	13,022,086	13,055,661	15,676,423	16,229,814	16,010,925	13,794,882	20,001,407	19,255,208	23,244,107
Total primary government expenses	103,036,184	103,975,292	102,494,16	109,178,796	111,876,909	118,941,562	126,919,497	141,495,798	147,425,016	160,548,427
Program Revenues										
Governmental activities:										
Charges for services:										
General government	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	2,527,923
Public safety	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	7,147,042
Transportation	-	-	-	-	774,363	632,597	567,891	414,284	421,705	690,085
Economic and physical development	-	-	-	-	660,641	560,855	92,451	361,560	313,690	298,905
Culture and recreation	20,461	91,436	81,187	90,851	142,589	157,579	104,324	187,461	116,429	136,148
Human services	2,486,344	2,075,201	1,405,400	1,381,443	639,791	622,996	322,107	950,451	1,122,033	983,026
Operating grants and contributions:										
General government	1,545,655	726,230	3,059,063	1,031,959	629,541	170,835	103,302	230,457	2,411,683	2,871,356
Public safety	507,169	688,347	923,587	940,929	1,743,045	2,574,238	3,982,649	2,080,374	2,202,060	11,879,887
Transportation	-	-	-	-	297,422	377,961	475,122	889,366	681,440	388,339
Economic and physical development	9,255	30,360	30,229	30,330	90,036	176,097	29,915	187,589	231,370	628,739
Culture and recreation	-	-	118,195	122,615	297,809	160,426	193,082	269,411	236,260	209,129
Education	112,836	132,620	-	-	-	-	-	-	-	-
Human services	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	21,242,965
Capital grants and contributions:										
General government	1,143,064	1,314,334	626,090	27,957	261,168	-	-	-	-	-
Public safety	-	-	-	-	75,000	-	-	-	-	575,784

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation	-	-	-	-	48,985	302,990	401,562	200,586	8,910	-
Culture and recreation	-	-	-	-	396,157	443,000	-	-	-	-
Education	1,036,450	829,500	783,400	870,520	576,000	803,450	233,700	1,637,400	779,160	468,530
Human services	-	-	-	-	175,000	-	-	-	-	-
Total governmental activities	23,764,381	23,926,945	26,372,419	23,474,726	23,205,746	24,715,266	25,680,476	28,383,739	31,667,295	50,047,858
Business-type activities:										
Charges for service - water and sewer	7,673,169	9,343,337	10,694,992	13,471,115	13,458,546	14,305,782	16,270,161	19,040,769	18,795,290	18,319,117
Capital grants and cont. - water/sewer	834,730	-	2,962,527	10,000	3,689,013	-	5,023,169	1,903,130	2,649,817	2,430,569
Charges for service - solid waste	3,708,037	3,757,118	4,143,385	4,633,323	4,795,443	5,071,972	4,977,705	5,071,372	5,835,778	6,116,896
Operating grants - solid waste	-	-	-	-	-	-	-	20,000	2,000	-
Operating grants - solid waste	-	-	-	-	-	-	-	-	-	833,550
Total business-type activities	12,215,936	13,100,455	17,800,904	18,114,438	21,943,002	19,377,754	26,271,035	26,035,271	27,282,885	27,700,132
Total primary government program revenues	35,980,317	37,027,400	44,173,323	41,589,164	45,148,748	44,093,020	51,951,511	54,419,010	58,950,180	77,747,990
Net (Expense)/Revenue										
Governmental activities	(66,564,799)	(67,026,261)	(63,031,336)	(70,027,647)	(72,441,349)	(78,215,371)	(87,444,139)	(93,110,652)	(96,502,513)	(87,256,462)
Business-type activities	(1,319,307)	78,369	4,745,243	2,438,015	5,713,188	3,366,829	12,476,153	6,033,864	8,027,677	4,456,025
Total primary government net (expense)/revenue	(67,884,106)	(66,947,892)	(58,286,093)	(67,589,632)	(66,728,161)	(74,848,542)	(74,967,986)	(87,076,788)	(88,474,836)	(82,800,437)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	57,879,585	57,588,885	59,381,739	60,610,716	63,264,202	66,274,755	75,590,046	79,291,113	86,106,451	90,844,156
Local option sales tax	13,071,926	14,423,993	15,459,998	18,480,201	19,376,365	22,956,135	25,652,067	30,892,666	35,860,183	38,869,378
Utility franchise tax	228,408	229,091	220,188	223,349	218,729	211,971	200,508	198,194	197,350	192,495
Real estate transfer tax	737,628	858,192	974,733	1,380,914	1,404,356	1,404,036	1,517,698	2,274,241	2,552,594	2,281,678
Other taxes and licenses	430,687	476,454	401,490	436,698	173,497	196,250	180,960	241,012	340,916	401,087
Unrestricted intergovernmental	317,328	330,007	306,511	320,620	309,222	314,288	319,066	317,225	301,712	355,105
Investment earnings	162,391	90,279	172,123	152,094	538,815	1,156,824	877,657	208,663	(86,722)	3,324,135
Transfers	(563,160)	-	-	-	-	-	-	-	-	-
Total governmental activities:	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	136,268,034

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Property taxes	931,496	912,435	875,860	23,339	4,282	21	1,099	416	338	415
Investment earnings	19,989	48,656	71,362	67,004	258,768	600,997	491,701	64,113	(46,454)	1,152,259
Transfers	563,160	—	—	—	—	—	—	—	—	—
Total business-type activities	1,514,645	961,091	947,222	90,343	263,050	601,018	492,800	64,529	(46,116)	1,152,674
Total primary government	73,779,438	74,957,992	77,854,004	81,694,935	85,548,236	93,115,277	104,830,802	113,487,643	125,226,368	137,420,708
Change in Net Position										
Governmental activities	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	49,011,572
Business-type activities	(9,181,127)	1,039,460	5,622,465	2,528,358	5,976,238	3,967,847	12,968,953	6,098,933	7,981,561	5,608,699
Total primary government	\$ (4,160,379)	\$ 8,010,100	\$ 19,577,911	\$ 14,105,303	\$ 18,820,075	\$ 18,266,735	\$ 29,862,816	\$ 26,410,855	\$ 36,751,532	\$ 54,620,271

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

	Fiscal Year							
	2014	2015	2016	2017	2018	2019	2020	
General Fund								
Nonspendable								
Prepays	\$ 630,872	\$ 631,607	\$ 256,545	\$ 229,546	\$ 226,528	\$ 227,019	\$ 256,963	\$ 417,067
Leases	-	-	-	-	-	-	-	-
Restricted								
Stabilization for State statute	8,046,523	5,149,448	6,909,752	5,093,410	6,432,887	8,001,582	8,010,434	9,379,523
Restricted, all other	39,044	1,073,458	1,180,740	1,329,743	1,503,833	2,261,857	2,863,067	4,401,715
Committed	-	-	1,000,000	-	-	840,504	2,139,910	2,418,255
Assigned	2,202,711	-	5,500,388	3,405,237	3,346,021	-	2,525,562	14,742,010
Unassigned	12,687,339	20,307,623	18,408,808	24,512,423	26,970,285	26,110,745	29,792,769	23,221,262
Total General Fund	<u>\$23,606,489</u>	<u>\$27,162,136</u>	<u>\$33,256,233</u>	<u>\$34,570,359</u>	<u>\$38,479,554</u>	<u>\$37,441,707</u>	<u>\$45,588,705</u>	<u>\$54,579,832</u>
All Other Governmental Funds								
Restricted								
Stabilization for State statute	\$ 471,952	\$ 298,605	\$ 127,173	\$ 5,601,764	\$ 5,999,264	\$ 10,441,450	\$34,433,666	\$18,865,795
Restricted, all other	6,734,600	-	1,145,108	1,006,715	2,010,007	5,076,251	36,656,666	19,281,757
Committed	749,985	-	303,043	421,667	556,532	877,406	1,688,809	7,323,026
Unassigned	(3,428,193)	(446,330)	(1,303,300)	(4,897,896)	(3,368,449)	(4,141,637)	(31,152,904)	(14,244,764)
Total all other governmental funds	<u>\$ 4,528,344</u>	<u>\$ (147,725)</u>	<u>\$ 272,024</u>	<u>\$ 2,732,250</u>	<u>\$ 5,197,354</u>	<u>\$12,253,470</u>	<u>\$41,626,237</u>	<u>\$31,227,814</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Ad valorem taxes	\$ 58,162,842	\$ 57,541,002	\$ 59,103,531	\$ 60,643,519	\$ 63,734,107	\$ 66,311,359	\$ 75,720,213	\$ 79,543,059	\$ 86,225,033	\$ 90,849,515
Local option sales taxes	13,071,926	14,423,993	15,459,998	18,480,201	19,376,365	22,956,135	25,652,067	30,892,666	35,860,183	38,869,378
Other taxes and licenses	1,396,723	1,563,737	1,596,411	2,040,961	1,796,582	1,812,257	1,899,166	2,713,447	3,009,860	2,875,260
Unrestricted intergovernmental revenues	317,328	330,007	306,511	320,620	309,222	314,288	319,066	317,225	301,712	355,105
Restricted intergovernmental revenues	13,123,144	13,745,936	14,052,982	13,216,065	12,475,014	14,501,818	15,488,170	16,617,536	19,216,927	30,049,759
Permits and fees	1,808,245	1,934,378	2,368,484	2,785,238	3,338,692	2,959,650	3,201,589	4,636,675	3,847,066	3,188,481
Sales and service	6,244,150	6,143,014	5,938,525	5,743,361	5,494,319	5,509,814	5,647,384	5,517,697	6,604,059	7,486,520
Miscellaneous	1,625,197	1,470,514	154,122	137,836	1,825,278	1,574,323	3,068,329	1,546,991	1,663,469	1,566,064
Investment earnings	157,173	79,964	3,164,036	921,331	487,203	1,080,684	835,421	203,094	(83,023)	3,238,602
Total Revenues	95,906,728	97,232,545	102,144,600	104,289,132	108,836,782	117,020,328	131,831,405	141,988,390	156,726,286	178,476,684
Expenditures										
General Government	7,783,862	8,562,450	10,319,572	10,929,722	12,030,635	12,508,119	13,202,830	14,669,777	18,584,464	20,301,505
Public Safety	27,363,121	28,039,030	30,568,246	32,404,426	35,397,091	39,164,485	44,522,929	43,256,640	48,789,848	51,217,216
Transportation	-	-	321,507	171,298	1,265,141	1,654,791	1,709,841	1,529,742	1,564,194	1,732,973
Economic and physical development	1,620,028	1,822,269	1,513,856	1,807,485	2,931,398	2,217,275	2,277,944	2,974,126	3,388,919	4,073,494
Culture and Recreation	2,263,800	2,464,064	2,622,894	2,183,661	2,325,470	2,643,186	2,781,311	3,220,194	3,640,905	3,565,257
Education	18,386,184	18,517,937	18,908,697	20,667,575	21,474,121	22,534,222	25,393,694	25,258,045	27,255,673	29,253,570
Human services	20,025,104	19,223,105	19,162,102	18,644,959	15,768,280	17,072,517	18,025,809	19,068,720	21,253,372	21,661,688
Capital Outlay	7,594,533	8,477,934	2,540,899	4,487,994	9,870,439	10,084,082	10,111,184	18,557,361	22,463,314	15,331,428
Debt Service:										
Principal	10,202,473	9,054,196	9,053,807	8,846,700	9,200,850	10,212,202	10,134,292	11,987,742	14,043,213	12,927,561
Interest	3,841,493	3,651,770	3,213,983	3,059,430	2,850,383	2,646,145	2,651,806	3,147,908	3,07,533	2,763,886
Total Expenditures	99,980,598	99,812,755	98,225,563	103,203,250	113,113,808	120,737,024	130,811,640	143,670,255	164,021,435	162,828,578
Excess of revenues over (under) expenditures	(3,173,870)	(2,580,210)	3,919,037	1,085,882	(4,277,026)	(3,716,696)	1,019,765	(1,681,865)	(7,295,149)	15,650,106
Other Financing Sources (Uses)										
Transfers in	3,244,510	3,398,124	1,608,769	7,527,537	2,253,014	7,595,160	4,598,738	8,493,421	15,030,206	27,879,391
Transfers out	(3,244,510)	(3,398,124)	(1,608,769)	(7,527,537)	(2,253,014)	(7,595,160)	(4,598,738)	(8,493,421)	(15,030,206)	(28,679,391)
Bonds & installment financing issued	15,440,691	-	5,244,000	2,088,470	24,329,000	19,741,000	36,500,000	-	19,640,000	-
Bond premium (discount)	-	-	(5,141,066)	-	(60,823)	1,793,965	-	-	-	-
Advance refunding payments to trustee	(7,740,891)	-	-	-	(13,016,852)	(11,800,000)	-	-	-	-
Lease liabilities issued	-	-	-	-	-	-	-	-	668,865	-
Total other financing sources (uses)	7,699,800	-	102,934	2,088,470	11,251,325	9,734,965	36,500,000	-	20,308,865	(800,000)
Net change in fund balances	\$ 4,525,930	\$ (2,580,210)	\$ 4,021,971	\$ 3,174,352	\$ 6,974,299	\$ 6,018,269	\$ 37,519,765	\$ (1,681,865)	\$ 13,013,716	\$ 14,850,106
Debt service as a percentage of noncapital expenditures	17.55%	13.54%	13.21%	13.71%	12.06%	12.01%	10.96%	12.39%	12.49%	11.03%

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			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)	Total Taxable Assessed Value		Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Estimated Actual Taxable Value (4)	Estimated Actual Taxable Value (4)	
	Year	Property	Property	Property	Real Property	Real Property	Vehicles	Other	Companies (2)	Total Taxable Assessed Value	Direct Tax Rate (3)	Estimated Actual Taxable Value (4)				
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	811,778,695	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%					
2023	8,723,199,817	964,008,430	572,231,511	430,145,865	1,297,024,071	950,222,723	572,648,005	12,649,188,692	0.619	16,861,743,217	75.02%					

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Included as tax exempt includes property excluded as "Senior Citizens and Disabled Persons Exclusion" G.S. 105-277.1, Property listed at "present-use value" G.S. 105-277.4, and property listed as historic property G.S. 105-278. Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

(3) Per \$100 of value.

(4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

(5) Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years.

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

		2014	2015	2016(1)	2017	2018	2019	2020(1)	2021	2022	2023
Lincoln County	\$ 0.5980	\$ 0.5980	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.6110	\$ 0.5990	\$ 0.5990	\$ 0.6190	\$ 0.6190	
Municipality Rates:											
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	
Special District											
East Lincoln Water and Sewer District (3)	0.0359	0.0342	0.0325	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Fire Districts (4)											
Alexis	0.1100	0.1100	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	
Boger City	0.0925	0.0925	0.0999	0.0999	0.0999	0.0999	0.0999	0.0999	0.1050	0.1250	
Crouse	0.0609	0.0609	0.0640	0.0640	0.0640	0.0640	0.0640	0.0640	0.0860	0.0860	
Denver	0.1099	0.1099	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1150	0.1150	
East Lincoln	0.0785	0.0850	0.0860	0.0860	0.0860	0.0860	0.0860	0.0860	0.0980	0.0980	
Howards Creek	0.1150	0.1150	0.1203	0.12233	0.12233	0.12233	0.12233	0.12233	0.1355	0.1355	
North 321	0.0800	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0700	0.0700	
North Brook	0.0350	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	
Pumpkin Center	0.0938	0.0900	0.0970	0.0970	0.0970	0.0970	0.0970	0.0970	0.0970	0.1200	
South Fork	0.1236	0.1250	0.1250	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	0.0900	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

Taxpayer	Type of Business	Fiscal Year 2023			Fiscal Year 2014		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp.	Utility	\$ 415,112,734	1	3.28%	\$ 260,348,880	1	3.02%
Blum Inc	Furniture Hardware manf.	79,153,830	2	0.63%	72,371,354	3	0.84%
The Timken Company	Bearing manufacturer	78,632,994	3	0.62%	76,225,803	2	0.89%
Cataler North America Corp	Auto parts manufacturer	71,674,016	4	0.57%	62,640,907	4	0.73%
Robert Bosch Tool Corp	Manufacturing	65,234,387	5	0.52%			
Charlotte IND LLC	Manufacturing	55,057,186	6	0.44%			
Lincolnton Partners LLC	Real Estate / Manufacturing	53,298,713	7	0.42%			
Piedmont Natural Gas Co.	Gas/propane	53,239,327	8	0.42%			
APTARGROUP INC	Manufacturing	45,615,775	9	0.36%			
Rutherford Electric Membership	Utility	39,640,319	10	0.31%			
Wal Mart Real Estate Budiness	Retail						
TKC LIV LLC	Real Estate / Manufacturing						
Activis Mid Atlantic LLC	Pharmaceuticals						
Bellsouth TEL CORP	Utility						
1000 E Powell Dr LLC	Real Estate / Manufacturing						
Totals		\$ 956,659,281		7.56%	\$ 626,349,099		7.27%

Source: Lincoln County Tax Department

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

Fiscal Year	Taxes Leved for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy	Percentage of Original Levy	Collections in Subsequent Years	Total Collections to Date	Percentage of Adjusted Levy	Uncollected
	Amount	Percentage of the Levy							
2014	51,400,496	151,116	51,551,612	50,570,651	98.39%	900,189	51,470,840	99.84%	80,772
2015	50,455,214	105,063	50,560,277	49,283,713	97.68%	1,238,185	50,521,898	99.92%	38,379
2016	52,246,531	106,268	52,352,799	51,605,464	98.77%	715,158	52,320,622	99.94%	32,177
2017	53,404,086	384,500	53,788,586	53,010,615	99.26%	745,176	53,755,791	99.94%	32,795
2018	55,859,280	209,575	56,068,835	55,385,593	99.15%	650,128	56,035,721	99.94%	33,134
2019	58,234,059	16,838	58,250,897	57,519,842	98.77%	675,926	58,195,768	99.91%	55,129
2020	65,905,710	207,857	66,113,567	65,519,926	99.41%	532,575	66,052,501	99.91%	61,066
2021	69,058,494	41,578	69,100,072	68,666,401	99.43%	369,189	69,035,590	99.91%	64,482
2022	74,456,973	191,199	74,648,172	74,234,55	99.70%	292,430	74,526,585	99.84%	121,587
2023	78,401,836	70,389	78,472,225	78,070,753	99.58%	-	78,070,753	99.49%	401,472
									\$ 920,993

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		State Clean Water Loan		Direct Borrowing			
	General Obligation Bonds	General Obligation Bonds	Revenue Bonds	Revenue Bonds	State Loan	Clean Water Loan	Borrowing	Installments			
2014	84,425,797	24,753,975	1,605,000	-	750,000	-	-	19,351,064	130,885,836	1,641	4.19%
2015	77,214,442	22,664,779	1,085,000	-	500,000	-	-	18,356,716	119,820,937	1,494	3.81%
2016	70,043,087	20,874,972	575,000	-	250,000	-	-	16,897,825	108,640,884	1,335	3.30%
2017	62,871,733	21,041,742	-	-	-	-	-	22,211,020	106,124,495	1,294	2.96%
2018	56,584,151	29,979,785	-	14,427,657	-	-	-	19,599,692	106,163,628	1,238	2.77%
2019	49,595,509	36,249,324	-	22,066,350	-	11,335,232	7,917,405	119,525,127	119,525,127	1,389	2.94%
2020	42,405,656	69,338,773	-	47,942,359	-	10,271,824	7,592,602	151,675,205	151,675,205	1,721	3.43%
2021	35,291,803	63,998,772	-	46,163,038	-	4,584,416	6,962,511	154,653,861	154,653,861	1,744	3.11%
2022	28,179,950	76,304,771	-	44,648,717	-	4,735,729	6,321,420	161,704,908	161,704,908	1,803	*
2023	21,165,099	69,992,770	-	-	-	15,858,402	5,669,329	157,334,317	157,334,317	1,707	*

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)
		2014	2015		
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	49,555,509	1.22%		0.52%	576
2020	42,405,656	0.96%		0.39%	481
2021	35,291,803	0.71%	*	0.31%	398
2022	28,179,950	*	*	0.23%	314
2023	21,165,099	*	*	0.17%	230

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 Five Fiscal Years

	2019	2020	2021	Fiscal Year	2022	2023
Water and Sewer Fund						
Debt service coverage Parity Debt						
Operating Revenues	\$14,305,782	\$16,270,161	\$19,040,769	\$18,795,290	\$18,319,117	
Operating Expenses*	6,596,680	8,092,306	8,669,663	8,663,457	12,011,800	
Operating income	7,709,102	8,177,855	10,371,106	10,131,833	6,307,317	
Nonoperating revenues (expenses)	(703,820)	(895,409)	(1,909,729)	(1,476,818)	(691,290)	
Income available for debt service	7,005,282	7,282,446	8,461,377	8,655,015	5,616,027	
15% of unrestricted net position of system	2,954,336	3,723,606	3,536,652	3,037,847	5,461,569	
Available for debt service	\$ 9,959,618	\$11,006,052	\$11,998,029	\$11,692,862	\$11,077,596	
Debt service, principal and interest paid (Revenue Bond only)	\$ 188,669	\$ 850,000	\$ 843,000	\$ 3,174,200	\$ 2,545,066	
Debt service coverage ratio	5278.88%	1294.83%	1423.25%	368.37%	435.26%	
Debt service coverage All Debt						
Operating Revenues	\$14,305,782	\$16,270,161	\$19,040,769	\$18,795,290	\$18,319,117	
Operating Expenses*	6,596,680	8,092,306	8,669,663	8,663,457	12,011,800	
Operating income	7,709,102	8,177,855	10,371,106	10,131,833	6,307,317	
Nonoperating revenues (expenses)	(703,820)	(895,409)	(1,909,729)	(1,476,818)	(691,290)	
Income available for debt service	7,005,282	7,282,446	8,461,377	8,655,015	5,616,027	
Debt service, principal and interest paid (all debt)	\$ 2,938,878	\$ 2,300,801	\$ 2,495,812	\$ 3,588,458	\$ 4,168,600	
Debt service coverage ratio	238.37%	316.52%	339.02%	241.19%	134.72%	

*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					
	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 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)	689,000	684,666	684,649	703,528	730,455	760,694
Amount of Debt Applicable to Limit						
Gross debt	130,886	117,691	108,641	106,124	104,830	116,106
Debt outstanding for water and sewer	21,706	19,942	17,723	18,386	16,685	28,349
Total net debt applicable to limit	<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>\$ 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	15.85%	14.28%	13.28%	12.47%	12.07%	11.54%
						12.97%
						11.01%
						11.038%
						9.21%

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, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Cities:			
City of Lincolnton (1)	\$ 1,093,434	100.00%	\$ 1,093,434
Direct - Lincoln County			<u>911,157,869</u>
Total direct and overlapping debt			<u><u>\$ 92,251,303</u></u>

(1) Source: City of Lincolnton Finance Department

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

Year	Population(1)	Personal Income (2) (thousands of dollars)		Per Capita Personal Income (3)		Public School Enrollment(4)	Unemployment Rate(5)	Number of Building Inspections Performed(6)
		Personal Income (2) (thousands of dollars)	Per Capita Personal Income (3)					
2014	79,740	3,123,495	39,171	11,683	6.70%	15,465		
2015	80,202	3,142,032	38,774	11,589	5.90%	19,868		
2016	81,397	3,294,665	40,591	11,646	4.70%	24,373		
2017	82,033	3,580,669	43,453	11,503	3.70%	29,446		
2018	85,758	3,835,937	45,791	11,321	3.20%	38,431		
2019	86,039	4,062,577	47,178	11,483	3.40%	37,424		
2020	88,151	4,423,898	50,216	11,438	6.80%	36,199		
2021	88,699	4,964,823	55,368	11,170	3.80%	44,844		
2022	89,670	*	*	11,204	3.10%	46,708		
2023	92,170	*	*	11,673	3.20%	41,571		

* Information not yet available.

Notes:

- (1) N.C. Office of State Budget and Management. Estimates are as of beginning of fiscal year.
 - (2) Federal Reserve Bank of St. Louis
 - (3) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
 - (4) Lincoln County School Administrative Unit.
 - (5) N. C. Department of Commerce.
 - (6) Lincoln County Building and Land Development Department. Inspections are for entire County.
- The figures are for prior calendar year.

Table 15
Lincoln County
Principal Water and Sewer Customers
Current Year

Water Customer	Water Charges	Rank	Fiscal Year 2023 Percentage of Water Charges
Timken Company	\$ 179,798	1	2.00%
Lake Norman Owner LP	87,321	2	0.97%
D R Horton, Inc.	64,233	3	0.71%
Riverwalk Apartments	61,672	4	0.69%
City of High Shoals	60,080	5	0.67%
Cataler North America	55,634	6	0.62%
Farm at Ingleside Comm. Assoc., Inc.	44,059	7	0.49%
Julius Blum, Inc.	40,147	8	0.45%
Hawthorne at Westport Apartments	38,650	9	0.43%
Lincoln County Schools	37,869	10	0.42%
Total	\$ 669,463		7.44%

Sewer Customer	Sewer Charges	Rank	Fiscal Year 2023 Percentage of Sewer Charges
Cataler North America	\$ 74,397	1	1.31%
Riverwalk Apartments	73,163	2	1.28%
R W Garcia Company, Inc.	66,776	3	1.17%
Lake Norman Owner LP	57,846	4	1.02%
Hawthorne at Westport Apartments	52,098	5	0.91%
Sam's Xpress Car Wash #307	44,323	6	0.78%
Lincoln Charter School	40,799	7	0.72%
D R Horton, Inc.	40,279	8	0.71%
East Lincoln High School	36,271	9	0.64%
Lincoln County Schools	32,639	10	0.57%
Total	\$ 518,591		9.11%

Sources: Lincoln County Water and Sewer Billing Software

Note: Implementation of Revenue Bond statistics began in fiscal year 2019.

This schedule is intended to show comparative information for the current year and nine years prior. Additional years' information will be displayed as it becomes available.

Additional years' information will be displayed as it becomes available.

Table 16
Lincoln County
Principal Employers
Current Year and Nine Years Ago

Employer	Product or Service	Fiscal Year 2023			Fiscal Year 2014		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lincoln County Schools	Education	1,661	1	3.46%	1,582	1	4.44%
County of Lincoln	Public Administration	983	2	2.05%	751	2	2.11%
Atrium Health	Medical Care	954	3	1.99%			
American Woodmark	Vanities and Marble Counter Tops	822	4	1.71%	625	5	1.76%
Wal-Mart Stores, Inc.	Discount Stores	650	5	1.36%	730	3	2.05%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	538	6	1.12%			
Timken Company	Tapered Roller Bearings	620	7	1.29%	531	6	1.49%
Julius Blum, Inc.	Cabinet and Furniture Hardware	445	8	0.93%	372	7	1.04%
Lowes Home Centers, Inc.	Retail/Home Improvement	380	9	0.79%	270	9	0.76%
Cataler North America	Automobile Components	350	10	0.73%	264	10	0.74%
Carolinias Medical Center	Medical Care				652	4	1.83%
Actavis Corp.	Pharmaceuticals				330	8	0.93%
Total		7,403			6,107		
Total Civilian Labor Force for the County		47,938			35,607		

Sources: Lincoln Economic Development Association
 Federal Reserve Bank of St. Louis
 Telephone survey Finance Department

Table 17
Lincoln County
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30,						2022	2023
	2014	2015	2016	2017	2018	2019		
General government								
Governing Body	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	13.2	13.2	15.5	20.0	20.0	21.0	23.0	22.0
Management Information Systems	8.0	8.0	8.0	8.0	8.5	10.0	9.0	12.0
Elections	4.0	4.0	4.0	11.8	11.8	20.0	15.2	12.0
Tax	25.0	25.0	25.5	26.8	29.3	27.8	27.4	20.4
Register of Deeds	7.0	7.0	6.5	7.5	8.5	8.5	8.0	28.0
Public Buildings	13.4	13.4	16.0	28.8	29.8	28.8	33.4	8.8
Public safety								
Sheriff	128.0	128.0	144.5	132.0	131.5	142.0	137.4	140.4
Communications	19.8	19.8	22.5	22.0	23.0	22.0	22.0	169.8
Jail	44.6	44.6	45.0	44.0	45.8	41.5	46.2	24.6
Emergency Management	2.0	2.0	2.0	2.5	3.0	3.0	2.0	46.2
Ambulance Services	78.4	78.4	94.3	92.3	89.3	90.3	84.6	3.0
Fire Marshal	2.0	2.0	3.0	3.0	3.0	4.0	4.0	80.6
Building and Land Development	20.0	20.0	21.0	23.0	24.0	23.0	25.0	4.0
Animal Control	11.2	11.2	13.5	15.5	19.5	19.5	18.2	26.0
							21.0	22.0
Economic and physical development								
Cooperative Extension	1.6	1.6	2.0	1.8	1.8	1.8	1.0	1.0
Soil and Water Conservation	4.0	4.0	4.0	5.0	5.0	5.8	5.8	6.0
Human services								
Health	73.4	73.4	66.3	65.0	64.5	67.0	67.6	66.6
Social Services	125.7	130.7	129.0	128.3	130.3	135.5	134.2	144.8
Veterans Service	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Juvenile Crime Prevention	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Office on Aging	4.0	4.0	5.8	5.5	6.0	5.5	4.0	4.0
Transportation								
Transportation Lincoln County	16.6	16.6	23.3	25.5	24.8	27.5	20.8	23.4
Cultural and recreation								
Recreation	25.4	25.4	24.0	15.3	19.3	19.5	13.6	15.4
Library	18.4	18.4	18.3	18.8	18.3	22.0	20.4	24.4
Water and Sewer	39.8	39.8	37.3	36.8	35.5	40.0	43.0	23.0
Solid Waste	40.2	40.2	46.3	49.8	51.5	46.8	45.6	55.0
Total	729.2	734.2	781.1	792.0	806.5	837.3	814.1	888.4

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 18
Lincoln County
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year					
	2014	2015	2016	2017	2018	2019
Governmental activities:						
General government						
Management Information Systems	4,110	3,325	3,926	4,630	4,753	5,464
Work orders						
Elections						
Registered voters	52,544	52,661	55,744	58,634	57,324	56,416
Votes cast in general elections (votes odd years city; even county wide)	6,905	24,032	24,372	36,241	11,055	n/a
Tax						
Number of land records created	73	485	651	862	892	888
Number of ownership transfers-real estate/mfg. homes	3,671	4,350	4,792	5,391	6,074	7,614
Number of tax bills created - real/personal	70,635	71,596	73,854	74,902	77,141	79,327
Number of tax bills created - registered vehicles	n/a	84,928	78,076	79,651	80,459	79,497
Register of Deeds						
Total documents recorded	12,566	12,092	13,647	15,069	14,771	14,150
Deeds recorded	3,029	3,028	3,405	3,956	3,958	3,948
Marriage licenses issued	537	567	583	516	571	552
Births occurring	438	461	464	458	454	503
Deaths occurring	500	495	555	546	598	602
Certified copies issued	4,918	4,902	5,499	5,404	5,995	6,240
Public safety						
Arrests	4,607	3,848	3,025	2,921	4,317	4,300
Civil papers served	11,755	13,174	11,394	10,544	10,361	12,065
Jail bookings	4,138	4,065	4,548	4,399	4,451	4,196
Average daily jail population	134	135	138	154	153	154
Communications total calls	106,520	111,509	113,207	144,171	141,165	126,027
Building permits issued	2,849	2,960	7,514	4,191	5,183	5,192
Building inspections conducted	15,465	19,888	24,373	29,446	38,431	37,424
Emergency medical calls answered	17,517	14,957	14,521	15,237	15,959	16,126
Emergency patients transported	8,241	10,036	10,239	8,858	8,687	8,751
Number of firemen and officers	450	453	411	554	511	530
Number of fire calls answered	8,203	9,746	8,401	8,567	7,169	9,496
Number of fire marshal inspections	1,750	1,776	1,135	1,309	2,539	2,231
Animals entering shelter	3,309	3,285	3,262	2,834	1,883	2,821
Animals euthanized	1,114	735	484	423	98	100

Table 18
Lincoln County
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year					
	2014	2015	2016	2017	2018	2019
Transportation						
Clients served	1,096	815	790	833	867	829
Trips provided	71,366	63,499	60,174	64,261	65,482	66,628
Economic and physical development						
Cooperative Extension client contacts	50,790	77,013	23,500	51,500	61,500	65,000
Soil and Water Conservation						
Clients assisted	3,752	3,752	3,707	3,684	7,000	6,338
Funds landowners received from federal and state programs						
Human services	\$ 247,227	\$ 667,686	\$ 441,710	\$ 480,047	\$ 754,652	\$ 663,008
Health Department patient visits						
Adult Health	3,108	3,055	1,949	2,515	1,012	842
BCCCP	-	-	-	-	-	-
Child Health	1,103	1,061	425	1,173	1,001	1,248
Employee Health	-	-	-	-	-	-
Testing - COVID, STD, TB	-	-	-	-	-	-
Family Planning	4,357	4,413	4,107	4,153	3,618	4,146
Immunizations/Flu	1,352	1,481	1,187	1,657	1,739	1,752
Maternal Health	940	1,519	1,517	1,484	-	-
Primary Care	3,355	3,191	2,855	3,837	3,735	3,493
Physicals - Sports, Employment, DOT	-	-	-	-	-	-
Sexually transmitted diseases	2,296	2,745	2,695	3,360	4,075	4,819
Tuberculosis	294	661	845	889	920	1,040
Lab services (in-house)	8,237	7,650	5,490	5,864	4,405	4,650
(referred)	4,121	4,454	3,951	4,410	3,202	3,733
WIC (women, infants and children)	23,381	20,910	20,765	19,855	18,905	17,961
Home Health (unduplicated patients)	518	478	-	-	-	-
Environmental Health						
Food & Lodging permits	26	40	27	18	30	34
Food, Lodging & Institutional Inspections	842	863	860	864	835	750
Sewage system permits	433	471	605	803	854	682
Sewage system finals	235	247	263	332	356	386
Water samples	401	397	447	436	545	316
New well permits (began 7/1/07)	107	76	179	207	281	213
Wells Inspected (water for sampling)	107	148	147	150	187	174
Swimming pools	32	33	39	22	39	46
Lead investigations	-	1	-	2	-	1
Complaint investigations	94	70	57	65	56	41
Social Services cases (may contain duplicates)						
Child & adult protective services	92	98	93	85	93	108
Children in foster care	82	80	86	108	116	93

Table 18
Lincoln County
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year						2022	2023
	2014	2015	2016	2017	2018	2019		
Work first cases	119	120	108	106	102	98	96	74
NC health choice cases	866	866	776	784	907	1,034	984	924
Medicaid cases	9,364	12,075	11,678	11,822	12,293	11,961	11,582	-
Food stamp cases	5,365	5,505	5,163	4,591	4,437	4,128	4,299	15,630
Child support cases	2,874	2,834	2,767	2,714	2,677	2,649	2,706	5,783
Culture and recreation								2,460
Recreation (shelter & facility reservations)	1,296	n/a	n/a	1,339	1,316	1,409	358	1,644
Library volumes in collection	143,880	173,251	157,541	141,099	144,012	145,212	146,058	156,705
Library circulation	283,041	245,675	252,018	241,229	243,902	247,054	197,751	157,525
Business-type activities:								195,502
Water and Sewer								
Number of water customers	10,680	9,743	10,420	12,491	12,109	12,695	13,299	14,35
Average daily water production	2,619,000	2,800,000	2,971,000	3,141,498	3,151,374	3,079,063	4,245,700	4,393,267
Number of sewer customers	3,851	4,472	5,022	5,196	5,686	6,185	6,692	7,598
Average daily sewage treatment	799,250	900,000	1,045,000	1,019,628	1,129,590	765,148	1,125,000	1,239,667
Landfill								
Tons of waste sanitary landfill	39,008	39,008	35,969	36,814	38,538	37,775	44,273	41,754
Tons of waste demolition landfill	9,283	9,283	7,308	8,505	7,628	8,656	6,841	8,231
Tons of recyclables	2,537	2,537	1,870	3,009	1,760	1,804	1,702	1,640
Tons of white goods	1,616	1,616	2,334	2,669	2,965	3,155	3,540	1,592
Tons of tires	1,069	1,069	1,064	1,190	1,556	1,370	1,529	1,252
								1,669
								1,802
								1,405
								1,570

Source: Various County Departments

Table 19
Lincoln County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Fiscal Year									
Governmental activities:										
General government										
Buildings	25	25	26	27	30	28	28	40	40	40
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	5
Patrol units	79	83	83	95	95	99	110	125	143	143
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	9	6	6	8	8	8	8	8	8	8
Emergency medical apparatus	24	24	24	24	24	24	24	24	24	31
Fire department stations	18	19	19	19	20	20	22	23	23	21
Transportation										
Number of transportation vehicles	21	21	21	22	22	23	22	22	22	22
Cultural and recreation										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	6	6	6	6	6	6	6	6	7	7
Undeveloped	-	-	-	-	1	1	1	1	-	-
Park acreage:										
Developed	265	265	265	265	265	265	265	265	295	295
Undeveloped	-	-	-	-	30	30	30	30	-	-
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	2	2	2	2	2	2	2	1	1	1
Business-type activities:										
Water and Sewer										
Number of water plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	322	325	332	332	337	339	347	338	360	360
Number of wastewater plants	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewer	171	176	176	233	185	183	196	200	207	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	8	8	8

Source: Various County Departments

COMPLIANCE SECTION

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

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

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

Schedule of Findings and Questioned Costs

Schedule of Prior Year's Audit Findings

Schedule of Expenditures of Federal and State Awards

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

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2023, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated October 27, 2023. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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

October 27, 2023

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

Report on Compliance for Each Major Federal Program

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, 2023. 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, 2023.

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*); 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-001 to be a significant deficiency.

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.

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

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
October 27, 2023

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Lincoln County
Lincolnton, North Carolina

Report on Compliance for Each Major State Program

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, 2023. 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, 2023.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-001 to be a significant deficiency.

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.

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

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

October 27, 2023

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

<u>Federal Program/Cluster Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Drinking Water State Revolving Fund (DWSRF) Cluster	66.468
WIC Special Supplemental Nutrition Program For Women, Infants, & Children	10.557

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

Auditee qualified as low-risk auditee? No

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- | | |
|--|-----|
| • Material weakness(es) identified? | No |
| • Significant deficiency(es) identified? | Yes |

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? Yes

Identification of major state programs:

Program Name

Medicaid Cluster
State Capital and Infrastructure Fund (SCIF) Grants

Auditee qualified as low-risk auditee? No

2. Financial Statement Findings

None reported.

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

3. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

Passed through the N.C. Department of Health and Human Services, Division of Social Services

Program Name:

DSS Crosscutting (State)

Medicaid Cluster AL#93.778 (XIX-MAP23)

Finding: 2023-001

Significant Deficiency

Special Tests and Provisions (Enterprise Program Integrity)

Criteria: Per the North Carolina DSS Crosscutting Requirements compliance supplement, counties must acquire adequate case documentation to substantiate the claim entry into the Enterprise Program Integrity (EPI). This information includes but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment. This also includes proper use of standardized form 1682.

Condition: We noted one instance of a Food and Nutrition services claim entered in EPI where adequate case documentation was not maintained. The case file did not include a signed form 1682.

Context: We sampled 40 claims that were current in the EPI system and noted the above condition in 1 (2.5%) of the claims tested.

Effect: The County may not have required supporting documentation for claims entered into the EPI system. There is a risk that claims may not be valid as a result.

Cause: Turnover in supervisor position left duties unfulfilled and an unsigned Form 1682 in the case file.

Questioned Costs: The finding represents an internal control weakness; therefore, no questioned costs are applicable. Upon further review, the case was still eligible to report a claim entry into EPI.

Recommendation: The County should implement controls to ensure that all required documentation is adequate and maintained within the case file.

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, 2023

4. State Award Findings and Questioned Costs

N.C. Department of Health and Human Services

Passed through the N.C. Department of Health and Human Services, Division of Social Services

Program Name:

DSS Crosscutting (State)

Medicaid Cluster AL#93.778 (XIX-MAP23)

Significant Deficiency

Special Tests and Provisions (Enterprise Program Integrity)

Finding 2023-001 under federal awards also applies to state requirements and state awards.



DEPARTMENT OF SOCIAL SERVICES
MATTHEW HILLMAN, DIRECTOR

BOARD OF SOCIAL SERVICES
CHRYSTAL HOYLE, CHAIR
DR. SHERRY HOYLE, VICE CHAIR
JILL EADDY
DAPHNE INGRAM
CATHY DAVIS

Corrective Action Plan

Finding: 2023-001

Name of Contact Person: Matthew Hillman, DSS Director

Corrective Action/Management's Response:

The Program Integrity Supervisor will pull three random cases each month to ensure adequate case documentation to substantiate the claim entry into the Enterprise Program Integrity (EPI).

The documentation will include the following:

1. Dates of the overpayment period.
2. Documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment.
3. Ensure there is a completed 1682

Proposed Completion Date: Immediate and ongoing

Sincerely,

Matthew Hillman
Director



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f.



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LINCOLN COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Finding: **2022-001**

Status: Corrected.

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Awards:					
U.S. Department of Agriculture					
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	\$ 962,665	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			962,665	-	-
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-GC, GD;13A2-5404- GC, GD;13A2-5405-GC, GD;13A2- 5409-GC, GD;13A2-570E- JQ;13A2-570G-JQ:13A2-570F-JQ	337,724	-	-
U.S. Department of Housing and Urban Development					
Passed-through the N.C. Dept. of Commerce:					
Community Development Block Grants/State's Program and Non-entitlement Grants to Hawaii	14.228	B-20-DC-37-0001	523,001	-	-
U.S. Department of Treasury					
Direct Programs:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		11,890,245	-	-
Equitable Sharing Program	21.016		33,930	-	-
U.S. Department of Justice					
Direct Program:					
Equitable Sharing	16.922		38,726	-	-
Passed-through N.C. Dept. of Public Safety:					
Office of Justice Programs:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-00278-JAGX	19,140	-	-
U.S. Department of Transportation					
Passed-through the N.C. Dept. of Transportation:					
Federal Transit Administration:					
Formula Grants for Rural Areas and Tribal Transit Program- Admin	20.509	36233.114.12.1	192,062	12,038	-
U.S. Department of Homeland Security					
Passed-through N.C. Dept. of Public Safety:					
Federal Emergency Management Agency:					
Emergency Management Performance Grants	97.042	EMPG-2022-2220055	53,407	-	-
National Endowment for the Humanities (NEH)					
Direct Program:					
Promotion of the Humanities Public Programs	45.164		486	-	-
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-252476- OLS-22	64,220	-	-
U.S. Environmental Protection Agency (EPA)					
Passed-through N.C. Department of Environmental Quality:					
Division of Water Infrastructure:					
Drinking Water State Revolving Fund (DWSRF) Cluster					
Drinking Water State Revolving Funds	66.468	H-SRF-F-21-1950	1,682,475	-	-
Total Drinking Water State Revolving Fund (DWSRF) Cluster			1,682,475	-	-
U.S. Department of Health & Human Services					
Health Resources and Services Administration					
Direct Program:					
COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		519,254	-	-
Substance Abuse and Mental Health Services Administration					
Direct Program:					
Substance Abuse and Mental Health Services: Projects of Regional and National Significance	93.243		46,985	-	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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
Passed-through the N.C. Dept. of Insurance:					
Division of Social Services:					
Administration for Community Living:					
State Health Insurance Assistance Program (SHIP)	93.324	90S-APG0099-03-00	10,178	-	-
Medicare Enrollment Assistance Program	93.071	14AANCMSHI	8,210	-	-
Passed-through Centralina Council of Governments:					
Administration for Community Living:					
Aging Cluster:					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Access Services	93.044	AANCT3SS	88,716	69,757	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	43,151	341,161	-
COVID-19-Special Programs for the Aging, Title III, Part C, Nutrition Services-Congregate Nutrition	93.045	AANCT3CM	94,640	16,701	-
Special Programs for the Aging, Title III, Part C, Nutrition Services - Home Delivered Meals	93.045	AANCT3CM	66,386	32,472	-
Nutrition Services Incentive Program	93.053	AANCNSIP	9,517	-	-
Total Aging Cluster			<u>302,410</u>	<u>460,091</u>	-
Passed-through Centralina Council of Governments:					
Administration for Community Living:					
National Family Caregiver Support, Title III, Part E Services - Family Caregiver Support	93.052	AANCT3FC	33,911	2,261	-
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	AANCT3PH	3,400	200	-
Administration for Children and Families:					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Foster Care, Adoption and Guardianship Assistance Cluster (Note 3):					
Administration:					
Adoption Assistance	93.659	2001NCADPT	33,854	-	-
Foster Care - Title IV-E	93.658	2001NCFOST	661,336	37,478	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	2001NCFOST	188,458	40,239	-
Total Foster Care, Adoption and Guardianship Assistance Cluster (Note 3)			<u>883,648</u>	<u>77,717</u>	-
Special Children Adoption Fund Cluster: (Note 3):					
Administration:					
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	2001NCFPSS	19,211	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G2001NCCWSS	187,854	-	-
Total Special Children Adoption Fund Cluster (Note 3)			<u>207,065</u>	<u>-</u>	-
Temporary Assistance for Needy Families:					
Division of Social Services:					
Administration:					
Temporary Assistance for Needy Families (TANF)/ Work First	93.558	2001NCTANF	134,162	-	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558	2001NCTANF	748,915	-	-
Division of Public Health:					
Administration:					
Temporary Assistance for Needy Families	93.558	13A1-5151-T2	8,243	-	-
Administration:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	21,319	5,330	-
Low Income Home Energy Assistance	93.568	G20B1NCLIEA	360,752	-	-
COVID-19-Low Income Home Energy Assistance	93.568	G20B1NCLIEA	57,630	-	-
COVID-19-Low Income Home Energy Assistance-Admin	93.568	G20B1NCLIEA	18,958	-	-
Child Support Enforcement	93.563	2004NC4005	743,114	-	-
Social Services Block Grant	93.667	G2001NCSOSR	297,456	-	-
COVID-19-Social Services Block Grant	93.667	G2001NCSOSR	7,877	-	-
Direct Benefit Payments:					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001NCC1LP	43,224	-	-
Administration for Children and Families:					
Passed-through the N.C. Dept. of Health and Human Services:					
Subsidized Child Care Cluster (Note 3):					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care Development Fund - Administration	93.596	G2001NCCCDF	95,016	-	-
Total Subsidized Child Care Cluster/Child Care Devel Fund Cluster (Note 3)			<u>95,016</u>	<u>-</u>	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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
Center for Medicare and Medicaid Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Health Benefits:					
Medicaid Cluster:					
Administration:					
Medical Assistance Program	93.778	XIX-MAP23	2,430,931	460,436	-
Total Medicaid Cluster			2,430,931	460,436	-
Children's Health Insurance Program - North Carolina Health Choice:					
Administration:					
Children's Health Insurance Program	93.767	CHIP23	72,690	3,700	-
Health Resources and Service Administration					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
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	-
Office of Population Affairs					
Division of Public Health:					
Passed-through the N.C. Dept. of Health and Human Services:					
Family Planning Services	93.217	13A1-5900-FP	54,797	-	-
Center for Disease Control and Prevention					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness (PHEP)	93.069	1264-2679-ER; 1264-2679-EU	43,114	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	1460-2720-NF; 1460-UK77-NF	4,192	-	-
Immunization Cooperative Agreements	93.268	1331-631D-EJ	18,560	-	-
COVID-19-Immunization Cooperative Agreements	93.268	1331-6315-LD	22,153	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175-883A-P5; 1332-892A-L5	1,219,683	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal					
Organizations	93.898	1320-3100-D7	14,160	-	-
Preventive Health and Health Services Block Grant	93.991	1261-5503-PH	30,607	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311-4631-NB	100	-	-
COVID-19-Public Health Emergency Response: Cooperative Agreement for					
Emergency Response: Public Health Crisis Response	93.354	1332-535A-YM	25,923	-	-
National Institutes of Health					
Passed-through Duke University:					
Cardiovascular Diseases Research	93.837	A003411,SPS-250383	12,975	-	-
Total U.S. Department of Health and Human Services			8,564,454	1,014,330	-
Total Federal Awards					
State Awards:					
N.C. Department of Agriculture and Consumer Services					
Division of Soil & Water:					
N.C. Agriculture Cost Share Funds				30,540	-
N.C. Department of Natural and Cultural Resources					
Division of State Library:					
State Aid to Public Libraries				127,842	-
N.C. Department of Commerce					
Building Reuse Grant		2021-008-3201-2587		74,448	-
N.C. Department of Environmental Quality					
Division of Waste Management					
Electronics Management Fund				15,530	-
N.C. Department of Health and Human Services					
Division of Social Services:					
State Child Welfare/CPS/CS LD				125,414	-
DCD Smart Start				70,916	-
Extended F/C Maximization Non Title IV-E - Direct Benefit Payments				35,950	-
F/C At Risk Maximization- Direct Benefit Payments				13,901	-
SFHF Maximization- Direct Benefit Payments				144,285	-
State Foster Home- Direct Benefit Payments				131,321	-
Division of Public Health:					
Food and Lodging Fees				7,515	-
General Aid to Counties/Public Health Capacity Building				100,554	-

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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
General Communicable Disease Control				12,488	-
Breast and Cervical Cancer Program				10,215	-
Health Community Activities				3,747	-
Child Health				5,936	-
Women's Health Service Fund				7,958	-
Family Planning-State				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	-
Communicable Disease Pandemic Recovery				123,106	-
Passed through Centralina Council of Governments					
<u>Division of Aging and Adult Services:</u>					
Administration:				10,686	-
Senior Center General				339	-
Fan/Heat Program					
N.C. Department of Military & Veterans Affairs					
Dept of Military & Veterans Affairs Community Grant				2,083	-
N.C. Department of Public Instruction					
Public School Building Capital Fund				468,530	-
N.C. Department of Public Safety					
<u>Division of Juvenile Justice:</u>					
CIS After School Program				17,123	-
CIS Gives Back				32,886	-
CIS Transition				26,568	-
JCPC Administration				12,500	-
Juvenile Mediation				32,410	-
Kids At Work				35,146	-
CIS Strengthening Families				18,410	-
Teen Court-Mediation Center for the Southern Piedmont				28,964	-
PORT Program				16,342	-
<u>Division of Administration:</u>					
Enforcing the Law				56,530	-
<u>Emergency Management:</u>					
Hazardous Materials Grant-N.C. Tier II				737	-
N.C. Department of Transportation					
ROAP-Employment				24,289	-
ROAP-EDTAP				97,051	-
ROAP-Rural General Public Transportation				62,899	-
Rural Operating Assistance Program				184,239	-
N.C. Office of State and Budget Management					
General Fund Appropriation	20386			30,000	-
State Capital and Infrastructure Fund (SCIF) Grants					
General Projects	20381			729,929	-
Old Courthouse	20382			27,356	-
Landfill Capital	20383			833,550	-
Sheriff Equipment	20385			115,688	-
Total State Capital and Infrastructure Fund (SCIF) Grants				1,706,523	-
Total State awards				3,904,629	-
Total Federal and State awards				\$ 24,362,535	\$ 4,930,997

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, 2023. 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.

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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
---	--	---	--	-------------------------------	--

Note 4: Loans Outstanding

Lincoln County had the following loan balance outstanding at June 30, 2023. This loan balance outstanding is also included in the Federal expenditures presented in the schedule.

<u>Program Title</u>	ALN	Pass-through Grantor's Number	Amount
			Outstanding
Clean Water State Revolving Funds	66.458	E-SRF-T-20-0510	\$ 12,600,000
Drinking Water State Revolving Funds	66.468	H-SRF-F-21-1950	\$ 3,123,398