

# **LINCOLN COUNTY**

## **NORTH CAROLINA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2010**

**LINCOLN COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared By  
Finance Department**

**LINCOLN COUNTY**

**NORTH CAROLINA**

**BOARD OF COMMISSIONERS**

ALEX E. PATTON, CHAIRMAN

BRUCE W. CARLTON, VICE-CHAIRMAN

GEORGE G. ARENA

JAMES A. KLEIN

CARROL MITCHEM

GEORGE A. WOOD, COUNTY MANAGER

# LINCOLN COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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# COUNTY OF LINCOLN, NORTH CAROLINA

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FINANCE DEPARTMENT

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November 4, 2010

Residents of Lincoln County  
The Board of County Commissioners  
Lincoln County, North Carolina

Maintaining the fiscal strength and stability of the County government is a primary goal of the Board of County Commissioners. This Comprehensive Annual Financial Report (CAFR) of Lincoln County, North Carolina, for the fiscal year ended June 30, 2010, reflects the achievement of that goal. Each year this document is prepared to provide you with details about how the County receives, spends and accounts for its money as well as key indicators of its financial strength. The County's Finance Department prepares the CAFR, and responsibility for the accuracy of the data, the completeness and fairness of the presentation and all disclosures rests with the County. We believe the data and presentations are fair and accurate and that you will find everything necessary in this document to gain an understanding of the County's financial activities over the last fiscal year. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin Starnes & Associates, CPAs and that firm's unqualified opinion is included in the Financial Section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

We are also presenting a Management's Discussion and Analysis (MD&A) as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2010 to aid readers in understanding their financial impact and relationship to the financial statements and schedules provided. This section is presented to comply with significant changes in governmental accounting standards in an attempt to provide more meaningful information to our readers and to demonstrate the County's accountability for its financial actions. This letter of transmittal is written to complement the MD&A.

## **FINANCIAL REPORTING ENTITY**

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

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

The East Lincoln County Water and Sewer District Fund and the Lincoln County ABC Board are component units of Lincoln County and presented as proprietary funds. 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. Effective July 1, 2007 the assets of the East Lincoln County Water and Sewer District were transferred to the Lincoln County Water and Sewer Fund to allow the sewer system to serve a larger area in a rapidly growing portion of the County. The Sewer District will remain in existence and levy a tax until the existing debt service of the District is repaid.

State Statutes require the adoption of an annual balanced budget for all funds, except the agency fiduciary funds and those authorized by project ordinance. 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 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 not 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 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 LINCOLN COUNTY**

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 2010 population of approximately 11,316, is the center of an urban area of 15,000, the County seat, and the only incorporated municipality in the County.

There is 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.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Diversity**

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

In March 2010, the Lincolnton and Lincoln County Micropolitan Area was ranked 4<sup>th</sup> nationally by *Site Selection* magazine for its ability to secure new and expanded industrial projects. Prior to this year, the Lincoln County Micropolitan Area had been ranked in the top 10 since 2004 except for a placing of 25<sup>th</sup> in 2007.

The 2009-2010 fiscal year has been very difficult for employment. As a net exporter of labor (52% of Lincoln residents work outside of the county), major job losses in the surrounding areas of Charlotte, Hickory and Gastonia have compounded job losses in the county. Although unemployment will remain high in the near future, Lincoln County has retained all but a few smaller industries and is positioned to add jobs as the economy improves.

Despite the challenging condition in 2009-2010, the following companies announced new investments and job growth: Spantek with a \$1 million investment and 25 jobs, Hof Textiles (German) with a \$1.5 million investment and 16 jobs, Ostec with a \$2 million investment and 10 jobs, Airborne Coatings with a \$500 thousand investment and 12 jobs, Cataler North America (Japanese) with a \$31 million investment and 60 jobs and Grey Motorsports with a \$1.5 million investment and 10 jobs.

In addition, the Lucky Country (Australian) just announced a \$3 million investment with 5 jobs and Sennebogen (German) recently opened a \$5 million facility with 25 jobs.

Last year, Crate & Barrel's new 365,000 square feet distribution center received a Silver LEED Certified (Green) Designation making it the first distribution center in North Carolina to be certified. It also pushed the developed square footage in the Lincoln County Industrial Park to over 3.5 million square feet.

As for closings, in June 2007, La-Z-Boy closed its facility and eliminated 280 jobs; in October 2008, Cochrane Furniture closed its Lincolnton facilities, eliminating 240 jobs; in spring of 2009, Bosch Tools closed its manufacturing plant that employed 230 people; and in summer of 2009, Lincoln Manufacturing closed its manufacturing plant that employed 40 people.

In Forney Creek (Office) Park, the first building of an east medical campus by Carolinas Medical Center-Lincoln opened and the Sally's YMCA is under construction. Sites for Class A office buildings have also been graded and a new master plan and marketing program has been developed.

In addition, the new \$90 million Carolina Medical Center – Lincoln Hospital in Lincolnton is open and a new Hampton Inn has been announced in Lincolnton.

A new high-end business park was also announced in East Lincoln on new Highway 16 – Airlie Business Park. It will initially total 235 acres and target motorsports, high-end manufacturing and

international companies.

A recently awarded Federal EDA grant will extend sewer to the Lincolnton Lincoln County Regional Airport to facilitate airport development as well as two business parks on each side.

The County also continues to experience commercial growth in the central and eastern areas.

### Capital Improvement Program

The Board of Commissioners with the 2008-09 budget adoption approved the first formal Capital Improvement Program (CIP) for the County covering six years of capital needs. One of the capital needs being addressed is office space for court and County administrative functions. A committee considered options which consisted of purchasing and renovating existing facilities or the construction of a new facility. As a means to immediately address some of the office space needs, the Board of Commissioners in September 2006 entered a lease for a former bank building in downtown Lincolnton, which includes an option to purchase the building, if the County so chooses. County offices previously located in the Courthouse have relocated to this building providing much needed space and freeing up space in the Courthouse for court functions.

At the same September 2006 meeting the Board of Commissioners also approved an agreement that allowed Lincoln Health System to enter into an agreement for Carolinas Healthcare System to apply for a certificate of need to construct a new hospital in Lincolnton (the previously mentioned new hospital). This certificate of need was received in 2008, and construction began soon afterwards. This hospital was completed and occupied on July 10, 2010, on September 1, 2010 the former facility reverted back to Lincoln County, which plans on using the facility for county office space. In October 2008, the Board of Commissioners approved an architect to perform a detailed space study of all county departments and how their needs can best be addressed in light of the hospital facility becoming available. This space study was completed and the project has moved to the next phase, the schematic design of the facility, which will allow the architect to determine a more accurate estimate of the renovation costs. Following the schematic design phase, our next phase will be to arrange financing and begin renovations. After this facility is renovated and existing county offices are moved in, the offices currently occupied by county departments will also be renovated for court and related functions needed by the County in the downtown area.

The Lincoln County Board of Education at their September 2003 joint meeting with the Board of Commissioners presented a ten-year capital facility plan. This plan projected school enrollment versus capital needs over the next ten years. The list of capital needs includes renovations to existing facilities along with the construction of various new schools throughout the County. In keeping with this plan, the Board of Commissioners in the fall of 2007 approved an additional school bond referendum in the amount of \$44.6 million that was presented for voter approval on May 6, 2008. This referendum was approved. It will allow funds for renovations and expansions of existing buildings, expansion of the bus garage, a new technology arts building, and a new elementary school. These bonds which were originally proposed to be issued over three fiscal years are being spread over a longer period due to a decline in economy and a slight decline in school enrollment. The first issuance of \$13 million, along with an additional \$2 million of 2004 bond authorization, was issued in October 2008. The second installment of this financing, the issuance of \$8.5 million, was issued in February 2010. It is hoped that our next sale in the amount of \$9.6 million will be scheduled in January or early 2011. The final amount of authorization remaining, \$13.5 million has been delayed until January 2013 due to the economic downturn and slight decrease in school enrollment. By selling these bonds over a four year period, we can meet the cash flow needs of the schools on these projects and spread our debt over a longer period. To meet the additional debt requirements needed for these additional bonds, the tax rate for fiscal year 2008-09 was increased 4.0 cents. Of this amount 3.19 cents was dedicated to current and future school debt repayment. It is hoped that this

increase will be sufficient to service this additional debt service over the next three years.

During the fiscal year ending June 30, 2007, a minor expansion of the Water Treatment plant from 3.0 million gallons per day MGD to 3.99 MGD was approved. A joint effort with the Board of Education for the construction of a new water line along Highway 73 to serve the Lincolnton-Lincoln County Regional Airport and East Lincoln Middle School was completed during FY 08/09. This project was funded with a combination of local and school bond funds to provide service to both the school and to an area with potential for rapid growth in the next few years. In addition, new water and sewer lines have been completed to serve the new North Lincoln Middle School on Amity Church Road.

Lincoln County is currently constructing a new wastewater treatment plant which will supplement the current treatment plant. The new treatment facility will have an initial capacity of 1.67 (MGD) and will be expandable up to 3.4 MGD as future flows require. This project is estimated at \$22 million and is being funded by a State revolving loan of \$17.5 million which is to be repaid from sewer fees and capacity charges from current and future customers. The balance will come from certificates of participation or funds accumulated within the Water and Sewer CIP Fund. This project was completed in October of 2010.

A project for the construction of a new pump station and sewer line to serve the Lincoln County Industrial Park with the City of Lincolnton's sewer system was completed in 2008. This will provide additional sewer capacity for future business expansions. This project was a joint effort with the City of Lincolnton, which will receive and treat the wastewater at their existing plant.

In 2009, a new water line was installed completing the loop on Amity Church Road between Highway 150 and Highway 73. This project will increase flow and provide better service to customers along Highway 73. In addition to this project, another project is being designed to extend the Highway 73 water line to connect with the eastern portion served from Highway 16. This project, along with an additional elevated tank and pump station, will also improve service in this part of the County.

## LONG TERM PLANNING

As one of the principal aspects 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. Throughout FY 2009 – 2010, several projects were completed which include the NC16 Corridor Vision Plan and the Carolina Thread Trail Plan. The staff continues to proceed with the completion of projects scheduled for this fiscal year.

A part of the adoption of the Unified Development Ordinance was to establish alternative standards for the eastern area of the county near and along both the new and old NC16 corridors. These standards require special attention due to the need to growth in one area, yet to not establish any unintended burdens in other areas in the county where similar growth related issues are not found. Through a series of workshops, staff and the Planning Board have developed a draft of the proposed standards and will begin holding public meetings for citizen comments. This effort is targeted to be completed before the end of the calendar year and adoption occur in the first quarter of 2011.

Another major initiative is the update of the county Hazard Mitigation Plan required by state and federal agencies. This was a multi-departmental effort to reevaluate and update responsibilities and actions for the county in case of an emergency such as a natural disaster. Coordination with NCEHNR and FEMA is essential for their review, recognition and mandated endorsement of the

plan. This is scheduled to be adopted by the Board of Commissioners before the end of the calendar year.

As recommended in the 2007 Future Land Use Plan and the NC16 Corridor Vision Plan, detailed small areas plans are yet another major initiative for Planning and Inspections this year. These types of plans will examine defined areas with site specific design and plan how the areas should be developed based on the recommendations of the previous planning efforts and the property owners. Two of the recommended plans are slated to be developed this year beginning with key intersections along NC16, NC73 and South Triangle. These plans will look at the potential for new development and site redevelopment to accommodate growth in a coordinated fashion and alleviate current issues including connectivity.

Additional future projects are designed to continue to implement the recommendations of the Future Land Use Plan and other recommendations of the projects listed above. These future projects include additional small area plans and working with the Lincoln Economic Development Agency in a continued effort to evaluate sites identified as future employment centers.

## OTHER ACCOMPLISHMENTS

Funding for education remains a large expenditure category in our budget with a total \$30,238,363 expended. This expenditure is composed of \$18,421,240 from the General Fund and \$11,817,123 of capital project expenditures. The General Fund portion increased the educations expense by \$678,394, or 3.82% over 2009.

## OTHER POSTEMPLOYMENT 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. This was increased to 25 years September 1, 2005 for new hires after that date. After the employee reaches age 65 or until they are eligible to receive Medicare Benefits, whichever occurs sooner, 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. The amount of post-retirement health care benefits expended in fiscal year 2010 was \$351,103. The amount appropriated by the County for the current fiscal year ending June 30, 2011 is \$350,000.

In June 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. GASB Statement No. 45 generally required that state and local governmental employers account for other post-employment benefits (“OPEB”) on an accrual basis similar to the manner that they currently account for pensions. GASB Statement No. 45 also requires disclosure of information on the plan in which an employer participates, the funding policy followed, and the actuarial valuation process and assumptions. The County is considered a “Phase 2” government under GASB Statement No. 45 and has implemented GASB Statement No. 45 in the fiscal year 2008-09.

## AWARDS AND ACKNOWLEDGEMENTS

*Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lincoln County for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

#### *Certificate of Model EMS System*

The North Carolina Emergency Medical Systems Advisory Council awarded a Certification of a Model System to the Lincoln County Emergency Medical Services Department during the fiscal year ended June 30, 2008. To meet the requirement, a county must submit an application to Office of Emergency Medical Services for such designation showing that it not only meets the state's minimum standards, but also additional requirements. This designation is for a six year period.

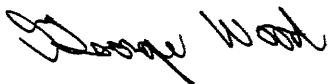
#### *Health Department Accreditation*

The North Carolina Health Department Accreditation Board awarded accreditation to the Lincoln County Health Department June 29, 2007 for the period 2007–2011. The accreditation process uses a mandatory, standards-based system for accrediting local public health departments. The Lincoln County Health Department has met all Accreditation Standards set by the board.

#### *Acknowledgements*

We appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of the CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Martin Starnes & Associates, CPAs, 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 and progressive manner.

Respectfully submitted,



George Wood  
County Manager



Leon Harmon  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Lincoln County North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## **LINCOLN COUNTY, NORTH CAROLINA**

### **Principal Officials**

**June 30, 2010**

#### **Board of County Commissioners**

**Alex E. Patton, Chairman**

**Bruce W. Carlton, Vice-Chairman**

**George G. Arena**

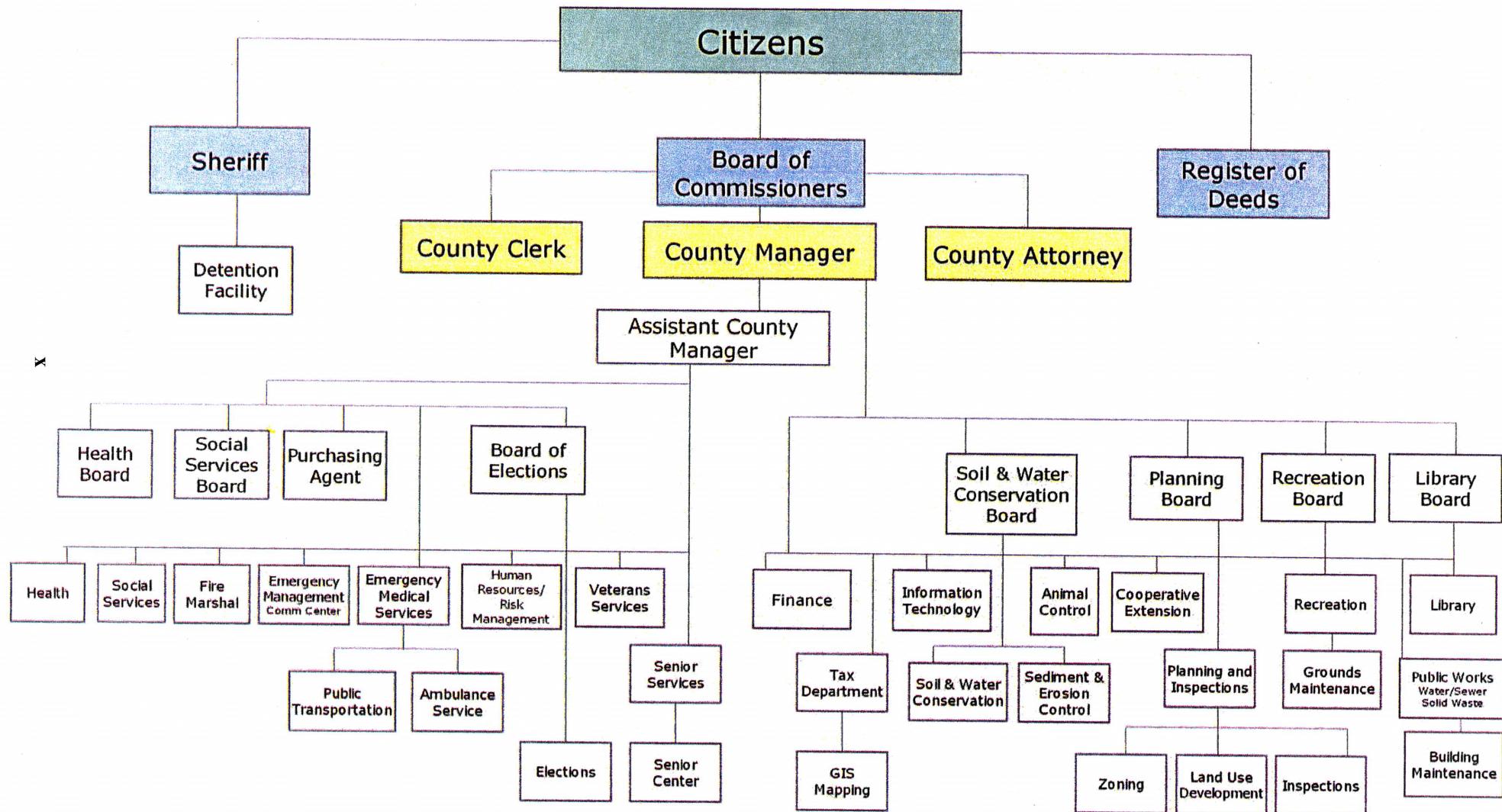
**James A. Klein**

**Carrol Mitchem**

#### **County Officials**

<b>George Wood</b>	<b>County Manager</b>
<b>Martha Lide</b>	<b>Assistant County Manager</b>
<b>Jeffrey Taylor</b>	<b>County Attorney</b>
<b>Elaine Harmon</b>	<b>Register of Deeds</b>
<b>Timothy Daugherty</b>	<b>Sheriff</b>
<b>Jack Kerley</b>	<b>Animal Control</b>
<b>Donnie Fields</b>	<b>Buildings and Grounds</b>
<b>Kevin Starr</b>	<b>Cooperative Extension</b>
<b>Judy Caudill</b>	<b>Elections</b>
<b>Bill Summers</b>	<b>Emergency Management</b>
<b>Ron Rombs</b>	<b>Emergency Medical Services</b>
<b>Leon Harmon</b>	<b>Finance Director</b>
<b>Margaret Dollar</b>	<b>Health</b>
<b>Jennifer Sackett</b>	<b>Library</b>
<b>Dante' Patterson</b>	<b>Information Technology</b>
<b>Kelly Atkins</b>	<b>Planning and Inspections</b>
<b>Burns Whittaker</b>	<b>Public Works</b>
<b>Erma Deen Hoyle</b>	<b>Recreation</b>
<b>Marti Hovis</b>	<b>Senior Services</b>
<b>Susan McCracken</b>	<b>Social Services</b>
<b>Rick McSwain</b>	<b>Soil Conservation</b>
<b>Madge Huffman</b>	<b>Tax Administrator</b>
<b>Eric Robinson</b>	<b>Veterans Service</b>

# Lincoln County Organizational Chart



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

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lincoln County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year then ended June 30, 2010, which collectively comprise Lincoln County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lincoln County, North Carolina's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Lincoln County ABC Board. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Lincoln County ABC Board is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, Schedules of Funding Progress, Employer Contributions, and Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance, and the Other Post-Employment Benefits Schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2010, on our consideration of Lincoln County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Lincoln County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, supplemental financial data, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, and the supplemental financial data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

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

Martin Starnes & Associates, CPAs, P.A.  
November 4, 2010

## 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, 2010. 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

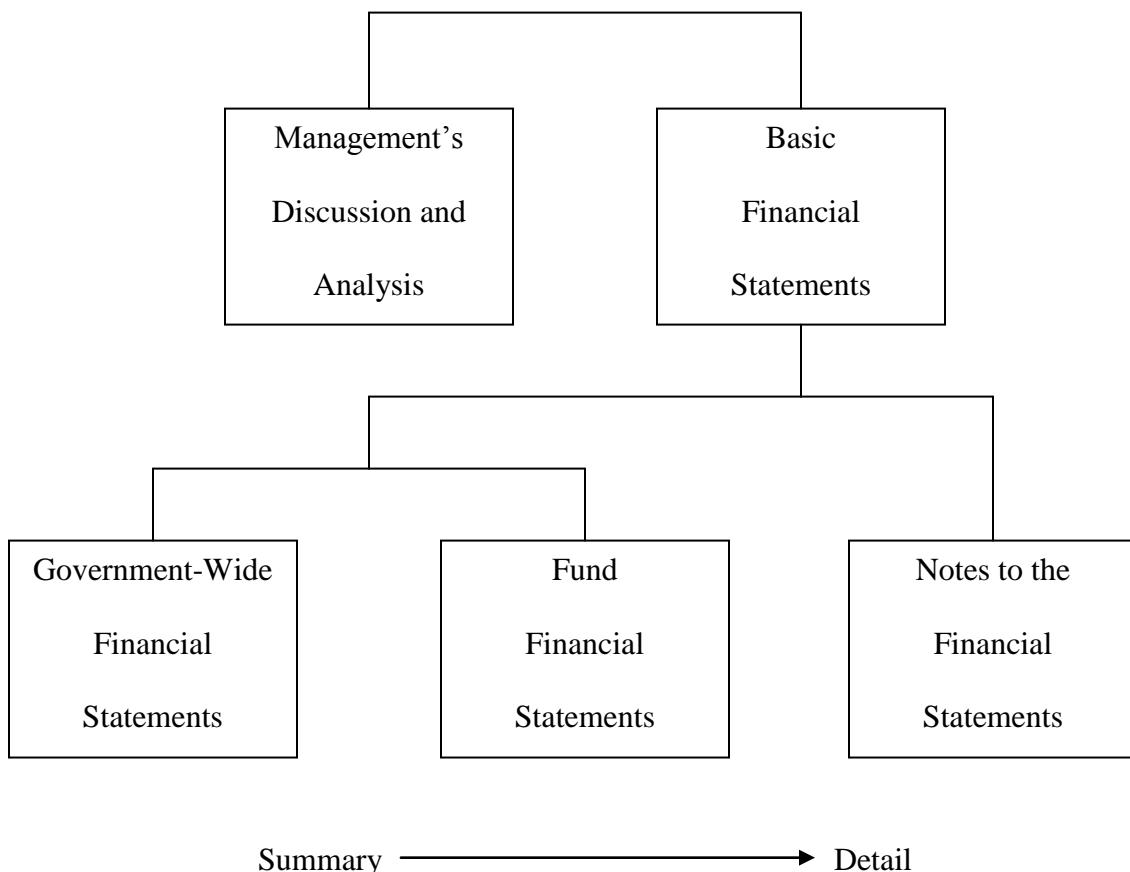
- The assets of Lincoln County exceeded its liabilities at the close of the fiscal year by \$6,932,564 (*net assets*).
- Current year increases in debt related to school construction and the construction of a new wastewater treatment plant were the primary factors contributing to the decrease in the government's total net assets by \$7,551,717.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$37,730,159, a decrease of \$2,673,614 in comparison with the prior year amount. This decrease was primarily due to decrease in sales tax and investment earnings in General Fund, most of which was off set by decreased spending, and a decrease in public school bond funds from the prior year as funds were expended to construct school projects. Approximately 85.63 percent of this total amount, or \$32,307,521, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,256,358, or 18.56% percent of total General Fund expenditures for the fiscal year. In 2009, unreserved fund balance in the General Fund was \$15,686,057, or 19.48% of total expenditures.
- Lincoln County's total debt increased by \$18,250,223, or 13.84%, during the current fiscal year. The key factor in this increase was the issuance of additional school bonds and state revolving loan funds for the construction of a new wastewater treatment facility.
- The assets of the East Lincoln County Water and Sewer District were transferred to the Lincoln County Water and Sewer Fund on July 1, 2007 in order to better serve a rapidly growing area of the County. The East Lincoln County Water and Sewer District will remain in existence until all debt of the District incurred prior to the asset transfer is repaid.
- Lincoln County's recalibrated bond ratings changed from its A2 to Aa3 bond rating from Moody's Investors Service; maintained an AA- rating from Standard & Poor's; and changed from an AA- to AA rating from Fitch Ratings as a result of our last ratings in January 2010 and market recalibrations designed to make the municipal market more in line with private ratings.

## Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits C through J) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds 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 Basic Financial Statements**. The notes to the financial statements 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 also can 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 unit. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Lincoln County. The final category is the component unit. 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.

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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** Lincoln County has one kind of proprietary fund. *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 landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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

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

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

### Lincoln County's Net Assets

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current and other assets	\$ 44,466,085	\$ 46,327,405	\$ 15,566,211	\$ 15,864,456	\$ 60,032,296	\$ 62,191,861
Capital assets	30,981,765	30,165,596	86,219,674	71,005,868	117,201,439	101,171,464
Total assets	<u>75,447,850</u>	<u>76,493,001</u>	<u>101,785,885</u>	<u>86,870,324</u>	<u>177,233,735</u>	<u>163,363,325</u>
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	130,137,584	124,870,193	34,284,038	18,779,709	164,421,622	143,649,902
Other liabilities	4,569,258	4,047,991	1,310,291	1,181,151	5,879,549	5,229,142
Total liabilities	<u>134,706,842</u>	<u>128,918,184</u>	<u>35,594,329</u>	<u>19,960,860</u>	<u>170,301,171</u>	<u>148,879,044</u>
<b>Net Assets:</b>						
Invested in capital assets,						
net of related debt	25,451,479	20,388,761	59,902,755	59,892,883	85,354,234	80,281,644
Unrestricted	(84,710,471)	(72,813,944)	6,288,801	7,016,581	(78,421,670)	(65,797,363)
Total net assets	<u>\$ (59,258,992)</u>	<u>\$ (52,425,183)</u>	<u>\$ 66,191,556</u>	<u>\$ 66,909,464</u>	<u>\$ 6,932,564</u>	<u>\$ 14,484,281</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Lincoln County exceeded liabilities by \$6,932,564 as of June 30, 2010. The County's net assets decreased by \$7,551,717 for the fiscal year ended June 30, 2010. One of the largest portions \$85,354,234 reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's 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. The remaining balance of (\$78,421,670) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.77%, higher than the 2009 statewide average of 97.05%.
- Long-term liabilities increased without a corresponding increase in capital assets. This is due to the fact that in North Carolina, counties issue debt for school construction but school systems report the assets.
- Increased ad valorem tax due to some growth, a decline in sales tax revenue due to State assuming a portion to offset Medicaid program expenses and a general decline in retail sales in County.
- Continued low cost of debt due to the County's high bond rating.

### Lincoln County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,950,873	\$ 10,103,282	\$ 9,939,432	\$ 10,558,720	\$ 19,890,305	\$ 20,662,002
Operating grants and contributions	12,531,044	12,164,183	-	-	12,531,044	12,164,183
Capital grants and contributions	1,444,381	993,870	505,880	1,973,895	1,950,261	2,967,765
General revenues:						
Property taxes	54,718,453	53,625,181	472,991	557,775	55,191,444	54,182,956
Other taxes	12,364,813	15,386,318	-	-	12,364,813	15,386,318
Other	404,443	35,424	37,924	1,343,283	442,367	1,378,707
Total revenues	91,414,007	92,308,258	10,956,227	14,433,673	102,370,234	106,741,931
<b>Expenses:</b>						
General government	15,587,341	14,596,135	-	-	15,587,341	14,596,135
Public safety	24,480,904	23,753,716	-	-	24,480,904	23,753,716
Economic and physical development	2,135,200	3,326,492	-	-	2,135,200	3,326,492
Human services	18,392,778	19,029,439	-	-	18,392,778	19,029,439
Cultural and recreation	2,004,323	1,882,196	-	-	2,004,323	1,882,196
Education	30,238,363	23,989,368	-	-	30,238,363	23,989,368
Interest on long-term debt	5,408,907	5,258,614	-	-	5,408,907	5,258,614
Landfill	-	-	4,594,260	5,880,066	4,594,260	5,880,066
Water and sewer	-	-	7,079,875	7,677,392	7,079,875	7,677,392
Total expenses	98,247,816	91,835,960	11,674,135	13,557,458	109,921,951	105,393,418
Increase (decrease) in net assets	(6,833,809)	472,298	(717,908)	876,215	(7,551,717)	1,348,513
<b>Net Assets:</b>						
Beginning of year - July 1	(52,425,183)	(52,897,481)	66,909,464	66,033,249	14,484,281	13,135,768
End of year - June 30	\$ (59,258,992)	\$ (52,425,183)	\$ 66,191,556	\$ 66,909,464	\$ 6,932,564	\$ 14,484,281

**Governmental Activities.** Governmental activities decreased the County's net assets by \$6,833,809. The key elements of this decrease in 2010 were decreased expenditures for economic development and human services, along with lower sales tax revenue. There were increases in operating grants and capital grant revenues, along with increased expenditures in general government, public safety and education. The large increase in education was the expenditure of school bond funds for the construction of school facilities.

**Business-Type Activities.** Business-type activities decreased Lincoln County's net assets by \$717,908. This decrease in net assets was further decreased by the "Governmental activities" decrease previously mentioned. Together there was a total net asset decrease of \$7,551,717. The business-type activities decrease was primarily related to a decline in construction which decreased water and sewer capacity charges related to new utility connections.

### **Financial Analysis of the County's Funds**

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, unreserved 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, unreserved fund balance of the General Fund was \$15,256,358, while total fund balance reached \$20,179,952. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.56 percent of total General Fund expenditures, while total fund balance represents 24.55 percent of that same amount. This slight percentage decrease is the result of increased expenditures primarily in education and debt service related to school bonds while the unreserved and total fund amounts remained almost constant.

At June 30, 2010, the governmental funds of Lincoln County reported a combined fund balance of \$37,730,159, a 6.62 percent decrease over last year. The primary reason for this decrease was the expenditure of school bond funds which have been issued over the last two years for the construction and renovation of school facilities.

**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 and expenses by \$3,502,352. The largest part of this increase \$675,000 was to provide additional funding to the schools to replace funding for teacher positions eliminated by the State. An additional \$544,540 was budgeted to provide a 2% cost of living increase to county employees. These additions were made after it was determined the County had an adequate fund balance, while maintaining an adequate reserve, to cover these additional

expenses. The County also had to increase our amount of fund balance appropriated to cover revenue shortfalls due to state budget reductions to counties. The State seized approximately \$183,000 of our beer and wine tax funds and also reduced their payment for board of state prisoners while they held in local jails. In our school capital reserve fund school ADM funds which are used to pay school debt service was withheld in the amount of \$643,484 which required us to use reserves in the fund to cover debt service expenses.

**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 assets of the Landfill Fund at the end of the fiscal year amounted to (\$1,951,499), the Water and Sewer Fund equaled \$7,209,927 and those for the East Lincoln County Water and Sewer District equaled (\$4,514,627). The total growth in net assets for the three funds, was (\$1,594,758), \$615,779 and \$261,071, respectively. The decrease in the Landfill Fund is due to the depreciation of equipment and the filling of the portion of the current landfill cell. 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, 2010, totals \$117,201,439 (net of accumulated depreciation). These assets include buildings, land, water and sewer line and treatment facilities, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased new vehicles for Law Enforcement and various other departments
- Construction of new water distribution lines
- Expansion of Wastewater Treatment facility
- Construction of sewer collection lines
- Purchase of new mobile and portable radios

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 3,840,825	\$ 3,840,825	\$ 1,173,567	\$ 1,173,567	\$ 5,014,392	\$ 5,014,392
Buildings and structures	14,075,276	14,529,573	19,902,305	20,452,098	33,977,581	34,981,671
Other improvements	2,449,263	2,614,291	3,048,469	3,892,848	5,497,732	6,507,139
Machinery and equipment	3,060,370	3,416,374	3,115,689	3,295,553	6,176,059	6,711,927
Infrastructure	-	-	38,268,073	38,804,153	38,268,073	38,804,153
Vehicles and other equipment	2,535,131	2,271,886	-	-	2,535,131	2,271,886
Construction in progress	<u>5,020,900</u>	<u>3,492,647</u>	<u>20,711,571</u>	<u>3,387,649</u>	<u>25,732,471</u>	<u>6,880,296</u>
Total	<u>\$ 30,981,765</u>	<u>\$ 30,165,596</u>	<u>\$ 86,219,674</u>	<u>\$ 71,005,868</u>	<u>\$ 117,201,439</u>	<u>\$ 101,171,464</u>

Additional information on the County's capital assets can be found in note 2.A of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2010, Lincoln County had total bonded debt outstanding of \$103,260,000, 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		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	<u>\$ 98,845,751</u>	<u>\$ 94,466,234</u>	<u>\$ 4,414,249</u>	<u>\$ 5,563,766</u>	<u>\$ 103,260,000</u>	<u>\$ 100,030,000</u>

Lincoln County's total bonded debt increased by \$3,230,000 or 3.23 percent during the past fiscal year, primarily due to the issuance of \$8.5 million of school bonds.

As mentioned in the financial highlights section of this document, Lincoln County through recalibration and rating confirmations maintained has an Aa3 bond rating from Moody's Investor Service, AA- rating from Standard and Poor's Corporation, and AA rating from Fitch Ratings. 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 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is \$566,993,713. The County had \$23,100,000 in school bonds authorized but un-issued at June 30, 2010.

During FY10 Lincoln County issued \$18,140,000 of refunding bonds which refunded 1998 and 1999 bonds and partially refunded 2008 and 2008A bonds for a net present value savings of \$664,944. Lincoln County also hopes to receive favorable interest rates on another refunding planned for FY11.

Additional information regarding Lincoln County's long-term debt can be found in note 2.B 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.

- Although the County unemployment rate for 2009-10 averaged approximately 13.41%, higher than the state average of 10.75%, the County remains lower than some of the surrounding counties which have lost more jobs than Lincoln County.
- The Lincoln County Industrial Park now has over 3.5 million square feet representing over \$250 million in investments.
- In March 2010, *Site Selection Magazine* ranked the Lincolnton and Lincoln County Micropolitan Area 4<sup>th</sup> nationally for its ability to secure new and expanded corporate facility projects.
- Six industrial announcements during 2009-10 fiscal year totaled \$37.5 million of capital investments and 133 jobs.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The County has a relative low tax rate of 57 cents which is less than the state average of 63.46 cents.
- Lincoln County has the first LEED Certified (Silver) distribution center in North Carolina during 2009.
- Retail sales decreased by (1.7)% during fiscal year 2010 due to the general decline in the economy compared to a (5.8)% with the same period in year 2009.

## **Budget Highlights for the Fiscal Year Ending June 30, 2011**

**Governmental Activities.** The County adopted a General Fund budget in the amount of \$91,266,288 for the fiscal year ending June 30, 2011, an increase of \$1,103,564, or 1.22%, from the fiscal year 2010 budget. The majority of the budget increases was in School Current Expense, Capital Projects, Community Development, Public Buildings, Law Enforcement and Health. There were also increases in Library and Animal Control. The property tax was unchanged at \$.57 per \$100 valuation.

**Business-Type Activities.** The water and sewer rates in the County continue to remain stable with growth and customer base adequate to cover expenses, although tap and capacity fees have decreased due to the decline in construction. The water system recently completed construction of additional distribution lines. This construction has allowed for the continued expansion and growth of residential and commercial growth in the eastern part of the County along with providing adequate water service for our industrial park in the northern part of the County. The County Water and Sewer system is also completing construction of a new \$22 million wastewater treatment facility which will allow for future growth in the eastern portion of the County. Rates for landfill services have remained the same with tipping fees and availability fees adequate to allow the accumulation of funds for future landfill cells and the closure of landfill cells currently in use.

### **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, 115 West Main Street, Lincolnton, N.C. 28092.

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## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
				Lincoln County ABC Board
<b>Assets:</b>				
Cash and cash equivalents	\$ 36,887,720	\$ 14,155,276	\$ 51,042,996	\$ 171,315
Taxes receivable (net)	1,731,862	137,730	1,869,592	-
Accounts receivable (net)	1,524,412	1,449,775	2,974,187	-
Due from other governments	2,833,843	377,359	3,211,202	-
Internal balances	593,817	(593,817)	-	-
Inventories	-	-	-	148,609
Prepaid items	452,075	-	452,075	-
Cash and cash equivalents-restricted	442,356	-	442,356	-
Other assets	-	39,888	39,888	-
Capital assets, non-depreciable	8,861,725	21,885,138	30,746,863	200,607
Capital assets- depreciable, net	<u>22,120,040</u>	<u>64,334,536</u>	<u>86,454,576</u>	<u>398,923</u>
Total assets	<u>75,447,850</u>	<u>101,785,885</u>	<u>177,233,735</u>	<u>919,454</u>
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	3,919,129	1,205,879	5,125,008	116,340
Unearned revenue	650,129	-	650,129	-
Customer deposits	-	104,412	104,412	-
Long-term liabilities:				
Due in less than one year	9,123,462	2,594,323	11,717,785	112
Due in more than one year	<u>121,014,122</u>	<u>31,689,715</u>	<u>152,703,837</u>	<u>-</u>
Total liabilities	<u>134,706,842</u>	<u>35,594,329</u>	<u>170,301,171</u>	<u>116,452</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	25,451,479	59,902,755	85,354,234	599,418
Restricted	-	-	-	57,272
Unrestricted	(84,710,471)	6,288,801	(78,421,670)	146,312
Total net assets	<u>\$ (59,258,992)</u>	<u>\$ 66,191,556</u>	<u>\$ 6,932,564</u>	<u>\$ 803,002</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, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 15,587,341	\$ 1,478,645	\$ 884,019	\$ 1,444,381
Public safety	24,480,904	4,294,060	736,783	-
Economic and physical development	2,135,200	-	4,850	-
Human services	18,392,778	4,175,651	9,084,230	-
Cultural and recreational	2,004,323	2,517	-	-
Education	30,238,363	-	1,821,162	-
Debt service:				
Interest and fees	5,408,907	-	-	-
Total governmental activities	<u>98,247,816</u>	<u>9,950,873</u>	<u>12,531,044</u>	<u>1,444,381</u>
<b>Business-Type Activities:</b>				
Landfill	4,594,260	2,987,950	-	-
Water and Sewer	6,864,685	6,951,482	-	505,880
East Lincoln County Water and Sewer	215,190	-	-	-
Total business-type activities	<u>11,674,135</u>	<u>9,939,432</u>	<u>-</u>	<u>505,880</u>
Total primary government	<u>\$ 109,921,951</u>	<u>\$ 19,890,305</u>	<u>\$ 12,531,044</u>	<u>\$ 1,950,261</u>
<b>Component Unit:</b>				
Lincoln County ABC Board	<u>\$ 1,748,318</u>	<u>\$ 1,965,338</u>	<u>\$ -</u>	<u>\$ -</u>

### General Revenues:

Ad valorem taxes  
Local option sales tax  
Utility franchise tax  
Real estate transfer tax  
Other taxes  
Unrestricted intergovernmental  
Investment earnings  
Total general revenues

### Change in net assets

### Net Assets:

Beginning of year, July 1

End of year, June 30

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

**Exhibit B**

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Lincoln County ABC Board</b>

\$ (11,780,296)	\$ -	\$ (11,780,296)	
(19,450,061)	-	(19,450,061)	
(2,130,350)	-	(2,130,350)	
(5,132,897)	-	(5,132,897)	
(2,001,806)	-	(2,001,806)	
(28,417,201)	-	(28,417,201)	
(5,408,907)	-	(5,408,907)	
<u>(74,321,518)</u>	<u>-</u>	<u>(74,321,518)</u>	

-	(1,606,310)	(1,606,310)	
-	592,677	592,677	
<u>-</u>	<u>(215,190)</u>	<u>(215,190)</u>	
<u>-</u>	<u>(1,228,823)</u>	<u>(1,228,823)</u>	
<u>(74,321,518)</u>	<u>(1,228,823)</u>	<u>(75,550,341)</u>	

\$ 217,020

54,718,453	472,991	55,191,444	-
10,913,165	-	10,913,165	-
273,740	-	273,740	-
531,807	-	531,807	-
646,101	-	646,101	-
294,812	-	294,812	-
<u>109,631</u>	<u>37,924</u>	<u>147,555</u>	<u>793</u>
<u>67,487,709</u>	<u>510,915</u>	<u>67,998,624</u>	<u>793</u>
(6,833,809)	(717,908)	(7,551,717)	217,813
<u>(52,425,183)</u>	<u>66,909,464</u>	<u>14,484,281</u>	<u>585,189</u>
<u>\$ (59,258,992)</u>	<u>\$ 66,191,556</u>	<u>\$ 6,932,564</u>	<u>\$ 803,002</u>

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

## LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 17,080,831	\$ 4,504,378	\$ 7,336,291	\$ 6,456,902	\$ 35,378,402
Taxes receivable, net	1,499,307	-	-	232,555	1,731,862
Accounts receivable, net	1,195,456	281,232	-	47,724	1,524,412
Due from other governments	2,751,403	81,859	-	581	2,833,843
Due from other funds	641,128	-	-	450,739	1,091,867
Prepaid items	395,825	-	-	-	395,825
Cash and cash equivalents, restricted	442,356	-	-	-	442,356
Total assets	<u>\$ 24,006,306</u>	<u>\$ 4,867,469</u>	<u>\$ 7,336,291</u>	<u>\$ 7,188,501</u>	<u>\$ 43,398,567</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 1,579,723	\$ 571,839	\$ 965,033	\$ 72,627	\$ 3,189,222
Due to other funds	549,147	-	-	-	549,147
Deferred revenue	1,697,484	-	-	232,555	1,930,039
Total liabilities	<u>3,826,354</u>	<u>571,839</u>	<u>965,033</u>	<u>305,182</u>	<u>5,668,408</u>
<b>Fund Balances:</b>					
Reserved:					
State statute	4,527,769	-	-	499,044	5,026,813
Prepaid items	395,825	-	-	-	395,825
Unreserved	15,256,358	4,295,630	6,371,258	-	25,923,246
Reported in nonmajor:					
Special revenue funds	-	-	-	6,384,275	6,384,275
Total fund balances	<u>20,179,952</u>	<u>4,295,630</u>	<u>6,371,258</u>	<u>6,883,319</u>	<u>37,730,159</u>
Total liabilities and fund balances	<u>\$ 24,006,306</u>	<u>\$ 4,867,469</u>	<u>\$ 7,336,291</u>	<u>\$ 7,188,501</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.					30,981,765
Long-term liabilities, unfunded pension obligations, compensated absences, and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.					(130,137,584)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.					1,792,081
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 Assets.					<u>374,587</u>
Net assets of governmental activities, per Exhibit A					<u>\$ (59,258,992)</u>

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Ad valorem taxes	\$ 48,971,870	\$ -	\$ -	\$ 5,683,587	\$ 54,655,457
Local option sales taxes	10,913,165	-	-	-	10,913,165
Other taxes and licenses	878,963	-	-	572,685	1,451,648
Unrestricted intergovernmental revenues	294,812	-	-	-	294,812
Restricted intergovernmental revenues	9,893,868	1,391,818	-	1,849,964	13,135,650
Permits and fees	1,280,703	-	-	-	1,280,703
Sales, service, and rents	8,016,111	-	-	-	8,016,111
Miscellaneous	800,992	52,563	-	26,919	880,474
Investment earnings	72,967	7,604	13,243	13,835	107,649
Total revenues	<u>81,123,451</u>	<u>1,451,985</u>	<u>13,243</u>	<u>8,146,990</u>	<u>90,735,669</u>
<b>Expenditures:</b>					
Current:					
General government	6,805,984	-	-	-	6,805,984
Public safety	19,186,669	-	-	6,025,165	25,211,834
Economic and physical development	2,141,124	-	-	-	2,141,124
Human services	19,486,941	-	-	-	19,486,941
Cultural and recreational	1,991,265	-	-	-	1,991,265
Education	18,421,240	-	-	-	18,421,240
Capital outlay	-	3,300,862	11,817,123	-	15,117,985
Debt service:					
Principal repayments	8,770,711	-	-	-	8,770,711
Interest	5,408,907	-	-	-	5,408,907
Total expenditures	<u>82,212,841</u>	<u>3,300,862</u>	<u>11,817,123</u>	<u>6,025,165</u>	<u>103,355,991</u>
<b>Revenues over (under) expenditures</b>	<b>(1,089,390)</b>	<b>(1,848,877)</b>	<b>(11,803,880)</b>	<b>2,121,825</b>	<b>(12,620,322)</b>
<b>Other Financing Sources (Uses):</b>					
Bond premium	199,833	-	4,498	-	204,331
Long-term debt issued	18,140,000	1,387,000	8,500,000	-	28,027,000
Advance payments to refunding trustee	(18,284,623)	-	-	-	(18,284,623)
Transfers out	(4,237,228)	-	(91,823)	(5,122,853)	(9,451,904)
Transfers in	5,122,853	824,310	625,000	2,879,741	9,451,904
Total other financing sources (uses)	<u>940,835</u>	<u>2,211,310</u>	<u>9,037,675</u>	<u>(2,243,112)</u>	<u>9,946,708</u>
<b>Net change in fund balances</b>	<b>(148,555)</b>	<b>362,433</b>	<b>(2,766,205)</b>	<b>(121,287)</b>	<b>(2,673,614)</b>
<b>Fund Balances:</b>					
Beginning of year, July 1	<u>20,328,507</u>	<u>3,933,197</u>	<u>9,137,463</u>	<u>7,004,606</u>	<u>40,403,773</u>
End of year, June 30	<u>\$ 20,179,952</u>	<u>\$ 4,295,630</u>	<u>\$ 6,371,258</u>	<u>\$ 6,883,319</u>	<u>\$ 37,730,159</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, 2010

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)	\$ (2,673,614)
Capital outlays are reported as expenditures in the governmental fund statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,951,614
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,012,163)
The sale of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(123,282)
Expenses related to compensated absences, law enforcement officers separation allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(2,221,102)
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	62,996
Other fees for service	(63,266)
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.	8,770,711
The net revenue of certain activities of the internal service fund is reported with governmental activities.	291,297
The issuance of long-term debt (e.g. bonds, leases) and the refunding of long-term debt provide current financial resources to governmental funds. The repayment of refunded long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reported in the Statement of Activities.	<u>(11,817,000)</u>
Change in net assets of governmental activities	<u>\$ (6,833,809)</u>

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

## LINCOLN COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget Over/Under	
	Original	Final	Actual		
<b>Revenues:</b>					
Ad valorem taxes	\$ 47,612,258	\$ 47,619,808	\$ 48,971,870	\$ 1,352,062	
Local option sales taxes	12,022,110	12,022,110	10,913,165	(1,108,945)	
Other taxes and licenses	884,000	884,000	878,963	(5,037)	
Unrestricted intergovernmental revenues	464,000	281,000	294,812	13,812	
Restricted intergovernmental revenues	10,638,847	11,524,515	9,893,868	(1,630,647)	
Permits and fees	1,596,550	1,604,950	1,280,703	(324,247)	
Sales, service and rents	8,798,642	9,276,243	8,016,111	(1,260,132)	
Miscellaneous	722,972	828,398	800,992	(27,406)	
Investment earnings	400,000	400,000	72,967	(327,033)	
Total revenues	83,139,379	84,441,024	81,123,451	(3,317,573)	
<b>Expenditures:</b>					
Current:					
General government	7,293,594	7,584,799	6,805,984	778,815	
Public safety	19,440,914	20,585,422	19,186,669	1,398,753	
Economic and physical development	2,078,069	2,184,200	2,141,124	43,076	
Human services	22,184,714	23,315,668	19,486,941	3,828,727	
Cultural and recreational	2,301,102	2,364,816	1,991,265	373,551	
Education	17,746,240	18,421,240	18,421,240	-	
Debt service:					
Principal	9,094,706	9,094,706	8,770,711	323,995	
Interest and fees	5,615,020	5,659,730	5,408,907	250,823	
Total expenditures	85,754,359	89,210,581	82,212,841	6,997,740	
<b>Revenues over (under) expenditures</b>	<b>(2,614,980)</b>	<b>(4,769,557)</b>	<b>(1,089,390)</b>	<b>3,680,167</b>	
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	-	18,140,000	18,140,000	-	
Advance payments to refunding trustee	-	(18,284,623)	(18,284,623)	-	
Premium received from issuance of long-term debt	-	199,833	199,833	-	
Transfers out	(4,196,304)	(4,297,644)	(4,237,228)	60,416	
Transfers in	4,935,859	4,935,859	5,122,853	186,994	
Fund balance appropriated	1,875,425	4,076,132	-	(4,076,132)	
Total other financing sources (uses)	2,614,980	4,769,557	940,835	(3,828,722)	
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(148,555)</b>	<b>\$ (148,555)</b>	
<b>Fund Balance:</b>					
Beginning of year, July 1				20,328,507	
End of year, June 30				\$ 20,179,952	

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-Type Activities				Governmental Activities	
	Landfill Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Fund	
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 5,780,720	\$ 7,341,348	\$ 1,033,208	\$ 14,155,276	\$ 1,509,318	
Taxes receivable, net	130,315	-	7,415	137,730	-	
Accounts receivable, net	64,031	1,385,744	-	1,449,775	-	
Due from other governments	50,699	326,660	-	377,359	-	
Due from other funds	16,650	31,056	-	47,706	52,182	
Prepaid items	-	-	-	-	56,250	
Other assets	-	28,681	11,207	39,888	-	
Total current assets	<u>6,042,415</u>	<u>9,113,489</u>	<u>1,051,830</u>	<u>16,207,734</u>	<u>1,617,750</u>	
Capital assets:						
Non-depreciable capital assets	400,367	21,484,771	-	21,885,138	-	
Depreciable capital assets, net	<u>5,509,821</u>	<u>58,824,715</u>	<u>-</u>	<u>64,334,536</u>	<u>-</u>	
Total non-current assets	<u>5,910,188</u>	<u>80,309,486</u>	<u>-</u>	<u>86,219,674</u>	<u>-</u>	
Total assets	<u>11,952,603</u>	<u>89,422,975</u>	<u>1,051,830</u>	<u>102,427,408</u>	<u>1,617,750</u>	
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and other accrued liabilities	129,769	1,054,653	21,457	1,205,879	729,907	
Due to other funds	308,688	332,835	-	641,523	1,085	
Customer deposits	-	104,412	-	104,412	-	
Unearned revenue	-	-	-	-	512,171	
Current portion of compensated absences	6,400	9,500	-	15,900	-	
Current portion of long-term debt	<u>85,629</u>	<u>1,677,794</u>	<u>815,000</u>	<u>2,578,423</u>	<u>-</u>	
Total current liabilities	<u>530,486</u>	<u>3,179,194</u>	<u>836,457</u>	<u>4,546,137</u>	<u>1,243,163</u>	
Non-current liabilities:						
Accrued landfill closure/post-closure care costs	7,190,441	-	-	7,190,441	-	
Compensated absences	58,425	85,538	-	143,963	-	
Other post-employment benefits	300,191	316,624	-	616,815	-	
Long-term debt	<u>234,406</u>	<u>18,774,090</u>	<u>4,730,000</u>	<u>23,738,496</u>	<u>-</u>	
Total non-current liabilities	<u>7,783,463</u>	<u>19,176,252</u>	<u>4,730,000</u>	<u>31,689,715</u>	<u>-</u>	
Total liabilities	<u>8,313,949</u>	<u>22,355,446</u>	<u>5,566,457</u>	<u>36,235,852</u>	<u>1,243,163</u>	
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	5,590,153	59,857,602	-	65,447,755	-	
Unrestricted	<u>(1,951,499)</u>	<u>7,209,927</u>	<u>(4,514,627)</u>	<u>743,801</u>	<u>374,587</u>	
Total net assets	<u>\$ 3,638,654</u>	<u>\$ 67,067,529</u>	<u>\$ (4,514,627)</u>	<u>\$ 66,191,556</u>	<u>\$ 374,587</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 ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Operating Revenues:</b>					
Charges for services	\$ 572,472	\$ 6,874,092	\$ -	\$ 7,446,564	\$ -
Water and sewer taps	-	53,464	-	53,464	-
Other operating revenues	9,500	23,926	-	33,426	6,627,794
Total operating revenues	<u>581,972</u>	<u>6,951,482</u>	<u>-</u>	<u>7,533,454</u>	<u>6,627,794</u>
<b>Operating Expenses:</b>					
Water treatment and distribution	-	2,485,443	-	2,485,443	-
Sewage collection	-	2,046,044	-	2,046,044	-
Pumping station	-	48,518	-	48,518	-
Landfill operations	3,413,955	-	-	3,413,955	-
Water and sewer district	-	-	2,938	2,938	-
Other services	-	-	-	-	6,338,479
Depreciation	1,207,583	2,043,431	-	3,251,014	-
Total operating expenses	<u>4,621,538</u>	<u>6,623,436</u>	<u>2,938</u>	<u>11,247,912</u>	<u>6,338,479</u>
<b>Operating income (loss)</b>	<b>(4,039,566)</b>	<b>328,046</b>	<b>(2,938)</b>	<b>(3,714,458)</b>	<b>289,315</b>
<b>Non-Operating Revenues (Expenses):</b>					
Ad valorem taxes	-	-	472,991	472,991	-
Availability fee	2,291,581	-	-	2,291,581	-
Investment earnings	11,552	23,102	3,270	37,924	1,982
Tire disposal tax	82,408	-	-	82,408	-
Sales and use tax refund	39,055	42,194	-	81,249	-
Solid waste disposal tax	52,989	-	-	52,989	-
Federal and State grants, non-capital	18,148	-	-	18,148	-
Miscellaneous	(39,148)	-	-	(39,148)	-
Interest and fees	(11,777)	(283,443)	(212,252)	(507,472)	-
Total non-operating revenues (expenses)	<u>2,444,808</u>	<u>(218,147)</u>	<u>264,009</u>	<u>2,490,670</u>	<u>1,982</u>
<b>Income (loss) before transfers and contributions</b>	<b>(1,594,758)</b>	<b>109,899</b>	<b>261,071</b>	<b>(1,223,788)</b>	<b>291,297</b>
Capital contribution	-	505,880	-	505,880	-
Transfers in	-	2,300,000	-	2,300,000	-
Transfers out	-	(2,300,000)	-	(2,300,000)	-
<b>Change in net assets</b>	<b>(1,594,758)</b>	<b>615,779</b>	<b>261,071</b>	<b>(717,908)</b>	<b>291,297</b>
<b>Net Assets:</b>					
Beginning of year, July 1	<u>5,233,412</u>	<u>66,451,750</u>	<u>(4,775,698)</u>	<u>66,909,464</u>	<u>83,290</u>
End of year, June 30	<u>\$ 3,638,654</u>	<u>\$ 67,067,529</u>	<u>\$ (4,514,627)</u>	<u>\$ 66,191,556</u>	<u>\$ 374,587</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, 2010**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Operating Activities:</b>					
Cash received from customers	\$ 619,146	\$ 5,497,321	\$ 5,928	\$ 6,122,395	\$ -
Cash received from interfund services	-	-	-	-	6,631,149
Cash received from other operating revenues	2,565,909	66,120	472,991	3,105,020	-
Cash paid for goods and services	(1,475,762)	(2,263,228)	(5,116)	(3,744,106)	(6,108,720)
Cash paid on behalf of employees	(1,791,995)	(2,031,262)	-	(3,823,257)	-
Net cash provided (used) by operating activities	(82,702)	1,268,951	473,803	1,660,052	522,429
<b>Non-Capital Financing Activities:</b>					
Federal and State grants, non-capital	18,148	-	-	18,148	-
Loans (to) from other funds	276,863	306,248	-	583,111	(48,691)
Net cash provided (used) by non-capital financing activities	295,011	306,248	-	601,259	(48,691)
<b>Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(302,933)	(17,785,531)	-	(18,088,464)	-
Debt issued	-	17,003,504	-	17,003,504	-
Debt principal paid	(82,915)	(891,655)	(825,000)	(1,799,570)	-
Interest and fees paid	(11,777)	(283,443)	(212,252)	(507,472)	-
Net cash provided (used) by capital and related financing activities	(397,625)	(1,957,125)	(1,037,252)	(3,392,002)	-
<b>Investing Activities:</b>					
Interest on investments	11,552	23,102	3,270	37,924	1,982
Net cash provided (used) by investing activities	11,552	23,102	3,270	37,924	1,982
Net increase (decrease) in cash and cash equivalents/investments	(173,764)	(358,824)	(560,179)	(1,092,767)	475,720
<b>Cash and Cash Equivalents/Investments:</b>					
Beginning of year, July 1	5,954,484	7,700,172	1,593,387	15,248,043	1,033,598
End of year, June 30	\$ 5,780,720	\$ 7,341,348	\$ 1,033,208	\$ 14,155,276	\$ 1,509,318

*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, 2010**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (4,039,566)	\$ 328,046	\$ (2,938)	\$ (3,714,458)	\$ 289,315
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation	1,207,583	2,043,431	-	3,251,014	-
Non-operating items	2,556,409	42,194	472,991	3,071,594	-
<b>Change in Assets and Liabilities:</b>					
(Increase) decrease in receivables	9,070	(1,294,679)	4,169	(1,281,440)	3,355
(Increase) decrease in due from other governments	37,604	(218,649)	-	(181,045)	-
(Increase) decrease in other assets	-	83,093	1,759	84,852	(12,250)
Increase (decrease) in accounts payable	(3,627)	135,688	(2,178)	129,883	204,851
Increase (decrease) in deferred revenue	-	-	-	-	37,158
Increase (decrease) in customer deposits	-	(743)	-	(743)	-
Increase (decrease) in other post-employment benefits	150,218	154,216	-	304,434	-
Increase (decrease) in compensated absences payable	(393)	(3,646)	-	(4,039)	-
Total adjustments	<u>3,956,864</u>	<u>940,905</u>	<u>476,741</u>	<u>5,374,510</u>	<u>233,114</u>
Net cash provided (used) by operating activities	<u>\$ (82,702)</u>	<u>\$ 1,268,951</u>	<u>\$ 473,803</u>	<u>\$ 1,660,052</u>	<u>\$ 522,429</u>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Contributed depreciable assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ 505,880</u>	<u>\$ -</u>	<u>\$ 505,880</u>	<u>\$ -</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2010**

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 407,414
Total assets	<u>\$ 407,414</u>
<b>Liabilities:</b>	
Intergovernmental payable	\$ 407,414
Total liabilities	<u>\$ 407,414</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, 2010**

### **1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

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

#### **Component Units**

#### **Blended Component Unit**

The East Lincoln County Water and Sewer District Fund (the "District") exists to provide and maintain a sewer system for the County residents within each district. Under State law [G.S. 162A-89], the County's Board of Commissioners also serve as the governing board for the District. Therefore, the District is reported as an enterprise fund in the County's financial statements. The district does not issue separate financial statements.

#### **Discretely Presented Component Unit**

#### **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., P.O Box 680668, Charlotte, NC 28216.

#### **Lincoln County Industrial Facility and Pollution Control Financing Authority**

Lincoln County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### B. Basis of Presentation, Basis of Accounting

#### **Basis of Presentation, Measurement Focus – Basis of Accounting**

*Government-Wide Statements.* The Statement of Net Assets and the Statement of Activities display information about the primary government (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. Interfund services provided 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.

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 displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the County. It is used to account for all financial resources of the general government, except those that are required to be accounted for in another fund.

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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

**School Capital Projects Fund.** The School Capital Projects Fund is used to account for the construction and renovation of public schools.

The County reports the following nonmajor governmental funds:

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

The County reports all of its enterprise funds as major:

**Enterprise Funds.** Lincoln County has the following Enterprise Funds: the Landfill Fund, the Water and Sewer Fund, and the East Lincoln County Water and Sewer Fund. In addition, the Water and Sewer Capital 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 Fund.** The Health Benefits Fund is used to account for the accumulation and allocation of costs associated with the County's health benefits.

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for a municipality within the County; the HB 1779 Interest Fund, which accounts for collection of interest on delinquent motor vehicle taxes that is required to be remitted to the State; the Inmate Trust Fund, which accounts for monies held on behalf of inmates in the County jail, and the Miscellaneous Fund, which accounts for monies deposited with various other organizations.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **Measurement Focus, Basis of Accounting**

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements 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 nonoperating 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 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 new customers 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 nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds 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 are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Lincoln County is responsible for billing and collecting the property taxes on all registered motor

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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 revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

#### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds, the Enterprise Funds, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Water and Sewer Capital Fund, which is an enterprise fund capital project. A project ordinance is also adopted for the General Capital Projects Fund and the School Capital Projects Fund, which are governmental fund capital projects. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, the departmental level for the special revenue funds and enterprise funds and at the object level for the capital project funds.

The balances in the Capital Reserve Fund will be appropriated when transferred to a Capital Projects Fund in accordance with the project ordinance adopted for the reserve. The County Manager is authorized by the budget ordinance to transfer appropriations between departments within a fund up to \$50,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000 must be approved by the governing board. During the year, some amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **D. Assets, Liabilities and Fund Equity**

##### **Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by 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 SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

##### **Cash and Cash Equivalents**

The County pools money from several funds 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.

##### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2009. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **Allowances for Doubtful Accounts**

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

#### **Cash and Cash Equivalents, Restricted**

The restricted cash in the General Fund represents the balance in a sinking fund required by a financing contract to construct schools.

#### **Capital Assets**

Purchased or constructed capital assets are recorded at original cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$5,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The County capitalizes interest costs which are incurred during the construction period of capital assets.

Enterprise plant assets of the County are depreciated on a composite straight-line basis for the entire plant, regardless of the year of the acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Landfill cells are depreciated based on the percent of capacity used each year.

Other capital assets are depreciated on a straight-line basis over the following estimated useful lives:

	<b>Years</b>
Buildings	25-50
Infrastructure	30-50
Furniture and office equipment	5-20
Equipment	7-15
Vehicles	6

#### **Long-Term Obligations**

In the government-wide financial statements and in the 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 Assets.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. 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 net proceeds received, are reported as debt service expenditures.

The County's long-term debt for the water districts and landfill is carried within the Enterprise Fund. The debt service requirements for the water districts' debt are being met by water revenues, but the taxing power of the County is pledged to make these payments if water revenues should ever be insufficient.

#### **Compensated Absences**

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

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

#### **Net Assets /Fund Balances**

##### **Net Assets**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statutes.

##### **Fund Balances**

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The governmental fund types classify fund balances as follows:

### **Reserved**

**Reserved by State Statute** - portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

**Reserved for Prepays** - portion of fund balance not available for appropriation because it represents the year-end fund balance of prepays, which are not expendable, available resources.

### **Unreserved:**

**Undesignated** - portion of total fund balance available for appropriation that is uncommitted at year-end.

## **E. Comparative Data/Reclassifications**

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County's financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts in the prior year's data have been reclassified to be consistent with the current year's presentation.

## **F. Other**

### **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.

## **2. Detail Notes on All Funds**

### **A. Assets**

#### **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 federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, 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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 with 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2010, the County's deposits had a carrying amount of \$8,094,687 and a bank balance of \$11,302,801. Of the bank balance, \$763,752 was covered by federal depository insurance, and \$10,539,049 by collateral held under the Pooling Method.

At June 30, 2010, Lincoln County had \$2,951 cash on hand.

#### **Investments**

As of June 30, 2010, the County's investment balances were as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 6 Months</b>	<b>6-12 Months</b>	<b>1-3 Years</b>
NC Capital Management Trust - Cash Portfolio	\$ 42,560,182	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	792,590	-	792,590	-
US Government Agencies	442,356	442,356	-	-
Total investments	<u>\$ 43,795,128</u>	<u>\$ 442,356</u>	<u>\$ 792,590</u>	<u>\$ -</u>

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

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on specifically managing credit risk. As of June 30, 2010, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2010. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

*Concentration of Credit Risk.* The County places no limit on the amount that the County may invest in any one issuer.

#### **Property Tax – Use-Value Assessment on Certain Lands**

In accordance with the 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. These amounts have not been recorded in the financial statements.

<b>Year</b>	<b>Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
	2007	\$ 1,193,036	\$ 283,346	\$ 1,476,382
	2008	1,637,890	241,588	1,879,478
	2009	1,709,514	98,297	1,807,811
	2010	1,743,746	-	1,743,746
	Total	<u>\$ 6,284,186</u>	<u>\$ 623,231</u>	<u>\$ 6,907,417</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### **Receivables**

Receivables at the government-wide level, Exhibit A, at June 30, 2010 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 1,195,456	\$ 2,253,307	\$ 2,751,403	\$ 6,200,166
Other governmental	<u>328,956</u>	<u>233,138</u>	<u>82,440</u>	<u>644,534</u>
Total receivables	1,524,412	2,486,445	2,833,843	6,844,700
Allowance for doubtful accounts	<u>-</u>	<u>(754,583)</u>	<u>-</u>	<u>(754,583)</u>
 Total governmental activities	 <u>\$ 1,524,412</u>	 <u>\$ 1,731,862</u>	 <u>\$ 2,833,843</u>	 <u>\$ 6,090,117</u>
 <b>Business-Type Activities:</b>				
Landfill	\$ 102,463	\$ 176,939	\$ 50,699	\$ 330,101
Water and sewer	<u>1,436,141</u>	<u>39,117</u>	<u>326,660</u>	<u>1,801,918</u>
Total receivables	1,538,604	216,056	377,359	2,132,019
Allowance for doubtful accounts	<u>(88,829)</u>	<u>(78,326)</u>	<u>-</u>	<u>(167,155)</u>
 Total business-type activities	 <u>\$ 1,449,775</u>	 <u>\$ 137,730</u>	 <u>\$ 377,359</u>	 <u>\$ 1,964,864</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 1,877,926
Sales tax refund	651,768
Other Governmental agencies	<u>681,508</u>
	<u>\$ 3,211,202</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Capital Assets

A summary of changes in the County's governmental capital assets is as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 3,840,825	\$ -	\$ -	\$ 3,840,825
Construction in progress	3,492,647	1,528,253	-	5,020,900
<b>Depreciable Assets:</b>				
Buildings	22,118,303	-	-	22,118,303
Other improvements	3,508,897	-	-	3,508,897
Equipment	7,793,783	172,387	(6,379)	7,959,791
Vehicles and other equipment	<u>7,101,053</u>	<u>1,250,974</u>	<u>(653,094)</u>	<u>7,698,933</u>
	<u>47,855,508</u>	<u>2,951,614</u>	<u>(659,473)</u>	<u>50,147,649</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(7,588,730)	(454,297)	-	(8,043,027)
Other improvements	(894,606)	(165,028)	-	(1,059,634)
Equipment	(4,377,409)	(540,923)	18,911	(4,899,421)
Vehicles and other equipment	<u>(4,829,167)</u>	<u>(851,915)</u>	<u>517,280</u>	<u>(5,163,802)</u>
Total accumulated depreciation	<u>(17,689,912)</u>	<u>\$ (2,012,163)</u>	<u>\$ 536,191</u>	<u>(19,165,884)</u>
Capital assets, net	<u><u>\$ 30,165,596</u></u>			<u><u>\$ 30,981,765</u></u>

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

<b>Governmental Activities:</b>	
General government	\$ 447,588
Public safety	1,162,172
Economic and physical development	24,929
Human services	253,640
Cultural and recreational	<u>123,834</u>
Total	<u><u>\$ 2,012,163</u></u>
<b>Business-Type Activities:</b>	
Landfill	\$ 1,207,583
Water and sewer	<u>2,043,431</u>
Total	<u><u>\$ 3,251,014</u></u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Proprietary Capital Assets

The capital assets of the Landfill Fund at June 30, 2010 are as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 400,367	\$ -	\$ -	\$ 400,367
<b>Depreciable Assets:</b>				
Buildings and structures	590,143	-	-	590,143
Improvements	12,019,023	-	-	12,019,023
Machinery, equipment, and vehicles	<u>5,850,245</u>	<u>302,933</u>	<u>(223,451)</u>	<u>5,929,727</u>
	<u>18,859,778</u>	<u>302,933</u>	<u>(223,451)</u>	<u>18,939,260</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and structures	(172,171)	(11,933)	-	(184,104)
Improvements	(8,232,638)	(833,122)	-	(9,065,760)
Machinery, equipment, and vehicles	<u>(3,510,607)</u>	<u>(362,528)</u>	<u>93,927</u>	<u>(3,779,208)</u>
Total accumulated depreciation	<u>(11,915,416)</u>	<u>\$ (1,207,583)</u>	<u>\$ 93,927</u>	<u>(13,029,072)</u>
Capital assets, net	<u><u>\$ 6,944,362</u></u>			<u><u>\$ 5,910,188</u></u>

The capital assets of the Water and Sewer Fund at June 30, 2010 are as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 773,200	\$ -	\$ -	\$ 773,200
Construction in progress	3,387,649	17,563,515	(239,593)	20,711,571
<b>Depreciable Assets:</b>				
Buildings and structures	26,860,191	-	-	26,860,191
Improvements	239,030	-	-	239,030
Water and sewer lines	49,946,816	745,473	-	50,692,289
Machinery, equipment, and vehicles	<u>4,163,804</u>	<u>222,017</u>	<u>(38,244)</u>	<u>4,347,577</u>
	<u>85,370,690</u>	<u>18,531,005</u>	<u>(277,837)</u>	<u>103,623,858</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and structures	(6,826,065)	(537,860)	-	(7,363,925)
Improvements	(132,567)	(11,257)	-	(143,824)
Water and sewer lines	(11,142,663)	(1,281,553)	-	(12,424,216)
Machinery, equipment, and vehicles	<u>(3,207,889)</u>	<u>(212,761)</u>	<u>38,243</u>	<u>(3,382,407)</u>
Total accumulated depreciation	<u>(21,309,184)</u>	<u>\$ (2,043,431)</u>	<u>\$ 38,243</u>	<u>(23,314,372)</u>
Capital assets, net	<u><u>\$ 64,061,506</u></u>			<u><u>\$ 80,309,486</u></u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Effective July 1, 2007, all assets of the East Lincoln County Water and Sewer District Fund were transferred to the County's Water and Sewer Fund. The County will be responsible for all operations of what were formerly the East Lincoln County Water and Sewer District Fund. The East Lincoln County Water and Sewer District Fund will continue to exist for the purpose of levying taxes to service debt acquired prior to July 1, 2007.

### B. Liabilities

#### Payables

Payables at the government-wide level, Exhibit A, at June 30, 2010 were as follows:

	Salaries and		Accrued Interest	Total
	Vendors	Benefits		
<b>Governmental Activities:</b>				
General	\$ 857,880	\$ 721,843	\$ -	\$ 1,579,723
Other governmental	1,609,499	-	-	1,609,499
Internal Service Fund	<u>729,907</u>	<u>-</u>	<u>-</u>	<u>729,907</u>
Total governmental activities	<u>\$ 3,197,286</u>	<u>\$ 721,843</u>	<u>\$ -</u>	<u>\$ 3,919,129</u>
<b>Business-Type Activities:</b>				
Landfill	\$ 93,534	\$ 36,235	\$ -	\$ 129,769
Water and sewer	<u>925,425</u>	<u>44,950</u>	<u>105,735</u>	<u>1,076,110</u>
Total business-type activities	<u>\$ 1,018,959</u>	<u>\$ 81,185</u>	<u>\$ 105,735</u>	<u>\$ 1,205,879</u>

#### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

*Plan Description.* Lincoln County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Lincoln County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$1,200,354, \$1,142,031, and \$1,066,891, respectively. The contributions made by the County equaled the required contributions for each year.

### **Law Enforcement Officers' Special Separation Allowance**

#### **Plan 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. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan does not issue a separate stand-alone financial report.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>108</u>
Total	<u>113</u>

#### **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.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **Contributions**

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both item (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

#### **Annual Pension Cost and Net Pension Obligation**

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 113,191
Interest on net pension obligation	29,223
Adjustment to annual required contribution	<u>(25,392)</u>
Annual pension cost	117,022
Employer contributions made for fiscal year ending 6/30/2010	<u>68,494</u>
Increase (decrease) in net pension obligation	48,528
Net pension obligation - July 1	<u>403,082</u>
Net pension obligation - June 30	<u>\$ 451,610</u>

#### **Three-Year Trend Information**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2008	\$ 90,610	90.64%	\$ 385,404
6/30/2009	99,189	82.18%	403,082
6/30/2010	117,022	58.53%	451,610

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the plan was -0- percent funded. The actuarial accrued liability for benefits was \$1,118,030, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,118,030. The covered payroll (annual payroll of active employees covered by the plan) was \$4,130,756, and the ratio of the UAAL to the covered payroll was 27.07 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent 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, 2010 were \$263,901, which consisted of \$218,134 from the County and \$45,767 from the law enforcement officers.

#### **Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Lincoln County contributes to the Registers of Deeds' Supplemental Pension Fund (“Fund”), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Register 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, or by calling (919) 981-5454.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven- percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$6,253.

### **Other Post-Employment Benefits – Healthcare Benefits**

#### **Plan Description**

According to a County resolution, Lincoln County provides post-retirement health care benefits to retirees of the County who have met the minimum criteria to retire with the Local Government Employees' Retirement System (LGERS) and have at least twenty-five years of creditable service with the County through a single employer defined benefit plan. The County, as of June 30, 2010, 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. The individual cost is currently \$53.92 per month.

Currently, 79 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2010, the County made payments for post-retirement health benefit premiums of \$355,103. The County obtains health care coverage through private insurers, although the plan itself is largely a self-funded plan. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	61	10
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	544	103
<b>Total</b>	<b>605</b>	<b>113</b>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Funding Policy

The County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 12.05% of annual covered payroll. For the current year, the County contributed \$355,103, or 1.5% of annual covered payroll. The County purchases insurance from a private carrier for health care coverage, although the plan itself is largely a self-funded plan. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 14.6% and 70.0% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

### Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

### Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 2,498,300	\$ 343,832	\$ 2,842,132
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contribution	-	-	-
Annual OPEB cost (expense)	2,498,300	343,832	2,842,132
Contributions made	(315,705)	(39,398)	(355,103)
Increase (decrease) in net OPEB obligation	2,182,595	304,434	2,487,029
Net OPEB obligation, beginning of year	2,207,509	312,381	2,519,890
Net OPEB obligation, end of year	\$ 4,390,104	\$ 616,815	\$ 5,006,919

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	\$ 2,842,132	11.3%	\$ 2,519,890
2010	2,842,132	12.5%	5,006,919

#### **Funding Status and Funding Progress**

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$25,534,872. The covered payroll (annual payroll of active employees covered by the plan) was \$23,588,521, and the ratio of the UAAL to the covered payroll was 108.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

As of June 30, 2010, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

#### **Other Employment Benefits**

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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$30,449. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.12% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

#### **Closure and Post-Closure Care Costs – Landfill Facility**

The County's new 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. State and federal 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 thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,190,441 reported as landfill closure and post-closure care liability at June 30, 2010 represents a

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

cumulative amount reported to-date based on the use of landfill capacity in the County's sanitary and C&D landfill sections. The sanitary landfill reported a cumulative amount of \$6,492,159 reported to date based on the use of 71.0 percent of Phase I through III's estimated capacity. The C&D portion reported a cumulative amount of \$698,282 reported to date based on the use of 41.0 percent of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$3,656,571 as the remaining estimated capacity is filled. Of this amount, \$2,651,727 is related to the remaining capacity in the sanitary landfill, and \$1,004,844 is related to the C&D portion. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phase I through III in the year 2020 for the sanitary portion and 2020 for the C&D portion.

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

#### **Deferred/Unearned Revenues**

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2010 is composed of the following elements:

	<b>Deferred Revenues</b>	<b>Unearned Revenues</b>
Prepaid taxes not yet earned (General)	\$ 137,958	\$ 137,958
Taxes receivable, net (General)	1,499,307	-
Other, (General)	60,219	-
Other, (Internal Service)	512,171	512,171
Taxes receivable, net (Special Revenue)	232,555	-
	<hr/>	<hr/>
	<u>\$ 2,442,210</u>	<u>\$ 650,129</u>

#### **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, including floods. 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 insurance coverage equal to replacement cost values of owned property subject to a pool limit of \$250 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$250 million each occurrence subject to the pool

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

retention of aggregate annual losses in excess of \$750,000 per occurrence for property coverage, and single occurrence losses of \$750,000 for workers' compensation, up to \$2.5 million (excess carrier-County Re-Insurance). Safety National, reinsurer, takes the risk for any amount over \$2.5 million per occurrence, unlimited cap. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three years.

The County does not purchase flood insurance coverage through NFIP.

The County has obtained blanket crime coverage of \$250,000 covering all County employees. In addition, the County provides fidelity bonding for the Finance Director in the amount of \$50,000. Furthermore, the Tax Collector, Sheriff, Register of Deeds, and County Manager are bonded in amounts exceeding those required by State statutes.

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 incurred but not reported are considered a current liability and are included in accounts payable of the Health Benefits Fund (the Internal Service Fund).

Changes in the balances of claims liabilities are as follows:

	<b>2009</b>	<b>2010</b>
Unpaid claims, beginning	\$ -	\$ 525,013
Incurred claims	4,582,245	4,985,431
Claim payments	<u>(4,057,232)</u>	<u>(4,798,069)</u>
Unpaid claims, ending	<u><u>\$ 525,013</u></u>	<u><u>\$ 712,375</u></u>

#### **Claims and Judgments**

At June 30, 2010, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

#### **Long-Term Obligations**

##### **General Obligation Indebtedness**

All general obligation bonds serviced by the County's General Fund and the Water and Sewer Fund are collateralized by the full faith, credit and taxing power of the County. East Lincoln County Water and Sewer District issued general obligation bonds to finance the acquisition and construction of a major sewer system. These bonds, which are recorded in the East Lincoln County Water and Sewer District Fund, are collateralized by the full faith, credit and taxing power of the District. Principal and interest requirements are appropriated when due.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

The County's general obligation bonds at June 30, 2010 are comprised of the following individual issues:

#### **Governmental Activities:**

#### **Governmental Funds:**

\$19,500,000 2002 School Building bonds due in annual installments of \$600,000 to \$2,400,000 through June 1, 2020; interest rates from 4.25% to 4.75%; interest payments due June 1 and December 1	\$ 14,700,000
\$9,000,000 2002A School Building bonds due in annual installments of \$400,000 to \$1,050,000 through June 1, 2021; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1	6,200,000
\$5,107,034 2004 School Refunding bonds due in annual installments of \$370,751 to \$996,854 through June 1, 2011; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1	370,751
\$17,000,000 2004 School Building bonds due in annual installments of \$725,000 to \$2,100,000 through June 1, 2023; interest rates from 3.00% to 4.25%; interest payments due June 1 and December 1	13,375,000
\$9,795,000 2005 School Refunding bonds due in annual installments of \$205,000 to \$1,395,000 through June 1, 2018; interest rates from 4.00% to 5.00%; interest payments due June 1 and December 1	8,030,000
\$28,000,000 2005 School Building bonds due in annual installments of \$1,200,000 to \$3,250,000 through June 1, 2024; interest rates from 3.25% to 4.25%; interest payments due June 1 and December 1	23,200,000

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **General Obligation Indebtedness (continued)**

#### **Governmental Activities:**

#### **Governmental Funds:**

\$15,000,000 2008 Schools Building bonds due in annual installments of \$600,000 to \$1,650,000 through June 1, 2027; interest rates from 4.25% to 6.25%; interest payments due June 1 and December 1 (partially refunded in 2009-2010)	4,800,000
\$4,200,000 2008 Public Improvement bonds, due in annual installments of \$200,000 to \$350,000 through June 1, 2027; interest rates from 4.0% to 6.0%; interest payments due June 1 and December 1 (partially refunded in 2009-2010)	1,600,000
\$18,140,000 School & Public Facility Refunding bonds, due in annual installments of \$130,000 to \$2,085,000 through June 1, 2027; interest rates from 2.0% to 3.85%; interest payments due June 1 and December 1	18,070,000
\$8,500,000 School bonds, due in annual installments of \$300,000 to \$1,200,000 through June 1, 2029; interest rates from 2.0% to 4.0%; interest payments due June 1 and December 1	<u>8,500,000</u>
Total serviced by governmental activities	<u>\$ 98,845,751</u>

# LINCOLN COUNTY, NORTH CAROLINA

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

## **General Obligation Indebtedness (continued)**

## Business-Type Activities:

## Proprietary Funds:

## Water and Sewer Fund:

\$1,590,000 2003A Water Refunding bonds due in annual installments of \$65,000 to \$220,000 through June 1, 2012; interest rates from 2.00% to 3.25%; interest payments due June 1 and December 1 \$ 235,000

\$5,292,966 2004 Water Refunding bonds due in annual installments of \$384,249 to \$1,033,146 through June 1, 2011; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1 384,249

## **East Lincoln County Water and Sewer District:**

\$1,600,000 1998 Sanitary Sewer bonds due in annual installments of \$25,000 to \$150,000 through June 1, 2019; interest rates from 4.60% to 4.75%; interest payments due June 1 and December 1 775,000

\$5,520,000 2004 Sanitary Sewer Refunding bonds due in annual installments of \$75,000 to \$540,000 through June 1, 2017; interest rates from 2.00% to 3.40%; interest payments due June 1 and December 1 3,020,000

Total serviced by business-type activities 4,414,249

Total general obligation bonds \$ 103,260,000

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **General Obligation Indebtedness (continued)**

Annual debt service requirements to maturity for the County's and the District's general obligation bonds are as follows:

#### **Governmental Activities:**

##### **Governmental Funds:**

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 6,415,751	\$ 4,072,665	\$ 10,488,416
2012	6,430,000	3,846,173	10,276,173
2013	6,405,000	3,613,673	10,018,673
2014	6,405,000	3,368,648	9,773,648
2015	6,425,000	3,099,123	9,524,123
2016-2020	32,025,000	11,379,365	43,404,365
2021-2025	27,635,000	4,466,284	32,101,284
2026-2027	<u>7,105,000</u>	<u>522,471</u>	<u>7,627,471</u>
Total	<u><u>98,845,751</u></u>	<u><u>34,368,402</u></u>	<u><u>133,214,153</u></u>

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

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

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 554,249	\$ 23,008	\$ 577,257
2012	65,000	2,113	67,113
2013	-	-	-
Total	<u><u>619,249</u></u>	<u><u>25,121</u></u>	<u><u>644,370</u></u>

##### **East Lincoln County Water and Sewer District:**

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 565,000	\$ 130,158	\$ 695,158
2012	555,000	113,320	668,320
2013	540,000	95,358	635,358
2014	530,000	76,683	606,683
2015	520,000	58,333	578,333
2016-2020	<u>1,085,000</u>	<u>74,859</u>	<u>1,159,859</u>
Total	<u><u>3,795,000</u></u>	<u><u>548,711</u></u>	<u><u>4,343,711</u></u>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **Bond Refunding**

On February 9, 2010, the County issued Series 2010 General Obligation Refunding Bonds. As a result, the refunded bonds are considered to be defeased and the corresponding liability has been removed from the governmental activities column of the Statement of Net Assets. The par amount of the bonds equaled \$18,140,000 plus a net premium of \$199,833 for total bond proceeds of \$18,339,833. The par amount exceeded the net carrying amount of the old debt by \$1,930,000. The true interest cost of the refunding bonds is approximately 3.57%. The net present value of the savings realized by the County is approximately \$664,944. Installments are due annually through June 1, 2027, with interest payments due on June 1 and December 1. The Series 2010 General Obligation Refunding Bonds extinguished the following debt:

\$3,000,000 School Building Bonds, Series 1998  
\$8,510,000 School Refunding Bonds, Series 1999

The Series 2010 General Obligation Refunding Bonds partially refunded the following debt:

\$4,200,000 Public Improvement Bonds, Series 2008  
\$15,000,000 School Bonds, Series 2008

#### **\$5,000,000 State Clean Water Loan**

In August 1995, the East Lincoln County Water and Sewer District entered into a loan agreement with the State of North Carolina Department of Environment, Health and Natural Resources. The District was approved for a loan of \$5,000,000 from the Clean Water Direct Bond Loan Program which financed the cost of construction of wastewater sewers, pump stations, force mains and a wastewater treatment facility. The loan calls for 20 annual installments of \$250,000 due on May 1 with interest payments due May 1 and November 1. The loan is being carried in the East Lincoln County Water and Sewer District Fund. The balance of the loan at June 30, 2010 is \$1,750,000.

State Clean Water Direct Bond Loan debt service requirements to maturity are as follows:

#### **Business-Type Activities: East Lincoln Water and Sewer District**

<b>Year Ended</b>				
<b>June 30</b>		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$	250,000	\$ 60,025	\$ 310,025
2012		250,000	51,450	301,450
2013		250,000	42,875	292,875
2014		250,000	34,300	284,300
2015		250,000	25,725	275,725
2016-2017		500,000	25,725	525,725
Total	\$	1,750,000	\$ 240,100	\$ 1,990,100

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Installment Purchases**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchases. Installment purchase contracts at June 30, 2010 are comprised of the following individual agreements:

#### **Governmental Activities:**

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

\$600,000 2001 contract for construction of economic development sewer line due in semi-annual installments of \$30,000 plus interest at 4.69% through May 11, 2011	\$ 60,000
\$12,199,719 2003 Certificates of Participation (COPS) issued to refund installment purchase contracts for jail, social services, and library buildings as well as \$2,700,000 additional funds for school construction; due in annual installments from \$164,552 to \$1,215,858 through May 15, 2018; interest rates from 2.00% to 4.50%; interest payments due November 15 and May 15	3,176,773
\$2,000,000 2005 Qualified Zone Academy installment purchase contract for school building improvements due September 15, 2021. The contract requires fifteen annual sinking fund installments of \$104,315 to be invested. If investment earnings do not result as projected, the County will pay the amount required for the total funds to equal \$2,000,000 on September 15, 2021	2,000,000
\$19,645,000 2006 Certificates of Participation (COPS) issued to construct a new middle school; due in annual installments from \$980,000 to \$985,000 through June 1, 2027; interest rates from 4.00% to 5.00%; interest payments due December 1 and June 1	16,690,000
\$109,002 2007 contract for EMS equipment, due in five annual installment payments of \$24,055, including interest at 4.85% through September 1, 2011	44,764
\$1,650,000 2008 State Revolving Loan issued for water source protection and passive park; due in annual installments of \$82,500 through May 1, 2028; interest at 1.00%; interest payments due November 1 and May 1	1,485,000
\$140,000 2009 contract for law enforcement vehicles due in monthly installments of \$4,093 including interest at 3.35% through January 2012	75,639

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Governmental Activities (continued)

\$1,387,000 contract for law enforcement vehicles, EMS vehicles and radio equipment due in semi-annual installments from \$225,370 to \$237,042 through June 2013 1,387,000

Total governmental activities 24,919,176

### Business-Type Activities:

#### Water and Sewer Fund:

\$1,145,281 2003 Certificates of Participation (COPS) issued to refund installment purchase contract for water plant sludge de-watering project; due in annual installments from \$15,448 to \$128,732 through May 15, 2018; interest rates from 2.00% to 4.50%; interest payments due November 15 and May 15 298,228

\$387,438 Federal Revolving Loan issued for water system improvements; due in annual installments of \$22,790 through May 1, 2022; interest at 2.66%; interest payments due November 1 and May 1 273,486

\$520,430 Federal Revolving Loan issued for water system improvements; due in annual installments of \$30,614 through May 1, 2022; interest at 2.66%; interest payments due November 1 and May 1 367,362

\$2,295,067 Federal Revolving Loan issued for water system improvements; due in annual installments of \$135,004 through May 1, 2024; interest at 2.66%; interest payments due November 1 and May 1 1,890,055

\$17,003,504 Federal Revolving Loan issued for sewer system improvements; total loan amount will be \$17,500,000; due in annual installments of \$850,175 through May 1, 2030; interest at 2.48%; interest payments due November 1 and May 1 17,003,504

#### Landfill Fund:

\$430,000 contract for landfill equipment, due in monthly installments of \$7,891 including interest at 3.225% through January 2014 320,035

Total business-type activities 20,152,670

Total installment purchase contracts \$ 45,071,846

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The future minimum payments as of June 30, 2010 for the installment purchase contracts are as follows:

**Governmental Activities:**

**Governmental Funds:**

<b>Year Ending</b> <b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 2,554,711	\$ 963,645	\$ 3,518,356
2012	2,001,550	870,825	2,872,375
2013	1,959,724	794,625	2,754,349
2014	1,478,881	721,797	2,200,678
2015	1,478,881	661,014	2,139,895
2016-2020	5,925,429	2,418,834	8,344,263
2021-2025	7,312,500	1,141,950	8,454,450
2026-2028	2,207,500	137,250	2,344,750
Total	<u><u>\$ 24,919,176</u></u>	<u><u>\$ 7,709,940</u></u>	<u><u>\$ 32,629,116</u></u>

**Business-Type Activities:**

**Water and Sewer Fund:**

<b>Year Ending</b> <b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 1,123,545	\$ 500,652	\$ 1,624,197
2012	1,078,060	471,159	1,549,219
2013	1,078,060	443,630	1,521,690
2014	1,077,202	416,073	1,493,275
2015	1,077,202	388,512	1,465,714
2016-2020	5,249,985	1,535,977	6,785,962
2021-2025	4,897,699	883,544	5,781,243
2026-2030	4,250,882	316,265	4,567,147
Total	<u><u>\$ 19,832,635</u></u>	<u><u>\$ 4,955,812</u></u>	<u><u>\$ 24,788,447</u></u>

**Landfill Fund:**

<b>Year Ending</b> <b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 85,629	\$ 9,063	\$ 94,692
2012	88,432	6,260	94,692
2013	91,326	3,365	94,691
2014	54,648	589	55,237
	<u><u>\$ 320,035</u></u>	<u><u>\$ 19,277</u></u>	<u><u>\$ 339,312</u></u>
Total business-type activities	<u><u>\$ 20,152,670</u></u>	<u><u>\$ 4,975,089</u></u>	<u><u>\$ 25,127,759</u></u>
Total installment purchase contracts	<u><u>\$ 45,071,846</u></u>	<u><u>\$ 12,685,029</u></u>	<u><u>\$ 57,756,875</u></u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

A summary of changes in long-term obligations follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 94,466,234	\$ 26,640,000	\$ 22,260,483	\$ 98,845,751	\$ 6,415,751
Installment purchases	26,252,404	1,387,000	2,720,228	24,919,176	2,554,711
Unfunded pension obligation	403,082	117,022	68,494	451,610	-
Other post-employment benefits	2,207,509	2,498,300	315,705	4,390,104	-
Compensated absences	1,540,964	942,685	952,706	1,530,943	153,000
<b>Total</b>	<b><u>\$124,870,193</u></b>	<b><u>\$31,585,007</u></b>	<b><u>\$ 26,317,616</u></b>	<b><u>\$ 130,137,584</u></b>	<b><u>\$ 9,123,462</u></b>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 5,563,766	\$ -	\$ 1,149,517	\$ 4,414,249	\$ 1,119,249
State Bond loan	2,000,000	-	250,000	1,750,000	250,000
Installment purchases	3,549,219	17,003,504	400,053	20,152,670	1,209,174
Compensated absences	163,902	78,097	82,136	159,863	15,900
Other post-employment benefits	312,381	343,832	39,398	616,815	-
Accrued landfill closure/ post-closure care costs	7,190,441	-	-	7,190,441	-
<b>Total</b>	<b><u>\$ 18,779,709</u></b>	<b><u>\$ 17,425,433</u></b>	<b><u>\$ 1,921,104</u></b>	<b><u>\$ 34,284,038</u></b>	<b><u>\$ 2,594,323</u></b>

Compensated absences, pension obligation, and other post-employment benefits liability for governmental activities typically have been liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2010, Lincoln County had a legal debt margin of \$566,993,713.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

The County's net assets invested in capital assets, net of related debt, for governmental activities at June 30, 2010 is calculated as follows:

Land and construction in progress	\$ 8,861,725
Other capital assets, net	<u>22,120,040</u>
Total governmental capital assets	<u>30,981,765</u>
 Less non-school related debt:	
\$600,000 2001 sewer line - economic development	60,000
2003 COPs (22% schools, 78% non-school related)	2,477,883
\$1,387,000 vehicles and equipment	1,387,000
\$109,002 2007 EMS equipment	44,764
\$1,650,000 revolving loan	1,485,000
\$140,000 2009 law enforcement vehicles	<u>75,639</u>
Total non-school related debt	<u>5,530,286</u>
Invested in capital assets, net of related debt	<u>\$ 25,451,479</u>

For business-type activities (Exhibit G), there is not an amount reported for invested in capital assets, net of related debt for the East Lincoln County Water and Sewer District Fund since there are no capital assets reported in this fund. The capital assets of this fund were previously transferred to the Water and Sewer Fund but the debt continues to be reported in the East Lincoln County Water and Sewer District Fund. Therefore, the debt of the East Lincoln County Water and Sewer District Fund is used in the calculation of invested in capital assets, net of related debt in the government-wide statement of net assets (Exhibit A).

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### C. Interfund Balances and Activity

	<u>Receivable</u>	<u>Payable</u>
<b>Due To/Due From:</b>		
General Fund	\$ 641,128	\$ -
Internal Service Fund (Health Benefits Fund)	-	1,085
Enterprise (Water and Sewer) Fund	-	332,835
Enterprise (Landfill) Fund	-	307,208
Special Revenue (Capital Reserve) Fund	443,119	-
Special Revenue Fund (Emergency Telephone)	7,620	-
Internal Service Fund	52,182	-
Enterprise (Water and Sewer) Fund	29,576	-
Enterprise (Landfill) Fund	16,650	-
General Fund	- 549,147	549,147
Enterprise (Landfill) Fund	- 1,480	1,480
Enterprise (Water and Sewer) Fund	<u>1,480</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 1,191,755</u></b>	<b><u>\$ 1,191,755</u></b>

Amounts were primarily due to the allocation of activity between the governmental and business-type activities and resources utilized for capital outlay from the capital reserve funds.

	<b>Transfers</b>		
	<b>From</b>	<b>To</b>	<b>Purpose</b>
<b>Transfers From / To Other Funds:</b>			
Special Revenue (Capital Reserve) Fund	\$ 4,935,859	\$ -	- Debt service transfer
Special Revenue (Emergency Telephone) Fund	186,994	- To company with change in law	
General Fund	- 5,122,853	-	
General Fund	4,237,228	-	
Special Revenue (Capital Reserve) Fund	- 2,787,918	Local option sales tax transfer	
Capital Project (Schools) Fund	- 625,000	Resources for construction	
Capital Project (General Capital) Fund	- 824,310	Resources for construction	
School Capital Projects Fund	91,823	- Payment on bond interest	
Special Revenue (Capital Reserve) Fund	- 91,823	-	
<b>Total transfers - interfund</b>	<b><u>\$ 9,451,904</u></b>	<b><u>\$ 9,451,904</u></b>	

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **3. Summary Disclosure of Significant Contingencies**

#### **Federal and State-Assisted Programs**

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. Based on prior experience, management believes such disallowances, if any, will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### **4. Related Organization**

#### **Carolinas Medical Center - Lincoln**

Carolinas Medical Center – Lincoln, is a 101-bed general and acute care hospital owned and operated by the Charlotte-Mecklenburg Hospital Authority (“CMHA”). The hospital’s new 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 seventeen-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.

The former hospital facility that is being vacated will revert to Lincoln County on September 1, 2010, as per our agreement. All debt that was associated with this former facility has been retired. The County is looking at using this property for possible County office space.

### **5. Joint Venture**

The County, in conjunction with Gaston and Cleveland Counties, participates in the Gaston/Lincoln/Cleveland Mental Health, Development Disabilities, and Substance Abuse Authority (dba Pathways). Pathways is governed by a 16-member board of directors (5 from Gaston County, 5 from Lincoln County, and 6 from Cleveland County). The board of commissioners of each county appoints one of its own members to the Authority’s board. Each of those board members in turn appoints the additional members of the Pathways’ board and these appointees, in consultation with the other commissioners, appoint the balance of the members from his/her respective county. Pathways 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 three county area. Pathways receives the majority of its financial support through State and Federal 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, 2010 provided \$359,589 in support of Pathways’ services. Additionally, the County remitted \$12,672 to Pathways from alcohol rehabilitation tax. The County does not have an equity interest in Pathways; therefore, no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for Pathways may be obtained from Pathways’ administrative offices at 901 South New Hope Road, Gastonia, N.C. 28054.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **6. Jointly Governed Organization**

The County, in conjunction with seven other counties and fifty municipalities, established the Centralina Council of Governments (the “Council”). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council’s governing board. The County paid membership fees of \$18,194 to the Council during the fiscal year ended June 30, 2010.

The County’s Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$138,800 for operations for the year ended June 30, 2010.

The County’s Board of Commissioners appoints one of the Lake Norman Commission Board of Directors. The County provided funding of \$25,500 for the year ended June 30, 2010.

The County’s Board of Commissioners appoints one of the Mountain Island Lake Commission Board of Directors. The County provided funding of \$2,000 for the year ended June 30, 2010.

### **7. Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the financial statements because they are not revenues and expenditures of the County.

	<b>Federal</b>	<b>State</b>
Supplemental Nutrition Assistance	\$ 15,185,691	\$ -
Medical Assistance	56,719,055	19,494,515
Temporary Assistance to Needy Families	334,665	-
Child Care TANF	211,718	-
Low Income Energy Assistance	401,926	-
State/County Domiciliary Care	-	522,993
Special Supplemental Food Program for Women, Infants, and Children	1,026,391	-
IV-E Foster Care	103,628	21,019
IV-E Adoption Subsidy	339,661	69,205
CWS Adoption Subsidy	-	282,433
State Foster Home	-	56,123
<b>Totals</b>	<b><u>\$ 74,322,735</u></b>	<b><u>\$ 20,446,288</u></b>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **8. Stewardship, Compliance, and Accountability**

##### **Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2010, expenditures exceeded the authorized appropriations made by the governing board as follows:

Emergency Telephone System Fund – transfers out \$186,994

##### **Corrective Action Plan:**

Management will more closely monitor budget to ensure that expenditures do not exceed authorized appropriations made by the governing board.

##### **Deficit Fund Balance or Net Assets of Individual Funds**

The following fund had deficit net assets at June 30, 2010:

East Lincoln County Water and Sewer Fund - \$4,514,627

##### **Corrective Action Plan:**

Deficit will be eliminated with future revenues and payment of long-term debt. The fund is generating sufficient revenues to service debt. Operations were consolidated with the County Water and Sewer Fund effective July 1, 2007.

## LINCOLN COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial</b>		<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll ((B-A)/C)</b>
	<b>Actuarial Value of Assets (A)</b>	<b>Accrued Liability (AAL) - Projected Unit Credit (B)</b>				
12/31/2004	\$ -	\$ 588,436	\$ 588,436	0.00%	\$ 2,478,805	23.74%
12/31/2005	-	608,490	608,490	0.00%	2,811,077	21.65%
12/31/2006	-	715,478	715,478	0.00%	3,085,211	23.19%
12/31/2007	-	757,181	757,181	0.00%	3,484,225	21.73%
12/31/2008	-	869,632	869,632	0.00%	4,058,323	21.43%
12/31/2009	-	1,118,030	1,118,030	0.00%	4,130,756	27.07%

**Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Annual Required Contribution (ARC)</b>		<b>Percentage of ARC Contributed</b>	<b>Net Pension Obligation End of Year</b>
	<b>Year Ended June 30</b>	<b>Annual Required Contribution (ARC)</b>		
2005	\$ 71,493	39.48%	\$ 340,256	
2006	78,612	62.22%	369,959	
2007	79,636	91.25%	376,927	
2008	90,610	90.64%	385,404	
2009	95,604	85.26%	403,082	
2010	113,191	60.51%	451,610	

**Notes to the Required Schedules:**

The information presented in the supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/08
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value

**Actuarial Assumptions:**

Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

## LINCOLN COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll ( C )	UAAL as a % of Covered Payroll ((B-A)/C)
	Actuarial Value of Assets (A)	Accrued Liability (AAL) - Projected Unit Credit (B)				
12/31/2008	\$ -	\$ 25,534,872	\$ 25,534,872	0.00%	\$ 23,588,521	108.3%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Percentage Contributed
2009	\$ 2,842,132	11.34%
2010	2,842,132	12.49%

**Notes to the Required Schedules:**

The information presented above was determined as part of the actuarial valuation at the dates indicated.

Additional information as of the latest valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2016
*Includes inflation at	3.75%

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Ad Valorem Taxes</b>	\$ 47,619,808	\$ 48,971,870	\$ 1,352,062	\$ 47,858,134
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	5,412,030	4,504,631	(907,399)	5,176,512
Article 40 one-half of one percent	3,541,883	3,328,627	(213,256)	3,494,270
Article 42 one-half of one percent	2,818,197	2,783,171	(35,026)	3,466,986
Article 44 one-half of one percent	250,000	296,736	46,736	1,662,783
Medicaid hold harmless	-	-	-	2,587
<b>Total</b>	<b>12,022,110</b>	<b>10,913,165</b>	<b>(1,108,945)</b>	<b>13,803,138</b>
<b>Other Taxes and Licenses:</b>				
Real estate transfer tax	500,000	531,807	31,807	514,599
Local occupancy tax & car rental tax	69,000	73,416	4,416	66,118
Utility franchise tax	315,000	273,740	(41,260)	321,802
<b>Total</b>	<b>884,000</b>	<b>878,963</b>	<b>(5,037)</b>	<b>902,519</b>
<b>Unrestricted Intergovernmental Revenues:</b>				
Beer and wine tax	106,000	102,843	(3,157)	290,692
Tax refunds - sales and gasoline	175,000	191,969	16,969	166,299
<b>Total</b>	<b>281,000</b>	<b>294,812</b>	<b>13,812</b>	<b>456,991</b>
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	11,316,515	9,727,410	(1,589,105)	9,823,473
Court facilities fees	160,000	123,726	(36,274)	147,462
ABC revenue	48,000	42,732	(5,268)	51,448
<b>Total</b>	<b>11,524,515</b>	<b>9,893,868</b>	<b>(1,630,647)</b>	<b>10,022,383</b>
<b>Permits and Fees:</b>				
Inspection Department	1,053,750	732,235	(321,515)	841,711
Sheriff Department	131,000	156,757	25,757	191,931
Soil and Water conservation	13,300	7,350	(5,950)	10,800
Emergency management	7,000	5,650	(1,350)	8,992
Register of Deeds	399,900	378,711	(21,189)	406,683
<b>Total</b>	<b>1,604,950</b>	<b>1,280,703</b>	<b>(324,247)</b>	<b>1,460,117</b>
<b>Sales and Services:</b>				
Rents, concessions, and fees	1,051,924	1,225,813	173,889	1,387,298
Ambulance fees	2,890,250	2,967,130	76,880	3,046,148
Animal control	70,900	82,089	11,189	67,120
Jail fees	104,200	125,648	21,448	158,267
Social Services	3,420,131	2,095,922	(1,324,209)	1,772,054
Health department	1,487,314	1,263,769	(223,545)	1,248,700

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
Collection fees - special tax districts and City of Lincolnton	233,124	234,740	1,616
Soil and water conservation	18,400	21,000	2,600
<b>Total</b>	<b>9,276,243</b>	<b>8,016,111</b>	<b>(1,260,132)</b>
<b>Investment Earnings</b>	<b>400,000</b>	<b>72,967</b>	<b>(327,033)</b>
<b>Miscellaneous:</b>			
Sale of property	30,000	40,699	10,699
Contributions	7,850	57,986	50,136
Other	790,548	702,307	(88,241)
<b>Total</b>	<b>828,398</b>	<b>800,992</b>	<b>(27,406)</b>
<b>Total revenues</b>	<b>84,441,024</b>	<b>81,123,451</b>	<b>(3,317,573)</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits	97,651	97,779	(128)
Other operating expenditures	113,744	100,101	13,643
<b>Total</b>	<b>211,395</b>	<b>197,880</b>	<b>13,515</b>
<b>Administration and Finance:</b>			
Salaries and employee benefits	932,479	897,038	35,441
Other operating expenditures	184,584	161,867	22,717
Overhead allocated to other funds	(212,061)	(197,347)	14,714
<b>Total</b>	<b>905,002</b>	<b>861,558</b>	<b>72,872</b>
<b>Data Processing:</b>			
Salaries and employee benefits	392,459	391,848	611
Other operating expenditures	161,786	138,414	23,372
<b>Total</b>	<b>554,245</b>	<b>530,262</b>	<b>23,983</b>
<b>Elections:</b>			
Salaries and employee benefits	342,255	266,579	75,676
Special compensation	16,510	9,550	6,960
Other operating expenditures	142,846	171,766	(28,920)
<b>Total</b>	<b>501,611</b>	<b>447,895</b>	<b>53,716</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Taxes:</b>				
Salaries and employee benefits	577,531	577,794	(263)	551,785
Other operating expenditures	308,165	261,045	47,120	320,644
Tax mapping	497,663	419,352	78,311	403,358
Tax revaluation	531,109	480,306	50,803	427,454
<b>Total</b>	<b>1,914,468</b>	<b>1,738,497</b>	<b>175,971</b>	<b>1,703,241</b>
<b>Legal:</b>				
Other operating expenditures	180,125	152,284	27,841	160,408
<b>Total</b>	<b>180,125</b>	<b>152,284</b>	<b>27,841</b>	<b>160,408</b>
<b>Register of Deeds:</b>				
Salaries and employee benefits	443,278	427,858	15,420	401,822
Other operating expenditures	471,217	367,400	103,817	402,368
Capital outlay	7,000	6,271	729	5,949
<b>Total</b>	<b>921,495</b>	<b>801,529</b>	<b>119,966</b>	<b>810,139</b>
<b>Central Services:</b>				
Salaries and employee benefits	350,000	315,706	34,294	290,923
Other operating expenditures	53,770	46,173	7,597	97,133
<b>Total</b>	<b>403,770</b>	<b>361,879</b>	<b>41,891</b>	<b>388,056</b>
<b>Public Buildings:</b>				
Salaries and employee benefits	520,745	506,667	14,078	614,835
Other operating expenditures	875,806	739,912	135,894	721,429
<b>Total</b>	<b>1,396,551</b>	<b>1,246,579</b>	<b>149,972</b>	<b>1,336,264</b>
<b>Court Facilities:</b>				
Other operating expenditures	43,155	27,803	15,352	37,356
<b>Total</b>	<b>43,155</b>	<b>27,803</b>	<b>15,352</b>	<b>37,356</b>
<b>Special Grants:</b>				
Mass transit	42,835	42,835	-	47,718
Forestry program	57,190	51,968	5,222	46,441
National Guard	3,000	3,000	-	3,000
Lake Norman Marine Commission	25,500	25,500	-	25,500
Lake Norman RPO	2,922	-	2,922	-
Regional Council of Government	19,965	18,194	1,771	19,965
West/East Lincoln Rescue Squads	121,950	105,001	16,949	150,073
Miscellaneous grants	117,000	30,700	86,300	107,000
Airport Authority	88,970	88,970	-	77,141
Arts Council	8,500	8,500	-	8,500
Mainstreet Program	12,000	12,000	-	12,000

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDEULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
Cultural Development Center	33,650	33,650	-
Chamber of Commerce	17,500	17,500	-
Mountain Island Commission	2,000	2,000	-
Total	552,982	439,818	113,164
<b>Total general government</b>	<b>7,584,799</b>	<b>6,805,984</b>	<b>808,243</b>
<b>Public Safety:</b>			
<b>Sheriff Department:</b>			
Salaries and employee benefits	6,867,853	6,749,525	118,328
Other operating expenditures	1,295,119	1,198,507	96,612
Capital outlay	8,510	-	8,510
Total	8,171,482	7,948,032	223,450
<b>Jail:</b>			
Salaries and employee benefits	2,102,593	1,927,167	175,426
Other operating expenditures	919,705	833,427	86,278
Total	3,022,298	2,760,594	261,704
<b>Communications:</b>			
Salaries and employee benefits	1,049,282	960,743	88,539
Other operating expenditures	368,789	200,135	168,654
Total	1,418,071	1,160,878	257,193
<b>Emergency Management:</b>			
Salaries and employee benefits	237,018	204,970	32,048
Other operating expenditures	301,483	245,000	56,483
Capital outlay	51,260	59,554	(8,294)
Total	589,761	509,524	80,237
<b>Ambulance Services:</b>			
Salaries and employee benefits	4,065,157	3,663,877	401,280
Other operating expenditures	1,074,249	1,069,599	4,650
Total	5,139,406	4,733,476	405,930
<b>Fire:</b>			
Fire Marshall	-	3,390	(3,390)
Salaries and employee benefits	-	451	(451)
Other operating expenditures	-	3,841	(3,841)

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Assistance to local volunteer fire departments</b>	<u>112,100</u>	<u>103,052</u>	<u>9,048</u>	<u>93,435</u>
<b>Planning and Inspections:</b>				
Salaries and employee benefits	1,192,344	1,117,910	74,434	1,217,842
Other operating expenditures	213,852	164,604	49,248	307,992
Capital outlay	<u>2,851</u>	<u>-</u>	<u>2,851</u>	<u>-</u>
Total	<u>1,409,047</u>	<u>1,282,514</u>	<u>126,533</u>	<u>1,525,834</u>
<b>Medical Examiner:</b>				
Contracted services	<u>39,800</u>	<u>33,618</u>	<u>6,182</u>	<u>39,256</u>
Total	<u>39,800</u>	<u>33,618</u>	<u>6,182</u>	<u>39,256</u>
<b>Animal Control:</b>				
Salaries and employee benefits	451,484	438,691	12,793	399,929
Other operating expenditures	231,973	212,449	19,524	167,068
Total	<u>683,457</u>	<u>651,140</u>	<u>32,317</u>	<u>566,997</u>
<b>Total public safety</b>	<u>20,585,422</u>	<u>19,186,669</u>	<u>1,398,753</u>	<u>18,646,331</u>
<b>Economic and Physical Development:</b>				
<b>Cooperative Extension:</b>				
Salaries and employee benefits	54,121	51,904	2,217	51,249
Other operating expenditures	35,441	27,645	7,796	24,751
Contracted services	<u>193,400</u>	<u>190,018</u>	<u>3,382</u>	<u>172,995</u>
Total	<u>282,962</u>	<u>269,567</u>	<u>13,395</u>	<u>248,995</u>
<b>Economic Development Commission/Projects:</b>				
Other operating expenditures	<u>1,605,247</u>	<u>1,605,082</u>	<u>165</u>	<u>1,653,894</u>
Total	<u>1,605,247</u>	<u>1,605,082</u>	<u>165</u>	<u>1,653,894</u>
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits	215,708	206,651	9,057	208,860
Other operating expenditures	<u>58,283</u>	<u>34,126</u>	<u>24,157</u>	<u>88,377</u>
Total	<u>273,991</u>	<u>240,777</u>	<u>33,214</u>	<u>312,237</u>
<b>Community Development Block Grant:</b>				
Contracted services-CDBG grant	<u>22,000</u>	<u>25,698</u>	<u>(3,698)</u>	<u>345,700</u>
Total	<u>22,000</u>	<u>25,698</u>	<u>(3,698)</u>	<u>345,700</u>
<b>Total economic and physical development</b>	<u>2,184,200</u>	<u>2,141,124</u>	<u>43,076</u>	<u>2,560,826</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, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	712,261	692,922	19,339	575,547
Special compensation	1,280	1,280	-	960
Other operating expenditures	175,209	161,502	13,707	148,291
Total	888,750	855,704	33,046	724,798
<b>Immunization:</b>				
Salaries and employee benefits	55,450	55,260	190	53,071
Other operating expenditures	68,886	32,781	36,105	34,732
Total	124,336	88,041	36,295	87,803
<b>Adult Health:</b>				
Salaries and employee benefits	108,764	108,661	103	103,443
Other operating expenditures	3,875	2,243	1,632	757
Total	112,639	110,904	1,735	104,200
<b>BCCP-Health:</b>				
Salaries and employee benefits	-	-	-	8,699
Other operating expenditures	29,717	36,793	(7,076)	38,646
Total	29,717	36,793	(7,076)	47,345
<b>Wise Woman:</b>				
Salaries and employee benefits	-	-	-	8,698
Total	-	-	-	8,698
<b>Communicable Disease:</b>				
Salaries and employee benefits	53,048	27,924	25,124	50,810
Other operating expenditures	9,285	4,876	4,409	5,108
Total	62,333	32,800	29,533	55,918
<b>Lab:</b>				
Salaries and employee benefits	96,730	95,707	1,023	92,998
Other operating expenditures	117,949	88,198	29,751	88,958
Total	214,679	183,905	30,774	181,956
<b>Teen Tobacco Use Prevention:</b>				
Salaries and employee benefits	49,443	45,580	3,863	-
Other operating expenditures	44,047	26,812	17,235	703
Total	93,490	72,392	21,098	703

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Healthy Carolinians II:</b>				
Other operating expenditures	10,000	8,810	1,190	1,129
Total	10,000	8,810	1,190	1,129
<b>Family Planning:</b>				
Salaries and employee benefits	95,065	94,541	524	90,772
Other operating expenditures	68,543	59,257	9,286	72,003
Total	163,608	153,798	9,810	162,775
<b>Maternal Health:</b>				
Salaries and employee benefits	171,806	161,245	10,561	173,357
Other operating expenditures	22,364	18,522	3,842	18,034
Total	194,170	179,767	14,403	191,391
<b>Child Health:</b>				
Salaries and employee benefits	110,758	111,134	(376)	76,974
Other operating expenditures	14,945	8,771	6,174	8,044
Total	125,703	119,905	5,798	85,018
<b>Home Health Services:</b>				
Salaries and employee benefits	811,618	711,324	100,294	705,562
Contracted services	218,427	208,854	9,573	210,583
Other operating expenditures	214,436	177,983	36,453	190,634
Total	1,244,481	1,098,161	146,320	1,106,779
<b>Weight Wise:</b>				
Salaries and employee benefits	6,630	-	6,630	-
Operating expenditures	3,900	1,049	2,851	135
Total	10,530	1,049	9,481	135
<b>Healthy Carolinians:</b>				
Other operating expenditures	-	-	-	899
Total	-	-	-	899
<b>Maternal Care Coordination:</b>				
Salaries and employee benefits	155,605	155,989	(384)	147,948
Other operating expenditures	7,295	6,715	580	4,344
Total	162,900	162,704	196	152,292

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Child Service Coordination:</b>			
Salaries and employee benefits	139,823	105,194	34,629
Other operating expenditures	8,927	8,223	704
Total	148,750	113,417	35,333
<b>School Health:</b>			
Salaries and employee benefits	419,115	410,465	8,650
Other operating expenditures	34,445	33,395	1,050
Total	453,560	443,860	9,700
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits	229,772	213,635	16,137
Other operating expenditures	37,991	31,410	6,581
Total	267,763	245,045	22,718
<b>Day Care Grant:</b>			
Salaries and employee benefits	50,515	27,923	22,592
Other operating expenditures	5,350	1,858	3,492
Total	55,865	29,781	26,084
<b>Nutrition:</b>			
Salaries and employee benefits	89,312	82,861	6,451
Other operating expenditures	500	-	500
Total	89,812	82,861	6,951
<b>Environmental Health:</b>			
Salaries and employee benefits	536,734	529,358	7,376
Other operating expenditures	78,588	71,657	6,931
Capital outlay	3,762	4,106	(344)
Total	619,084	605,121	13,963
<b>Health Promotion:</b>			
Salaries and employee benefits	49,448	49,148	300
Other operating expenditures	8,335	6,139	2,196
Total	57,783	55,287	2,496
<b>Bioterrorism:</b>			
Salaries and employee benefits	55,617	54,957	660
Other operating expenditures	123,157	34,071	89,086
Total	178,774	89,028	89,746

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Contracted Services:</b>				
Salaries and employee benefits	509,582	492,987	16,595	476,957
Other operating expenditures	57,714	29,901	27,813	32,697
Total	567,296	522,888	44,408	509,654
<b>Other Health Programs:</b>				
Susan Komen	49,571	9,358	40,213	-
Total	49,571	9,358	40,213	-
<b>Total health</b>	<b>5,925,594</b>	<b>5,301,379</b>	<b>624,215</b>	<b>5,089,206</b>
<b>Mental Health:</b>				
Gaston-Lincoln Area program	373,589	372,262	1,327	373,120
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	784,491	750,213	34,278	746,587
Special compensation	1,200	1,060	140	840
Other operating expenditures	283,436	270,225	13,211	251,578
Capital outlay	37,356	36,141	1,215	-
Total	1,106,483	1,057,639	48,844	999,005
<b>Subsidized Employment Program:</b>				
Salaries and employee benefits	10,710	-	10,710	-
Other operating expenditures	218,870	123,273	95,597	-
Total	229,580	123,273	106,307	-
<b>Children's Services:</b>				
Salaries and employee benefits	2,215,061	2,114,607	100,454	2,050,581
Foster care	1,163,534	669,325	494,209	846,358
Other operating expenditures	189,878	122,992	66,886	72,891
Total	3,568,473	2,906,924	661,549	2,969,830
<b>Adolescent Parenting:</b>				
Salaries and employee benefits	53,423	41,042	12,381	51,732
Other operating expenditures	5,425	2,139	3,286	4,989
Total	58,848	43,181	15,667	56,721
<b>Adult Services:</b>				
Salaries and employee benefits	654,914	624,059	30,855	566,083
Long term care, SD	536,492	522,993	13,499	554,734
Other operating expenditures	19,400	19,195	205	15,930
Total	1,210,806	1,166,247	44,559	1,136,747

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>State In-Home Care:</b>			
Special compensation	9,249	2,840	6,409
Total	9,249	2,840	6,409
<b>Office on Aging - HCCBG:</b>			
Special contracted services	216,380	213,497	2,883
Total	216,380	213,497	2,883
<b>Child Support Enforcement:</b>			
Salaries and employee benefits	483,904	483,382	522
Other operating expenditures	18,900	15,223	3,677
Total	502,804	498,605	4,199
<b>CAP - Children:</b>			
Special contracted services	28,303	-	28,303
Total	28,303	-	28,303
<b>CAP - Disabled Adults:</b>			
Special contracted services	2,770,892	1,446,196	1,324,696
Other operating expenditures	101,275	96,803	4,472
Total	2,872,167	1,542,999	1,329,168
<b>TANF Program:</b>			
Salaries and employee benefits	425,540	369,157	56,383
Client travel reimbursement	5,000	2,716	2,284
Other operating expenditures	61,333	17,695	43,638
Total	491,873	389,568	102,305
<b>Title XIX Program - Family &amp; Children:</b>			
Salaries and employee benefits	449,966	429,220	20,746
TANF emergency assistance	34,230	16,158	18,072
Other operating expenditures	8,450	7,652	798
Total	492,646	453,030	39,616
<b>Title XIX Program - Adult:</b>			
Salaries and employee benefits	492,098	448,027	44,071
Client transportation	425,000	352,898	72,102
Medicaid, SD	-	2,125	(2,125)
Other operating expenditures	8,525	7,344	1,181
Total	925,623	810,394	115,229

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDEULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Food Stamp Program - Issuance:</b>				
Salaries and employee benefits	519,623	510,835	8,788	444,168
Other operating expenditures	278,345	270,629	7,716	190,032
Total	797,968	781,464	16,504	634,200
<b>Food Stamp Program - Fraud:</b>				
Special contracted services	43,768	44,234	(466)	41,702
Other operating expenditures	488	170	318	162
Total	44,256	44,404	(148)	41,864
<b>Emergency Assistance:</b>				
Other operating expenditures	19,503	28,008	(8,505)	-
Total	19,503	28,008	(8,505)	-
<b>Total social services</b>	<b>12,574,962</b>	<b>10,062,073</b>	<b>2,512,889</b>	<b>10,966,868</b>
<b>Assistance Programs:</b>				
Blind	11,780	11,679	101	7,582
Day care program	2,464,802	1,876,753	588,049	1,968,050
Communities in schools	55,000	55,000	-	55,000
Gaston skills	65,775	65,775	-	59,480
Total	2,597,357	2,009,207	588,150	2,090,112
<b>Veterans Service Office:</b>				
Special contracted services	79,874	79,664	210	76,725
Other operating expenditures	28,558	25,959	2,599	20,063
Total	108,432	105,623	2,809	96,788
<b>JCP Administration:</b>				
Other operating expenditures	12,515	10,960	1,555	10,028
Total	12,515	10,960	1,555	10,028
<b>JCP - Gang (ARRA):</b>				
Other operating expenditures	49,215	49,215	-	-
Total	49,215	49,215	-	-
<b>JCP Pathways MH/SA:</b>				
Other operating expenditures	7,500	7,500	-	7,282

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDEULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>JCP - Communities In Schools:</b>				
Other operating expenditures	28,069	28,069	-	27,255
<b>JCP - Savy Shepherd:</b>				
Other operating expenditures	25,420	25,420	-	-
Total	25,420	25,420	-	-
<b>JCP Mediation</b>				
	25,616	25,616	-	15,268
<b>JCP Shepherd - Take Hold of Reins</b>				
	19,546	19,546	-	17,971
<b>Shepherd - Trail Success Equine:</b>				
Other operating expenditures	52,169	45,861	6,308	24,545
Total	52,169	45,861	6,308	24,545
<b>Gaston Family Health Services</b>				
Other operating expenditures	10,000	10,000	-	-
Total	10,000	10,000	-	-
<b>Senior Services:</b>				
Salaries and employee benefits	248,993	248,308	685	215,643
Other operating expenditures	290,144	283,704	6,440	237,200
Total	539,137	532,012	7,125	452,843
<b>Transportation TLC:</b>				
Salaries and employee benefits	644,081	605,701	38,380	529,359
Other operating expenditures	289,746	276,497	13,249	232,306
Capital outlay	32,720	-	32,720	-
Total	966,547	882,198	84,349	761,665
<b>Total human services</b>	23,315,668	19,486,941	3,828,727	19,932,951
<b>Cultural and Recreational:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	683,084	559,899	123,185	486,834
Contracted services	12,000	2,745	9,255	7,670
Other operating expenditures	372,270	235,295	136,975	291,512
Total	1,067,354	797,939	269,415	786,016

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Recreation - Building &amp; Grounds:</b>				
Salaries and employee benefits	214,030	210,067	3,963	82,638
Other operating expenditures	65,370	58,337	7,033	20,469
<b>Total</b>	<b>279,400</b>	<b>268,404</b>	<b>10,996</b>	<b>103,107</b>
<b>Library:</b>				
Salaries and employee benefits	671,404	630,037	41,367	580,920
Other operating expenditures	260,098	233,302	26,796	216,797
Capital outlay	40,512	16,214	24,298	14,482
<b>Total</b>	<b>972,014</b>	<b>879,553</b>	<b>92,461</b>	<b>812,199</b>
<b>Battle of Ramsour Mill:</b>				
Operating expenses	7,350	7,720	(370)	8,123
<b>Historical Properties:</b>				
Other operating expenditures	5,346	4,649	697	3,698
<b>Historical Association</b>	<b>33,000</b>	<b>33,000</b>	<b>-</b>	<b>64,430</b>
<b>Historical Coordinator:</b>				
Salaries and employee benefits	-	-	-	43,351
Other operating expenditures	352	-	352	7,182
<b>Total</b>	<b>352</b>	<b>-</b>	<b>352</b>	<b>50,533</b>
<b>Total cultural and recreational</b>	<b>2,364,816</b>	<b>1,991,265</b>	<b>373,551</b>	<b>1,828,106</b>
<b>Education:</b>				
Public schools - current expense	17,044,729	17,044,729	-	16,189,429
Public schools - capital outlay	1,237,711	1,237,711	-	1,418,011
Community college - current expense	138,800	138,800	-	135,406
<b>Total education</b>	<b>18,421,240</b>	<b>18,421,240</b>	<b>-</b>	<b>17,742,846</b>
<b>Debt Service:</b>				
Principal retirement	9,094,706	8,770,711	323,995	7,872,139
Interest and fees	5,659,730	5,408,907	250,823	5,258,614
<b>Total debt service</b>	<b>14,754,436</b>	<b>14,179,618</b>	<b>574,818</b>	<b>13,130,753</b>
<b>Total expenditures</b>	<b>89,210,581</b>	<b>82,212,841</b>	<b>7,027,168</b>	<b>80,522,629</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010		2009	
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues over (under) expenditures</b>	<b>(4,769,557)</b>	<b>(1,089,390)</b>	<b>3,680,167</b>	<b>3,071,489</b>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	18,140,000	18,140,000	-	-
Advance payments to refunding trustee	(18,284,623)	(18,284,623)	-	-
Premium received from issuance of long-term debt	199,833	199,833	-	-
Transfers out	(4,297,644)	(4,237,228)	60,416	(5,308,678)
Transfers in	4,935,859	5,122,853	186,994	6,141,716
Fund balance appropriated	4,076,132	-	(4,076,132)	-
<b>Total other financing sources (uses)</b>	<b>4,769,557</b>	<b>940,835</b>	<b>(3,828,722)</b>	<b>833,038</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(148,555)</b>	<b>\$ (148,555)</b>	<b>3,904,527</b>
<b>Fund Balance:</b>				
Beginning of year, July 1		20,328,507		16,423,980
End of year, June 30	\$ 20,179,952		\$ 20,328,507	

## LINCOLN COUNTY, NORTH CAROLINA

## CAPITAL PROJECT FUND

## GENERAL CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Prior Years	Current Year	Actual Total to Date
<b>Revenues:</b>				
Restricted intergovernmental				
Federal and State grants	\$ 3,331,242	\$ 1,939,424	\$ 1,391,818	\$ 3,331,242
Investment earnings	352,104	344,500	7,604	352,104
Contributions and donations	641,660	683,370	30,790	714,160
Miscellaneous	149,582	269,397	21,773	291,170
Total revenues	4,474,588	3,236,691	1,451,985	4,688,676
<b>Expenditures:</b>				
Capital outlay				
Land and buildings	9,379,962	5,735,923	1,011,559	6,747,482
Data processing	307,647	-	471,457	471,457
Water/Sewer lines	771,856	-	-	-
Other improvements	317,605	-	59,605	59,605
Contracted services	-	-	77,078	77,078
Other equipment	2,755,151	881,057	1,681,163	2,562,220
Total expenditures	13,532,221	6,616,980	3,300,862	9,917,842
<b>Revenues over (under) expenditures</b>	<b>(9,057,633)</b>	<b>(3,380,289)</b>	<b>(1,848,877)</b>	<b>(5,229,166)</b>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	6,011,384	5,086,267	1,387,000	6,473,267
Premium received from issuance of long-term debt	-	5,282	-	5,282
Transfer to General Fund	(21,300)	(21,300)	-	(21,300)
Transfer from General Fund	3,067,549	2,243,237	824,310	3,067,547
Total other financing sources (uses)	9,057,633	7,313,486	2,211,310	9,524,796
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 3,933,197</b>	<b>362,433</b>	<b>\$ 4,295,630</b>
<b>Fund Balance:</b>				
Beginning of year, July 1				<u>3,933,197</u>
End of year, June 30				<u>\$ 4,295,630</u>

## LINCOLN COUNTY, NORTH CAROLINA

## CAPITAL PROJECT FUND

## SCHOOL CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual			
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ 196,875	\$ 366,489	\$ 13,243	\$ 379,732
Total revenues	<u>196,875</u>	<u>366,489</u>	<u>13,243</u>	<u>379,732</u>
<b>Expenditures:</b>				
Education	28,018,995	9,996,811	11,817,123	21,813,934
<b>Revenues over (under) expenditures</b>	<u>(27,822,120)</u>	<u>(9,630,322)</u>	<u>(11,803,880)</u>	<u>(21,434,202)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	30,177,839	21,748,504	8,500,000	30,248,504
Bond premium	-	-	4,498	4,498
Fund balance appropriated	100,000	-	-	-
Transfers out	(3,080,719)	(2,980,719)	(91,823)	(3,072,542)
Transfer from General Fund	625,000	-	625,000	625,000
Total other financing sources (uses)	<u>27,822,120</u>	<u>18,767,785</u>	<u>9,037,675</u>	<u>27,805,460</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 9,137,463</u>	<u>(2,766,205)</u>	<u>\$ 6,371,258</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			9,137,463	
End of year, June 30			<u>\$ 6,371,258</u>	

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**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Capital Reserve Fund</b>	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,794,038	\$ 72,267	\$ 32,584
Taxes receivable, net	-	232,555	-
Accounts receivable, net	-	-	-
Due from other governments	-	-	581
Due from other funds	443,119	-	-
Total assets	<u>\$ 6,237,157</u>	<u>\$ 304,822</u>	<u>\$ 33,165</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and other accrued liabilities	\$ -	\$ 72,267	\$ 360
Deferred revenue	-	232,555	-
Total liabilities	<u>-</u>	<u>304,822</u>	<u>360</u>
<b>Fund Balances:</b>			
Reserved:			
State statute	443,119	-	581
Undesignated	5,794,038	-	32,224
Total fund balances	<u>6,237,157</u>	<u>-</u>	<u>32,805</u>
Total liabilities and fund balances	<u>\$ 6,237,157</u>	<u>\$ 304,822</u>	<u>\$ 33,165</u>

**Schedule C-1**

<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 27,115	\$ 530,898	\$ 6,456,902
-	-	232,555
-	47,724	47,724
-	-	581
-	7,620	450,739
<b><u>\$ 27,115</u></b>	<b><u>\$ 586,242</u></b>	<b><u>\$ 7,188,501</u></b>
\$ -	\$ -	\$ 72,627
-	-	232,555
<b><u>-</u></b>	<b><u>-</u></b>	<b><u>305,182</u></b>
-	55,344	499,044
<b><u>27,115</u></b>	<b><u>530,898</u></b>	<b><u>6,384,275</u></b>
<b><u>27,115</u></b>	<b><u>586,242</u></b>	<b><u>6,883,319</u></b>
<b><u>\$ 27,115</u></b>	<b><u>\$ 586,242</u></b>	<b><u>\$ 7,188,501</u></b>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Capital Reserve Fund</b>	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ 5,683,587	\$ -
Other taxes and licenses	-	-	-
Restricted intergovernmental revenue	1,821,162	-	28,802
Miscellaneous	-	-	-
Investment earnings	12,684	-	56
Total revenues	<u>1,833,846</u>	<u>5,683,587</u>	<u>28,858</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	5,683,587	22,414
Total expenditures	<u>-</u>	<u>5,683,587</u>	<u>22,414</u>
<b>Revenues over (under) expenditures</b>	<u>1,833,846</u>	<u>-</u>	<u>6,444</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	(4,935,859)	-	-
Transfers in	2,879,741	-	-
Total other financing sources (uses)	<u>(2,056,118)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(222,272)</b>	<b>-</b>	<b>6,444</b>
<b>Fund Balances:</b>			
Beginning of year, July 1	<u>6,459,429</u>	<u>-</u>	<u>26,361</u>
End of year, June 30	<u>\$ 6,237,157</u>	<u>\$ -</u>	<u>\$ 32,805</u>

**Schedule C-2**

<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 5,683,587
-	572,685	572,685
-	-	1,849,964
26,919	-	26,919
<u>16</u>	<u>1,079</u>	<u>13,835</u>
<u>26,935</u>	<u>573,764</u>	<u>8,146,990</u>
<u>10,625</u>	<u>308,539</u>	<u>6,025,165</u>
<u>10,625</u>	<u>308,539</u>	<u>6,025,165</u>
<u>16,310</u>	<u>265,225</u>	<u>2,121,825</u>
-	(186,994)	(5,122,853)
<u>-</u>	<u>-</u>	<u>2,879,741</u>
<u>-</u>	<u>(186,994)</u>	<u>(2,243,112)</u>
16,310	78,231	(121,287)
<u>10,805</u>	<u>508,011</u>	<u>7,004,606</u>
<u>\$ 27,115</u>	<u>\$ 586,242</u>	<u>\$ 6,883,319</u>

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010		2009	
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Restricted Intergovernmental:</b>				
Public School Building Capital Fund	\$ -	\$ -	\$ -	\$ 455,225
Lottery proceeds	1,428,892	1,821,162	392,270	879,025
Investment earnings	110,000	12,684	(97,316)	85,639
Total revenues	<u>1,538,892</u>	<u>1,833,846</u>	<u>294,954</u>	<u>1,419,889</u>
<b>Expenditures:</b>				
Contingency	<u>153,851</u>	<u>-</u>	<u>153,851</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<b><u>1,385,041</u></b>	<b><u>1,833,846</u></b>	<b><u>448,805</u></b>	<b><u>1,419,889</u></b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(4,935,859)	(4,935,859)	-	(4,551,615)
Transfers in	2,907,334	2,879,741	(27,593)	5,060,942
Appropriated fund balance	<u>643,484</u>	<u>-</u>	<u>(643,484)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,385,041)</u>	<u>(2,056,118)</u>	<u>(671,077)</u>	<u>509,327</u>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(222,272)</b>	<b>\$ (222,272)</b>	<b>1,929,216</b>
<b>Fund Balance:</b>				
Beginning of year, July 1		<u>6,459,429</u>		<u>4,530,213</u>
End of year, June 30		<u>\$ 6,237,157</u>		<u>\$ 6,459,429</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, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010		2009	
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 5,750,343	\$ 5,683,587	\$ (66,756)	\$ 5,447,933
<b>Expenditures:</b>				
Alexis Fire District	369,270	365,538	3,732	348,861
Boger City Fire District	506,138	502,801	3,337	497,924
Crouse Fire District	107,685	106,433	1,252	103,542
Denver Fire District	1,865,614	1,839,868	25,746	1,821,154
East Lincoln Fire District	1,326,984	1,319,214	7,770	1,273,625
High Shoals Fire District	100	4	96	-
Howard's Creek Fire District	240,154	238,629	1,525	160,728
North 321 Fire District	228,761	225,756	3,005	213,865
North Brook Fire District	204,547	201,618	2,929	198,763
Pumpkin Center Fire District	462,551	456,711	5,840	435,601
South Fork Fire District	244,997	235,218	9,779	208,353
Union Fire District	193,542	191,797	1,745	185,517
Total expenditures	<u>5,750,343</u>	<u>5,683,587</u>	<u>66,756</u>	<u>5,447,933</u>
<b>Net change in fund balance</b>	\$ _____ -	-	\$ _____ -	-
<b>Fund Balance:</b>				
Beginning of year, July 1				
End of year, June 30	\$ _____ -		\$ _____ -	

## 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, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>		<b>Actual</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 25,163	\$ 28,802	\$ 3,639	\$ 21,914	
Investment earnings	-	56	56	691	
Total revenues	<u>25,163</u>	<u>28,858</u>	<u>3,695</u>	<u>22,605</u>	
<b>Expenditures:</b>					
Public safety	25,163	22,414	2,749	45,626	
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>6,444</b>	<b>\$ 6,444</b>		<b>(23,021)</b>
<b>Fund Balance:</b>					
Beginning of year, July 1		<u>26,361</u>			<u>49,382</u>
End of year, June 30	<u>\$ 32,805</u>				<u>\$ 26,361</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, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>		<b>Actual</b>
<b>Revenues:</b>					
Investment earnings	\$ 200	\$ 16	\$ (184)	\$ 421	
Miscellaneous	26,900	26,919	19	-	
Total revenues	27,100	26,935	(165)	421	
<b>Expenditures:</b>					
Public safety	57,910	10,625	47,285	23,994	
<b>Revenues over (under) expenditures</b>	<b>(30,810)</b>	<b>16,310</b>	<b>47,120</b>	<b>(23,573)</b>	
<b>Other Financing Sources (Uses):</b>					
Appropriated fund balance	30,810	-	(30,810)	-	
Total other financing sources (uses)	30,810	-	(30,810)	-	
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>16,310</b>	<b>\$ 16,310</b>	<b>(23,573)</b>	
<b>Fund Balance:</b>					
Beginning of year, July 1		10,805		34,378	
End of year, June 30	\$ 27,115		\$ 10,805		

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010		Variance Over/Under	2009		
	Budget	Actual		Actual		
<b>Revenues:</b>						
<b>Other Taxes and Licenses:</b>						
911 system subscriber fees	\$ 722,500	\$ 572,685	\$ (149,815)	\$ 680,661		
<b>Restricted Intergovernmental:</b>						
Investment earnings	8,000	1,079	(6,921)	11,255		
Total revenues	<u>730,500</u>	<u>573,764</u>	<u>(156,736)</u>	<u>691,916</u>		
<b>Expenditures:</b>						
<b>Public Safety:</b>						
Other operating expenditures	517,560	140,160	377,400	78,688		
Telephone	184,740	168,379	16,361	171,962		
Capital outlay	28,200	-	28,200	-		
Total expenditures	<u>730,500</u>	<u>308,539</u>	<u>421,961</u>	<u>250,650</u>		
<b>Revenues over (under) expenditures</b>		<u>265,225</u>	<u>265,225</u>	<u>441,266</u>		
<b>Other Financing Sources (Uses):</b>						
Transfers in (out)	-	(186,994)	186,994	(394,811)		
Total other financing sources (uses)	<u>-</u>	<u>(186,994)</u>	<u>186,994</u>	<u>(394,811)</u>		
<b>Net change in fund balance</b>	\$ <u>-</u>	<u>78,231</u>	<u>\$ 78,231</u>	<u>46,455</u>		
<b>Fund Balance:</b>						
Beginning of year, July 1		<u>508,011</u>		<u>461,556</u>		
End of year, June 30	\$ <u>586,242</u>			\$ <u>508,011</u>		

## LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - LANDFILL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010		2009	
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Solid waste charges/tipping fees	\$ 540,000	\$ 572,472	\$ 32,472	\$ 449,739
Other	101,354	9,500	(91,854)	5,077
Total operating revenues	<u>641,354</u>	<u>581,972</u>	<u>(59,382)</u>	<u>454,816</u>
<b>Non-Operating Revenues:</b>				
Availability fees	2,341,342	2,291,581	(49,761)	2,259,409
White goods disposal tax	26,000	-	(26,000)	12,821
Tire disposal tax	80,766	82,408	1,642	77,048
Sales and use tax refunds	46,283	39,055	(7,228)	46,283
Solid waste disposal tax	53,340	52,989	(351)	34,096
Federal and State grants	-	18,148	18,148	10,419
Miscellaneous	(40)	(39,148)	(39,108)	146,028
Investment earnings	10,500	11,552	1,052	101,854
Total non-operating revenues	<u>2,558,191</u>	<u>2,456,585</u>	<u>(101,606)</u>	<u>2,687,958</u>
Total revenues	<u>3,199,545</u>	<u>3,038,557</u>	<u>(160,988)</u>	<u>3,142,774</u>
<b>Expenditures:</b>				
<b>Landfill Operations:</b>				
Salaries and employee benefits	1,757,483	1,735,737	21,746	1,681,641
Other operating costs	1,264,291	1,334,102	(69,811)	1,258,051
Capital outlay	588,711	496,831	91,880	1,243,601
<b>Debt Service:</b>				
Principal	82,916	82,915	1	27,050
Interest	12,777	11,777	1,000	4,514
Total expenditures	<u>3,706,178</u>	<u>3,661,362</u>	<u>44,816</u>	<u>4,214,857</u>
Revenues over (under) expenditures	<u>(506,633)</u>	<u>(622,805)</u>	<u>(116,172)</u>	<u>(1,072,083)</u>

## LINCOLN COUNTY, NORTH CAROLINA

## ENTERPRISE FUND - LANDFILL FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010		2009	
	Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	-	-	430,000
Appropriated fund balance	506,633	-	(506,633)	-
Total other financing sources (uses)	506,633	-	(506,633)	430,000
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>(622,805)</b>	<b>\$ (622,805)</b>	<b>(642,083)</b>

Reconciliation of Budgetary Basis  
(Modified Accrual) to Full Accrual Basis:

## Reconciling Items:

Debt principal	82,915	27,050
Long-term debt issued	-	(430,000)
Capital outlay added to capital assets	302,933	1,033,405
Depreciation	(1,207,583)	(438,204)
(Increase) decrease in other post-employment benefits	(150,218)	(149,973)
(Increase) decrease in landfill closure and and post-closure costs	-	(2,183,770)
Total reconciling items	(971,953)	(2,141,492)
Change in net assets	\$ (1,594,758)	\$ (2,783,575)

**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, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Water and sewer charges/fees	\$ 7,096,000	\$ 6,874,092	\$ (221,908)	\$ 7,403,742
Water and sewer taps	43,500	53,464	9,964	137,383
Other operating revenues	17,000	23,926	6,926	22,958
Total operating revenues	<u>7,156,500</u>	<u>6,951,482</u>	<u>(205,018)</u>	<u>7,564,083</u>
<b>Non-Operating Revenues:</b>				
Sales and use tax refunds	50,000	42,194	(7,806)	51,089
Investment income	15,000	16,326	1,326	125,102
Total non-operating revenues	<u>65,000</u>	<u>58,520</u>	<u>(6,480)</u>	<u>176,191</u>
Total revenues	<u>7,221,500</u>	<u>7,010,002</u>	<u>(211,498)</u>	<u>7,740,274</u>
<b>Expenditures:</b>				
<b>Water System:</b>				
Salaries and employee benefits	760,638	765,893	(5,255)	726,781
Other operating costs	919,122	769,560	149,562	1,038,764
Capital outlay	-	14,824	(14,824)	7,606
Total water system	<u>1,679,760</u>	<u>1,550,277</u>	<u>129,483</u>	<u>1,773,151</u>
<b>Sewer System:</b>				
Salaries and employee benefits	827,391	781,629	45,762	849,090
Other operating costs	1,236,095	1,201,951	34,144	1,092,759
Capital outlay	-	-	-	41,368
Total sewer system	<u>2,063,486</u>	<u>1,983,580</u>	<u>79,906</u>	<u>1,983,217</u>
<b>Water Treatment Plant:</b>				
Salaries and employee benefits	495,643	480,094	15,549	463,612
Other operating costs	408,750	394,662	14,088	445,960
Total water treatment plant	<u>904,393</u>	<u>874,756</u>	<u>29,637</u>	<u>909,572</u>
<b>Indian Creek Pumping Station:</b>				
Other operating costs	10,950	9,942	1,008	7,023
Total Indian Creek pumping station	<u>10,950</u>	<u>9,942</u>	<u>1,008</u>	<u>7,023</u>
<b>Debt Service:</b>				
Principal	891,658	891,655	3	1,056,084
Interest	397,366	216,416	180,950	259,700
Total debt service	<u>1,289,024</u>	<u>1,108,071</u>	<u>180,953</u>	<u>1,315,784</u>
Total expenditures	<u>5,947,613</u>	<u>5,526,626</u>	<u>420,987</u>	<u>5,988,747</u>
<b>Revenues over (under) expenditures</b>	<b>1,273,887</b>	<b>1,483,376</b>	<b>209,489</b>	<b>1,751,527</b>

**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, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>2009</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	1,327,212	-	(1,327,212)	-
Transfers in (out)	(2,300,000)	(2,300,000)	-	(3,649,826)
Contingency	(301,099)	-	301,099	-
Total other financing sources (uses)	(1,273,887)	(2,300,000)	(1,026,113)	(3,649,826)
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ _____ -</b>	<b>(816,624)</b>	<b>\$ (816,624)</b>	<b>(1,898,299)</b>
<b>Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:</b>				
<b>Reconciling Items:</b>				
Debt principal	891,655			1,056,084
Capital outlay capitalized	14,824			48,974
Water and Sewer Capital Fund activity	2,306,776			1,532,648
Water and Sewer Capital Fund expenses not capitalized	(22,058)			-
Capital contributions	505,880			2,953,588
Depreciation	(2,043,431)			(2,038,517)
(Increase) decrease in other post-employment benefits	(154,216)			(162,408)
Change in accrued interest	(67,027)			4,260
Amortization of bond premium (to interest expense)	-			58,299
Total reconciling items	<u>1,432,403</u>			<u>3,452,928</u>
Change in net assets	<b>\$ 615,779</b>			<b>\$ 1,554,629</b>

## 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, 2010**

			<b>Actual</b>		
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 458,992	\$ 6,776	\$ 465,768	
Miscellaneous	-	173,044	-	173,044	
Total revenues	-	632,036	6,776	638,812	
<b>Expenditures:</b>					
Capital outlay	29,086,607	8,723,192	17,792,766	26,515,958	
Total expenditures	29,086,607	8,723,192	17,792,766	26,515,958	
<b>Revenues over (under) expenditures</b>	<b>(29,086,607)</b>	<b>(8,091,156)</b>	<b>(17,785,990)</b>	<b>(25,877,146)</b>	
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	17,500,000	1,628,546	17,003,504	18,632,050	
Transfers in (out)	11,586,607	6,310,333	2,300,000	8,610,333	
Total other financing sources (uses)	29,086,607	7,938,879	19,303,504	27,242,383	
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (152,277)</b>	<b>\$ 1,517,514</b>	<b>\$ 1,365,237</b>	

## LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - EAST LINCOLN COUNTY  
WATER AND SEWER DISTRICT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>		<b>Variance</b>	<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Non-Operating Revenues:</b>				
Ad valorem taxes	\$ 530,050	\$ 472,991	\$ (57,059)	\$ 557,775
Investment earnings	48,506	3,270	(45,236)	14,148
Total non-operating revenues	<u>578,556</u>	<u>476,261</u>	<u>(102,295)</u>	<u>571,923</u>
Total revenues	<u>578,556</u>	<u>476,261</u>	<u>(102,295)</u>	<u>571,923</u>
<b>Expenditures:</b>				
Other operating costs	1,200	2,938	(1,738)	2,938
<b>Debt Service:</b>				
Principal	825,000	825,000	-	835,000
Interest	215,020	212,252	2,768	237,119
Total expenditures	<u>1,041,220</u>	<u>1,040,190</u>	<u>1,030</u>	<u>1,075,057</u>
<b>Revenues over (under) expenditures</b>	<u>(462,664)</u>	<u>(563,929)</u>	<u>(101,265)</u>	<u>(503,134)</u>
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	462,664	-	(462,664)	-
Transfers in (out)	-	-	-	1,773,295
Total other financing sources (uses)	<u>462,664</u>	<u>-</u>	<u>(462,664)</u>	<u>1,773,295</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ (563,929)</u>	<u>\$ (563,929)</u>	<u>\$ 1,270,161</u>
<b>Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:</b>				
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>		\$ (563,929)		\$ 1,270,161
<b>Reconciling Items:</b>				
Debt principal		825,000		835,000
Total reconciling items		<u>825,000</u>		<u>835,000</u>
Change in net assets	\$ 261,071			\$ 2,105,161

## LINCOLN COUNTY, NORTH CAROLINA

## INTERNAL SERVICE FUND

## HEALTH BENEFITS FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## FINANCIAL PLAN AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010		2009	
	Financial Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Contributions from employer	\$ 4,700,510	\$ 4,753,779	\$ 53,269	\$ 4,553,615
Contributions from employees	894,530	1,097,427	202,897	591,874
Flex account	200,000	125,284	(74,716)	129,753
Workers' compensation premiums	<u>1,150,000</u>	<u>651,304</u>	<u>(498,696)</u>	<u>1,140,854</u>
Total operating revenues	<u>6,945,040</u>	<u>6,627,794</u>	<u>(317,246)</u>	<u>6,416,096</u>
<b>Operating Expenditures:</b>				
Health and consultant fees	804,574	640,781	163,793	638,551
Health and workers' compensation claims	5,950,000	5,607,698	342,302	5,498,593
Reserve	96,466	-	96,466	-
Flex account	<u>100,000</u>	<u>90,000</u>	<u>10,000</u>	<u>199,725</u>
Total operating expenditures	<u>6,951,040</u>	<u>6,338,479</u>	<u>612,561</u>	<u>6,336,869</u>
Operating income (loss)	(6,000)	289,315	295,315	79,227
<b>Non-Operating Revenues:</b>				
Investment earnings	<u>6,000</u>	<u>1,982</u>	<u>(4,018)</u>	<u>4,063</u>
<b>Change in net assets - budgetary basis</b>	<b>\$ -</b>	<b>\$ 291,297</b>	<b>\$ 291,297</b>	<b>\$ 83,290</b>

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

## LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2010

	Social Services Fund	Tax Collector Fund	HB 1779 Interest Fund	Inmate Trust Fund	Miscellaneous Fund	Totals
<b>Assets:</b>						
Cash and cash equivalents	\$ 41,714	\$ 90,537	\$ 3,166	\$ 22,429	\$ 249,568	\$ 407,414
Total assets	<u>\$ 41,714</u>	<u>\$ 90,537</u>	<u>\$ 3,166</u>	<u>\$ 22,429</u>	<u>\$ 249,568</u>	<u>\$ 407,414</u>
<b>Liabilities:</b>						
Intergovernmental payable	\$ 41,714	\$ 90,537	\$ 3,166	\$ 22,429	\$ 249,568	\$ 407,414
Total liabilities	<u>\$ 41,714</u>	<u>\$ 90,537</u>	<u>\$ 3,166</u>	<u>\$ 22,429</u>	<u>\$ 249,568</u>	<u>\$ 407,414</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**AGENCY FUNDS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2010</b>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 40,019	\$ 194,424	\$ 192,729	\$ 41,714
Total assets	<u>\$ 40,019</u>	<u>\$ 194,424</u>	<u>\$ 192,729</u>	<u>\$ 41,714</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 40,019	\$ 194,424	\$ 192,729	\$ 41,714
Total liabilities	<u>\$ 40,019</u>	<u>\$ 194,424</u>	<u>\$ 192,729</u>	<u>\$ 41,714</u>
<b>Tax Collector Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 73,507	\$ 4,780,341	\$ 4,763,311	\$ 90,537
Total assets	<u>\$ 73,507</u>	<u>\$ 4,780,341</u>	<u>\$ 4,763,311</u>	<u>\$ 90,537</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 73,507	\$ 4,780,341	\$ 4,763,311	\$ 90,537
Total liabilities	<u>\$ 73,507</u>	<u>\$ 4,780,341</u>	<u>\$ 4,763,311</u>	<u>\$ 90,537</u>
<b>HB 1779 Interest Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,804	\$ 38,153	\$ 37,791	\$ 3,166
Total assets	<u>\$ 2,804</u>	<u>\$ 38,153</u>	<u>\$ 37,791</u>	<u>\$ 3,166</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 2,804	\$ 38,153	\$ 37,791	\$ 3,166
Total liabilities	<u>\$ 2,804</u>	<u>\$ 38,153</u>	<u>\$ 37,791</u>	<u>\$ 3,166</u>
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 21,227	\$ 177,153	\$ 175,951	\$ 22,429
Total assets	<u>\$ 21,227</u>	<u>\$ 177,153</u>	<u>\$ 175,951</u>	<u>\$ 22,429</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 21,227	\$ 177,153	\$ 175,951	\$ 22,429
Total liabilities	<u>\$ 21,227</u>	<u>\$ 177,153</u>	<u>\$ 175,951</u>	<u>\$ 22,429</u>
<b>Miscellaneous Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 224,999	\$ 273,142	\$ 248,573	\$ 249,568
Total assets	<u>\$ 224,999</u>	<u>\$ 273,142</u>	<u>\$ 248,573</u>	<u>\$ 249,568</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 224,999	\$ 273,142	\$ 248,573	\$ 249,568
Total liabilities	<u>\$ 224,999</u>	<u>\$ 273,142</u>	<u>\$ 248,573</u>	<u>\$ 249,568</u>

## LINCOLN COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 362,556	\$ 5,463,213	\$ 5,418,355	\$ 407,414
Total assets	<u>\$ 362,556</u>	<u>\$ 5,463,213</u>	<u>\$ 5,418,355</u>	<u>\$ 407,414</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 362,556	\$ 5,463,213	\$ 5,418,355	\$ 407,414
Total liabilities	<u>\$ 362,556</u>	<u>\$ 5,463,213</u>	<u>\$ 5,418,355</u>	<u>\$ 407,414</u>

## LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2010**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2009</b>		<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2010</b>	
	<b>\$</b>	<b>49,302,000</b>		<b>\$</b>	<b>48,202,295</b>
2009-2010	\$ -	\$ 49,302,000	\$ 48,202,295	\$ 1,099,705	
2008-2009	\$ 1,211,463	\$ -	\$ 880,405	\$ 331,058	
2007-2008	\$ 278,116	\$ -	\$ 89,709	\$ 188,407	
2006-2007	\$ 171,689	\$ -	\$ 39,260	\$ 132,429	
2005-2006	\$ 140,633	\$ -	\$ 24,984	\$ 115,649	
2004-2005	\$ 102,114	\$ -	\$ 14,520	\$ 87,594	
2003-2004	\$ 113,121	\$ -	\$ 9,119	\$ 104,002	
2002-2003	\$ 78,541	\$ -	\$ 6,160	\$ 72,381	
2001-2002	\$ 67,854	\$ -	\$ 3,978	\$ 63,876	
2000-2001	\$ 55,061	\$ -	\$ 2,294	\$ 52,767	
1999-2000	\$ 49,575	\$ -	\$ 44,136	\$ 5,439	
	<b>\$ 2,268,167</b>	<b>\$ 49,302,000</b>	<b>\$ 49,316,860</b>		<b>2,253,307</b>

Less allowance for uncollectible ad valorem taxes receivable:

General Fund (754,000)**Ad Valorem Taxes Receivable, Net**General Fund \$ 1,499,307**Reconciliation of Collections and Credits with Revenues:**Ad valorem taxes - General Fund \$ 48,971,870**Reconciling items:**

Interest and penalties	(328,439)
Discoveries related to prior years	(13,365)
Abatements related to prior years	138,932
2% Discount allowed	548,250
Miscellaneous adjustments	<u>(388)</u>

Total Collections and Credits \$ 49,316,860

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2010

	Total Levy							
	County-Wide		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles				
	Property Valuation	Rate						
<b>Original Levy:</b>								
<b>County Wide:</b>								
Property taxed at current year's rate	\$ 8,580,207,368	\$ 0.570	\$ 48,907,182	\$ 45,477,683	\$ 3,429,499			
Motor vehicles taxed at prior year's rate	63,443	0.610	387	-	387			
Late list penalties	-		70,765	70,765	-			
Total original levy	<u>8,580,270,811</u>		<u>48,978,334</u>	<u>45,548,448</u>	<u>3,429,886</u>			
<b>Discoveries:</b>								
Current year taxes	36,369,123		207,304	181,557	25,747			
Prior year taxes	<u>27,661,531</u>		<u>169,387</u>	<u>168,513</u>	<u>874</u>			
Total discoveries	<u>64,030,654</u>		<u>376,691</u>	<u>350,070</u>	<u>26,621</u>			
<b>Abatements and Discounts</b>	<u>(9,818,464)</u>		<u>(53,025)</u>	<u>740</u>	<u>(53,765)</u>			
Total property valuation	<u>\$ 8,634,483,001</u>							
<b>Net Levy</b>			49,302,000	45,899,258	3,402,742			
<b>Uncollected taxes at June 30, 2010</b>			<u>1,099,705</u>	<u>767,700</u>	<u>332,005</u>			
<b>Current Year's Taxes Collected</b>			<u>\$ 48,202,295</u>	<u>\$ 45,131,558</u>	<u>\$ 3,070,737</u>			
<b>Current Levy Collection Percentage</b>			<u>97.77%</u>	<u>98.33%</u>	<u>90.24%</u>			

**LINCOLN COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	100%
Real property	\$ 7,045,401,707
Personal property	637,110,209
Public service companies	355,024,551
Registered vehicles	<u>596,946,534</u>
<b>Total assessed valuation</b>	<b><u>\$ 8,634,483,001</u></b>
Tax rate per \$100 (2)	0.57
Levy (includes discoveries, releases, and abatements)	<u>\$ 49,302,000</u>
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	<u>\$ 5,745,580</u>

(1) Percentage if 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 levy includes interest and penalties.

**LINCOLN COUNTY, NORTH CAROLINA****ANALYSIS OF CURRENT TAX LEVY  
EAST LINCOLN WATER AND SEWER DISTRICT LEVY  
FOR THE YEAR ENDED JUNE 30, 2010****Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	100%
Real property	\$ 2,579,677,640
Personal property	96,920,851
Public service companies	4,795,591
Registered vehicles	<u>130,387,577</u>
<b>Total Assessed Valuation</b>	<b><u>\$ 2,811,781,659</u></b>
Tax Rate per \$100 (2)	0.0175
Levy (includes discoveries, releases, and abatements)	<u>\$ 497,304</u>

(1) Percentage if 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 levy includes late list penalties.

## Statistical Section

This part of the Lincoln County comprehensive annual financial report presents detail 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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time, tables 1 - 5.	105-111
<b>Revenue Capacity</b> – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes, tables 6 - 8.	112-114
<b>Debt Capacity</b> – These schedules 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, tables 9 - 12.	115-118
<b>Demographic and Economic Information</b> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place to help make comparisons over time and with other governments, tables 13 - 14.	119-120
<b>Operating Information</b> – These schedules 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, tables 15 - 17.	121-126

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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**Schedule 1**  
**Lincoln County**  
**Net Assets by Component,**  
**Last Eight Fiscal Years**  
 (accrual basis of accounting)

	<b>Fiscal Year</b>							
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$ 24,405,655	\$ 17,058,349	\$ 18,771,801	\$ 19,783,230	\$ 19,429,598	\$ 23,939,226	\$ 20,388,761	\$ 25,451,479
Restricted								
Unrestricted	<u>(32,094,771)</u>	<u>(35,499,299)</u>	<u>(36,676,975)</u>	<u>(63,149,458)</u>	<u>(75,109,725)</u>	<u>(76,836,707)</u>	<u>(72,813,944)</u>	<u>(84,710,471)</u>
Total governmental activities net assets	<u>\$ (7,689,116)</u>	<u>\$ (18,440,950)</u>	<u>\$ (17,905,174)</u>	<u>\$ (43,366,228)</u>	<u>\$ (55,680,127)</u>	<u>\$ (52,897,481)</u>	<u>\$ (52,425,183)</u>	<u>\$ (59,258,992)</u>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	\$ 28,193,447	\$ 33,701,064	\$ 36,885,842	\$ 41,920,528	\$ 49,158,040	\$ 54,035,788	\$ 59,892,883	\$ 59,902,755
Unrestricted	<u>5,919,073</u>	<u>10,536,352</u>	<u>12,404,362</u>	<u>9,621,361</u>	<u>11,470,000</u>	<u>11,997,461</u>	<u>7,016,581</u>	<u>6,288,801</u>
Total business-type activities net assets	<u>\$ 34,112,520</u>	<u>\$ 44,237,416</u>	<u>\$ 49,290,204</u>	<u>\$ 51,541,889</u>	<u>\$ 60,628,040</u>	<u>\$ 66,033,249</u>	<u>\$ 66,909,464</u>	<u>\$ 66,191,556</u>
<b>Primary government:</b>								
Invested in capital assets, net of related debt	\$ 52,599,102	\$ 50,759,413	\$ 55,657,643	\$ 61,703,758	\$ 68,587,638	\$ 77,975,014	\$ 80,281,644	\$ 85,354,234
Restricted								
Unrestricted	<u>(26,175,698)</u>	<u>(24,962,947)</u>	<u>(24,272,613)</u>	<u>(53,528,097)</u>	<u>(63,639,725)</u>	<u>(64,839,246)</u>	<u>(65,797,363)</u>	<u>(78,421,670)</u>
Total primary government net assets	<u>\$ 26,423,404</u>	<u>\$ 25,796,466</u>	<u>\$ 31,385,030</u>	<u>\$ 8,175,661</u>	<u>\$ 4,947,913</u>	<u>\$ 13,135,768</u>	<u>\$ 14,484,281</u>	<u>\$ 6,932,564</u>

Note: Accrual-basis financial information for the County government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

**Schedule 2**  
**Lincoln County**  
**Changes in Net Assets,**  
**Last Eight Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>								
Governmental activities:								
General government	\$ 6,099,433	\$ 5,979,916	\$ 7,104,402	\$ 8,021,461	\$ 8,792,178	\$ 7,838,749	\$ 14,596,135	\$ 15,587,341
Public safety	14,144,467	14,518,385	16,173,103	17,514,812	20,408,731	23,430,338	23,753,716	24,480,904
Environmental protection	653,286	671,799	104,494	91,252	-	-	-	-
Economic and physical development	682,364	855,719	1,266,878	1,138,483	1,456,144	1,892,385	3,326,492	2,135,200
Human services	15,623,350	17,349,741	17,870,817	19,037,216	20,527,745	21,226,794	19,029,439	18,392,778
Cultural and recreation	1,372,624	1,450,828	1,584,772	1,614,685	1,607,435	1,691,147	1,882,197	2,004,323
Education	32,732,273	18,665,458	22,437,377	49,001,212	34,525,949	20,859,917	23,989,368	30,238,363
Interest on long term debt	2,756,549	3,373,137	3,340,655	4,047,733	5,045,424	4,907,325	5,258,614	5,408,907
Total governmental activities	74,064,346	62,864,983	69,882,498	100,466,854	92,363,606	81,846,655	91,835,961	98,247,816
Business-type activities:								
Landfill	2,287,674	1,076,654	2,735,135	3,429,851	3,546,096	5,345,843	5,880,066	4,594,260
Water and Sewer	3,161,730	3,017,433	3,166,677	3,547,451	3,651,448	6,526,756	7,437,335	6,864,685
East Lincoln County water and sewer	2,300,153	2,688,491	2,142,314	2,214,001	2,242,434	263,982	240,057	215,190
Total business activities	7,749,557	6,782,578	8,044,126	9,191,303	9,439,978	12,136,581	13,557,458	11,674,135
Total primary government expenses	\$ 81,813,903	\$ 69,647,561	\$ 77,926,624	\$ 109,658,157	\$ 101,803,584	\$ 93,983,236	\$ 105,393,419	\$ 109,921,951
<b>Program Revenues:</b>								
Governmental activities								
Charges for services:								
General government	\$ 1,566,541	\$ 2,732,965	\$ 895,388	\$ 926,068	\$ 1,048,260	\$ 1,114,334	\$ 1,645,146	\$ 1,478,645
Public safety	1,470,655	2,099,257	3,493,321	3,782,402	4,068,481	4,536,817	4,566,789	4,294,060
Economic and physical development	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Human services	2,661,208	3,310,684	4,065,761	3,971,525	4,818,526	3,881,436	3,888,397	4,175,651
Cultural and recreation	773,461	24	127,405	140,744	124,266	2,100	2,950	2,517
Operating grants and contributions:								
General government	419,365	153,133	325,191	877,850	730,421	1,033,216	933,098	884,019
Public safety	248,766	17,385	131,689	508,995	602,610	364,292	393,051	736,783
Economic and physical development	-	-	-	137,198	4,000	4,000	410,726	4,850
Environmental protection	10,000	-	-	-	-	-	-	-
Human services	6,149,978	6,977,362	7,871,944	7,253,373	7,786,889	8,252,407	9,093,058	9,084,230
Education	562	-	691,737	886,900	1,481,317	1,219,535	1,334,250	1,821,162

**Schedule 2**  
**Lincoln County**  
**Changes in Net Assets,**  
**Last Eight Fiscal Years**  
 (accrual basis of accounting)

Page 2 of 3

	<b>Fiscal Year</b>							
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Capital grants and contributions:								
General government	-	23,494	100,838	23,212	-	132,720	993,870	1,444,381
Public safety	145,243	133,950	-	-	-	-	-	-
Economic and physical development	-	504,554	-	-	-	-	-	-
Human services	24,100	-	-	-	162,635	-	-	-
Total governmental activities program revenues	<u>13,469,879</u>	<u>15,952,808</u>	<u>17,703,274</u>	<u>18,508,267</u>	<u>20,827,405</u>	<u>20,540,857</u>	<u>23,261,335</u>	<u>23,926,298</u>
Business-type activities:								
Landfill	606,605	2,736,183	2,793,556	2,711,745	2,818,251	2,926,931	2,994,637	2,987,950
Charge for service - Water and Sewer	5,348,120	4,674,117	5,036,157	5,765,962	7,061,869	9,150,036	7,564,083	6,951,482
Charge for service - East Lincoln Sewer District	2,065,900	1,592,919	2,087,237	2,330,721	3,397,520	-	-	-
Capital grants and contributions - Landfill	-	15,758	-	-	520,895	-	-	-
Capital grants and contributions - Water	-	4,145,790	553,730	686,465	1,114,045	3,449,828	1,973,895	505,880
Capital grants and contributions - Sewer District	-	233,985	477,480	677,198	1,142,295	-	-	-
Total business-type activities program revenues	<u>8,020,625</u>	<u>13,398,752</u>	<u>10,948,160</u>	<u>9,460,346</u>	<u>13,236,624</u>	<u>15,526,795</u>	<u>12,532,615</u>	<u>10,445,312</u>
Total primary government program revenues	<u>\$ 21,490,504</u>	<u>\$ 29,351,560</u>	<u>\$ 28,651,434</u>	<u>\$ 27,968,613</u>	<u>\$ 34,064,029</u>	<u>\$ 36,067,652</u>	<u>\$ 35,793,950</u>	<u>\$ 34,371,610</u>
<b>Net (Expenses)/Revenues:</b>								
Governmental activities	<u>\$ (60,594,467)</u>	<u>\$ (46,912,175)</u>	<u>\$ (52,179,224)</u>	<u>\$ (81,958,587)</u>	<u>\$ (71,536,201)</u>	<u>\$ (61,305,798)</u>	<u>\$ (68,574,625)</u>	<u>\$ (74,321,518)</u>
Business-type activities	<u>271,068</u>	<u>6,616,174</u>	<u>2,904,034</u>	<u>2,950,788</u>	<u>6,614,897</u>	<u>3,390,214</u>	<u>(1,024,843)</u>	<u>(1,228,823)</u>
Total primary government net (expense)/revenue	<u>\$ (60,323,399)</u>	<u>\$ (40,296,001)</u>	<u>\$ (49,275,190)</u>	<u>\$ (79,007,799)</u>	<u>\$ (64,921,304)</u>	<u>\$ (57,915,584)</u>	<u>\$ (69,599,468)</u>	<u>\$ (75,550,341)</u>
<b>General Revenues and Other Changes in Net Assets:</b>								
Governmental activities:								
Property taxes	<u>\$ 30,069,280</u>	<u>\$ 31,778,884</u>	<u>\$ 36,774,263</u>	<u>\$ 38,185,874</u>	<u>\$ 40,282,791</u>	<u>\$ 43,830,954</u>	<u>\$ 53,625,181</u>	<u>\$ 54,718,453</u>
Local option sales tax	<u>9,265,641</u>	<u>11,818,791</u>	<u>13,184,746</u>	<u>14,312,428</u>	<u>15,791,771</u>	<u>16,360,401</u>	<u>13,803,138</u>	<u>10,913,165</u>
Utility franchise tax	<u>168,229</u>	<u>173,696</u>	<u>180,808</u>	<u>186,985</u>	<u>274,422</u>	<u>318,899</u>	<u>321,802</u>	<u>273,740</u>
Real estate transfer tax	<u>534,704</u>	<u>693,074</u>	<u>850,318</u>	<u>1,155,158</u>	<u>1,146,496</u>	<u>1,005,843</u>	<u>514,599</u>	<u>531,807</u>
Other taxes and licenses	<u>1,532,527</u>	<u>421,983</u>	<u>525,573</u>	<u>445,617</u>	<u>476,624</u>	<u>494,670</u>	<u>746,779</u>	<u>646,101</u>
Unrestricted intergovernmental	<u>286,096</u>	<u>378,105</u>	<u>427,161</u>	<u>446,783</u>	<u>462,986</u>	<u>472,872</u>	<u>456,991</u>	<u>294,812</u>
Investment earnings	<u>443,179</u>	<u>165,874</u>	<u>772,131</u>	<u>2,016,573</u>	<u>2,624,428</u>	<u>1,604,805</u>	<u>662,836</u>	<u>109,631</u>
Miscellaneous	<u>248,747</u>	<u>-</u>						
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(251,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gain (loss) on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,837,216)</u>	<u>-</u>	<u>(1,084,403)</u>	<u>-</u>
Total governmental activities:	<u>42,548,403</u>	<u>45,430,407</u>	<u>52,715,000</u>	<u>56,497,534</u>	<u>59,222,302</u>	<u>64,088,444</u>	<u>69,046,923</u>	<u>67,487,709</u>

**Schedule 2**  
**Lincoln County**  
**Changes in Net Assets,**  
**Last Eight Fiscal Years**  
 (accrual basis of accounting)

	<b>Fiscal Year</b>							
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Business-type activities:</b>								
Property taxes	1,529,428	1,604,298	1,806,680	1,547,152	1,701,604	1,302,839	557,775	472,991
Other taxes and licenses	2,051,000	-	-	-	-	-	-	-
Unrestricted intergovernmental	20,068	-	-	-	-	-	-	-
Investment earnings	159,517	113,335	342,074	704,796	769,650	712,156	258,880	37,924
Transfers	-	-	-	251,884	-	-	1,084,403	-
<b>Total business-type activities</b>	<b>3,760,013</b>	<b>1,717,633</b>	<b>2,148,754</b>	<b>2,503,832</b>	<b>2,471,254</b>	<b>2,014,995</b>	<b>1,901,058</b>	<b>510,915</b>
<b>Total primary government</b>	<b>\$ 46,308,416</b>	<b>\$ 47,148,040</b>	<b>\$ 54,863,754</b>	<b>\$ 59,001,366</b>	<b>\$ 61,693,556</b>	<b>\$ 66,103,439</b>	<b>\$ 70,947,981</b>	<b>\$ 67,998,624</b>
<b>Change in Net Assets:</b>								
Governmental activities	\$ (18,046,064)	\$ (1,481,768)	\$ 535,776	\$ (25,461,053)	\$ (12,313,899)	\$ 2,782,646	\$ 472,298	\$ (6,833,809)
Prior period adjustment	-	-	281,085	-	-	-	-	-
Business-type activities	4,031,081	8,333,807	5,052,788	5,454,620	9,086,151	5,405,209	876,215	(717,908)
Prior period adjustment	-	-	(400,000)	(3,202,935)	-	-	-	-
<b>Total primary government</b>	<b>\$ (14,014,983)</b>	<b>\$ 6,852,039</b>	<b>\$ 5,469,649</b>	<b>\$ (23,209,368)</b>	<b>\$ (3,227,748)</b>	<b>\$ 8,187,855</b>	<b>\$ 1,348,513</b>	<b>\$ (7,551,717)</b>

Note: Accrual-basis financial information for the County government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund:</b>								
Reserved for:								
State statute	\$ 7,103,522	\$ 6,207,162	\$ 6,300,551	\$ 6,142,499	\$ 7,325,570	\$ 6,184,221	\$ 4,642,450	\$ 4,923,594
Unreserved								
Undesignated	<u>9,374,194</u>	<u>10,808,036</u>	<u>14,040,465</u>	<u>12,218,849</u>	<u>11,136,446</u>	<u>10,239,759</u>	<u>15,686,057</u>	<u>15,256,358</u>
Total General Fund	\$ <u>16,477,716</u>	\$ <u>17,015,198</u>	\$ <u>20,341,016</u>	\$ <u>18,361,348</u>	\$ <u>18,462,016</u>	\$ <u>16,423,980</u>	\$ <u>20,328,507</u>	\$ <u>20,179,952</u>
<b>All Other Governmental Funds:</b>								
Reserved for:								
State statute	\$ 741,305	\$ 738,349	\$ 472,524	\$ 546,305	\$ 614,753	\$ 625,717	\$ 545,926	\$ 499,044
Unreserved, reported in:								
Capital projects funds	5,591,234	1,422,207	9,473,672	30,550,999	11,406,471	4,431,429	13,070,660	10,666,888
Special revenue funds	<u>868,004</u>	<u>681,614</u>	<u>1,443,006</u>	<u>1,918,943</u>	<u>3,529,121</u>	<u>4,449,812</u>	<u>6,458,680</u>	<u>6,384,275</u>
Total all other governmental funds	\$ <u>7,200,543</u>	\$ <u>2,842,170</u>	\$ <u>11,389,202</u>	\$ <u>33,016,247</u>	\$ <u>15,550,345</u>	\$ <u>9,506,958</u>	\$ <u>20,075,266</u>	\$ <u>17,550,207</u>

Notes: Due to changes in the County's fund structure connected with the implementation of GASB Statement 34, fund balance information is available back to 2003 only.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Ad valorem taxes	\$ 22,710,919	\$ 28,499,531	\$ 29,877,029	\$ 31,720,911	\$ 36,512,355	\$ 38,564,953	\$ 40,273,413	\$ 43,831,868	\$ 53,306,067	\$ 54,655,457
Local option sales taxes	9,098,378	9,381,802	10,344,449	11,818,791	13,184,746	14,312,428	15,791,771	16,360,401	13,803,138	10,913,165
Other taxes and licenses	1,024,660	1,099,793	1,156,652	1,288,753	1,556,699	1,787,760	1,897,542	1,819,412	1,583,180	1,451,648
Unrestricted intergovernmental revenues	1,700,408	1,154,447	286,096	378,105	427,161	446,783	462,986	472,872	456,991	294,812
Restricted intergovernmental revenues	7,667,406	8,104,789	6,998,014	7,720,774	8,887,514	9,334,631	10,005,953	10,005,506	12,071,547	13,135,650
Permits and fees	973,216	1,500,223	1,412,239	1,546,249	1,722,771	1,816,283	2,262,340	2,250,774	1,460,117	1,280,703
Sales, service and rents	4,663,316	5,381,785	5,059,626	6,423,416	6,853,660	7,004,456	7,797,193	7,176,094	7,911,950	8,016,111
Investment earnings	1,241,056	710,526	443,179	165,874	772,131	2,016,573	2,624,428	1,604,805	658,773	107,649
Miscellaneous	836,537	581,516	278,847	262,369	435,690	528,126	903,261	1,007,343	1,102,712	880,474
Total Revenues	49,915,896	56,414,412	55,856,131	61,325,242	70,352,727	75,811,993	82,018,887	84,529,075	92,354,475	90,735,669
<b>Expenditures:</b>										
General Government	4,664,414	4,831,980	5,420,276	5,587,042	6,689,600	7,180,315	7,115,181	6,973,330	6,680,816	6,805,984
Public Safety	10,754,883	12,102,993	13,489,640	14,107,357	16,243,710	17,291,813	19,948,102	22,973,155	24,414,534	25,211,834
Environmental Protection	1,034,964	565,526	537,466	563,632	-	-	-	-	-	-
Economic and physical development	1,344,795	953,514	678,381	855,719	1,284,830	1,121,760	1,456,413	1,891,301	2,560,826	2,141,124
Human services	15,031,210	16,119,413	15,410,129	16,392,974	17,592,440	18,751,492	20,233,571	21,030,957	19,932,951	19,486,941
Culture and Recreation	1,205,228	1,151,385	1,211,763	1,352,872	1,429,794	1,518,568	1,487,686	1,567,316	1,828,106	1,991,265
Education	10,011,061	21,611,475	32,732,273	12,681,353	13,464,100	14,375,502	15,671,351	17,109,628	17,742,846	18,421,240
Capital Outlay	3,661,396	1,791,577	4,722,622	7,012,641	10,810,331	36,797,703	21,698,635	8,523,119	12,481,380	15,117,985
Debt Service:										
Principal	3,125,639	4,229,290	4,663,402	3,601,883	4,658,421	5,724,576	6,727,757	7,743,368	7,872,139	8,770,711
Interest	2,048,918	1,638,363	2,725,299	3,387,510	3,319,690	4,021,663	5,045,425	4,907,326	5,258,614	5,408,907
Total Expenditures	52,882,508	64,995,516	81,591,251	65,542,983	75,492,916	106,783,392	99,384,121	92,719,500	98,772,212	103,355,991
Excess of revenues over (under) expenditures	(2,966,612)	(8,581,104)	(25,735,120)	(4,217,741)	(5,140,189)	(30,971,399)	(17,365,234)	(8,190,425)	(6,417,737)	(12,620,322)
<b>Other Financing Sources (Uses):</b>										
Transfers in	7,422,980	8,440,092	10,347,464	10,771,009	6,550,828	21,737,558	21,816,295	22,881,375	13,131,113	9,451,904
Transfers out	(7,422,980)	(11,421,067)	(10,347,464)	(10,771,009)	(6,550,828)	(21,989,442)	(21,816,295)	(22,881,375)	(13,235,823)	(9,451,904)
Bonds & installment financing issued	12,185,550	19,662,064	9,588,275	-	17,000,000	60,220,000	-	109,002	20,990,000	28,027,000
Bond premium	-	-	-	-	34,005	76,730	-	-	5,282	204,331
Advance refunding of long-term debt	-	-	-	17,506,757	-	-	-	-	-	-
Advance refunding payments to trustee	-	-	-	(17,763,348)	-	(9,400,000)	-	-	-	(18,284,623)
Debt issuance costs	-	-	-	(87,730)	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Miscellaneous other financing uses	-	-	-	-	(20,966)	(26,070)	-	-	-	-
Total other financing sources (uses)	12,185,550	16,681,089	9,588,275	(344,321)	17,013,039	50,618,776	-	109,002	20,890,572	9,946,708
Net change in fund balances	\$ 9,218,938	\$ 8,099,985	\$ (16,146,845)	\$ (4,562,062)	\$ 11,872,850	\$ 19,647,377	\$ (17,365,234)	\$ (8,081,423)	\$ 14,472,835	\$ (2,673,614)
Debt service as a percentage of non-capital expenditures	10.51%	9.28%	9.49%	10.88%	10.97%	9.35%	12.12%	14.46%	13.99%	14.12%

(Debt Service percentage is total debt service divided by total expenditures less capitalized portion of capital outlay from Exhibit E  
FY10 (8,770,711 + 5,408,907) / (103,355,991 - 2,951,614)

**Schedule 5**  
**Lincoln County**

**Assessed Value and Actual Value of Taxable Property**

**Last Ten Fiscal Years**

Fiscal Year	Real Property			Less (1)	Personal Property		Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property		Registered Vehicles	Other					
2001 (5)	\$ 2,668,089,564	\$ 305,622,932	\$ 150,674,813	\$ 164,570,337	\$ 496,120,487	\$ 323,359,671	\$ 361,775,485	\$ 4,141,072,615	0.510	\$ 4,244,641,877	97.56%
2002	2,798,699,509	337,235,202	157,743,165	159,801,617	522,855,670	381,607,364	363,651,567	4,401,990,860	0.620	4,677,992,412	94.10%
2003	2,966,548,052	338,448,801	163,376,431	165,157,601	524,431,990	370,129,854	360,596,730	4,558,374,257	0.620	5,082,932,936	89.68%
2004	3,091,161,061	360,806,847	167,382,296	164,199,294	530,303,836	409,492,585	377,825,148	4,772,772,479	0.620	5,538,786,676	86.17%
2005 (5)	3,802,698,472	444,490,729	178,822,434	221,215,557	546,104,374	504,857,009	372,177,382	5,627,934,843	0.620	5,691,106,121	98.89%
2006	3,909,655,314	457,076,482	188,530,612	229,539,273	642,566,748	470,754,443	372,386,636	5,811,430,962	0.610	6,056,097,293	95.96%
2007	4,164,215,627	468,304,685	212,965,670	231,632,628	612,030,406	521,418,972	367,689,163	6,114,991,895	0.610	6,789,154,985	90.07%
2008	4,400,993,725	486,377,033	238,927,010	233,414,057	664,054,035	596,207,091	356,817,245	6,509,962,082	0.610	7,743,501,941	84.07%
2009 (5)	6,112,750,043	759,355,287	333,748,227	341,501,704	646,033,399	628,739,407	351,143,578	8,490,268,237	0.570	8,559,601,005	99.19%
2010	6,292,916,491	778,326,312	336,731,226	362,572,322	596,946,534	637,110,209	355,024,551	8,634,483,001	0.570	8,852,248,309	97.54%

Source: Annual County Report of Valuation and Property Tax Levies

**Notes:**

III (1) Included as tax exempt includes property excluded as "Senior Citizens and Disabled Persons Exclusion" G.S. 105-277.1, Property listed at "present-use value" G.S. 105-277.4, and property listed as historic property G.S. 105-278. Present use value property is agricultural, horticultural, and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.

(2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

(3) Per \$100 of value.

(4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.

(5) Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years. The last reassessment was on January 1, 2008 and was the basis for fiscal 2009 taxes. The next revaluation will be conducted after 3 years January 1, 2011 after which revert back to 4 year cycle.

**Schedule 6**  
**Lincoln County**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**

	Year Taxes Are Payable									
	2001(1)	2002	2003	2004	2005(1)	2006	2007	2008	2009(1)	2010
Lincoln County	0.5100	0.6200	0.6200	0.6200	0.6200	0.6100	0.6100	0.6100	0.5700	0.5700
<u>Municipality Rates:</u>										
Lincolnton	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600
<u>Special District</u>										
East Lincoln Water and Sewer District	0.1500	0.1500	0.1500	0.1500	0.1300	0.1100	0.1100	0.0750	0.0200	0.0175
<u>Fire Districts</u>										
Alexis	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	# 0.0850	0.1450	0.1142	0.1050
Boger City	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	# 0.0500	0.0700	0.0700	0.0700
Crouse	0.0400	0.0400	0.0500	0.0500	0.0500	0.0500	# 0.0600	0.0600	0.0600	0.0600
Denver	0.0400	0.0400	0.0500	0.0500	0.0450	0.0500	# 0.0790	0.1150	0.0981	0.09675
East Lincoln	0.0300	0.0500	0.0500	0.0500	0.0450	0.0600	# 0.0650	0.0650	0.0606	0.0606
Howards Creek	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	# 0.0500	0.0500	0.0700	0.1000
Hughes Pond	0.0500	0.0000	0.0000	0.0000	0.0000	0.0000	# 0.0000	0.0000	0.0000	0.0000
North Brook	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	# 0.0500	0.0600	0.0600	0.0600
North 321	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	# 0.0350	0.0350	0.0350	0.0350
Pumpkin Center	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	# 0.0650	0.1000	0.0951	0.0951
South Fork	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	# 0.0500	0.0500	0.0776	0.0910
Union	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	# 0.0650	0.0650	0.0750	0.0750

Note: (1) Real property was revalued on January 1, 2000, 2004 and 2008  
these revaluations are reflected in the following fiscal year.

**Schedule 7**  
**Lincoln County**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Fiscal Year 2010</b>			<b>Fiscal Year 2001</b>		
		<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Corp.	Utility	\$ 263,508,406	1	3.05%	\$ 285,366,439	1	6.89%
The Timken Company	Bearing manufacturer	103,618,664	2	1.20%	63,557,858	2	1.53%
Julius Blum, Inc.	Furniture hardware manufacturer	79,318,048	3	0.92%	35,503,354	3	0.86%
RSI Home Products	Manufacturing	67,390,198	4	0.78%			
Cataler North America Corp.	Auto parts manufacturer	61,630,492	5	0.71%			
Wal Mart Stores East LP	Retail	30,035,924	6	0.35%			
Lower Home Centers Inc.	Retail Home Improvement	29,811,446	7	0.35%			0.00%
Rutherford Electric Membership	Utility	27,868,148	8	0.32%	20,006,598	5	
Bellsouth Corp	Utility	26,784,108	9	0.31%	32,763,441	4	0.79%
Actavis Mid Atlantic	Pharmaceuticals	26,771,159	10	0.31%			
Mohican Mills, Inc.	Textile manufacturer				18,667,114	6	0.45%
Vermont American Corp.	Tool Manufacturer				17,485,769	7	0.42%
Carolina Centers, LLC	Real Estate				15,410,871	8	0.37%
Cochrane Furniture Co., Inc.	Furniture manufacturer				13,659,063	9	0.33%
Carolina Mills, Inc.	Textile manufacturer				10,144,343	10	0.24%
<b>Totals</b>		<b>\$ 716,736,593</b>		<b>8.30%</b>	<b>\$ 512,564,850</b>		<b>12.38%</b>

Source: Lincoln County Tax Department

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

Fiscal Year	Taxes Levied for the Fiscal Year			Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date			Uncollected
	(Original Levy)	Adjustments	Amount		Percentage of Original Levy	Amount		Amount	Percentage of Adjusted Levy		
2001	\$ 21,340,359	\$ 94,112	\$ 21,434,471	\$ 20,772,953	96.91%	\$ 608,751	\$ 21,381,704	99.75%	\$ 52,767		
2002	26,872,932	192,066	27,064,998	26,260,324	97.03%	740,798	27,001,122	99.76%	63,876		
2003	28,162,134	156,030	28,318,164	27,283,688	96.35%	962,095	28,245,783	99.74%	72,381		
2004	29,507,590	155,770	29,663,360	28,841,912	97.23%	717,446	29,559,358	99.65%	104,002		
2005	34,643,901	49,123	34,693,024	33,537,294	96.67%	1,068,136	34,605,430	99.75%	87,594		
2006	35,554,969	(14,335)	35,540,634	34,697,002	97.63%	727,983	35,424,985	99.67%	115,649		
2007	37,196,591	154,642	37,351,233	36,499,544	97.72%	719,260	37,218,804	99.65%	132,429		
2008	39,495,597	260,891	39,756,488	38,884,020	97.81%	684,061	39,568,081	99.53%	188,407		
2009	48,397,102	144,571	48,541,673	47,330,210	97.50%	880,405	48,210,615	99.32%	331,058		
2010	48,978,334	323,666	49,302,000	48,202,295	97.77%		48,202,295	97.77%	1,099,705		
									\$ 2,247,868		

Source: Lincoln County Tax Department

**Schedule 9**  
**Lincoln County**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities					Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	State Clean Water Loan	Installment Loans	Total Primary Government	Per Capita (1)	
2001	\$ 33,266,744	\$ 12,893,397		\$ 19,041,156	\$ 4,000,000	\$ 1,330,180	\$ 70,531,477	\$ 1,078	4.72%
2002	50,457,792	11,623,802		17,212,308	3,750,000	1,249,226	84,293,128	1,271	5.51%
2003	56,536,445	11,121,128		15,386,428	3,500,000	1,163,327	87,707,328	1,301	5.59%
2004	53,122,034	11,403,864		14,057,966	3,250,000	1,031,136	82,865,000	1,216	5.21%
2005	66,785,180	10,082,297		12,204,820	3,000,000	912,702	92,984,999	1,337	5.53%
2006	90,935,156	31,027,745		10,394,844	2,750,000	3,942,943	139,050,688	1,961	7.44%
2007	85,687,229	29,547,914		8,617,771	2,500,000	3,770,679	130,123,593	1,780	6.36%
2008	80,473,856	27,126,921		6,891,144	2,250,000	3,459,975	120,201,896	1,616	5.42%
2009	94,466,234	26,252,404		5,563,766	2,000,000	3,549,219	131,831,623	1,768	5.36%
2010	98,845,751	24,919,175		4,414,249	1,750,000	20,152,669	150,081,844	1,982	*

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2006 personal income not available to calculate fiscal year 2007.

\* Information not yet available.

**Schedule 10**  
**Lincoln County**  
**Ratios of Net General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>		<b>Percentage of Personal Income(1)</b>	<b>Percentage of Actual Taxable Value of Property(2)</b>	<b>Per Capita(1)</b>
	<b>General Obligation Bonds</b>	<b>Total</b>			
2001	\$ 52,307,900	\$ 52,307,900	3.50%	1.26%	\$ 799
2002	67,670,100	67,670,100	4.42%	1.54%	1,020
2003	71,922,873	71,922,873	4.58%	1.58%	1,067
2004	67,180,000	67,180,000	4.22%	1.41%	986
2005	78,990,000	78,990,000	4.70%	1.40%	1,136
2006	101,330,000	101,330,000	5.42%	1.74%	1,429
2007	94,305,000	94,305,000	4.61%	1.54%	1,290
2008	87,365,000	87,365,000	3.94%	1.34%	1,174
2009	100,030,000	100,030,000	4.07%	1.18%	1,342
2010	103,260,000	103,260,000	*	1.20%	1,364

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See schedule 5 for property value data.

\* Information not yet available.

**Schedule 11**  
**Lincoln County**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

	<b>Fiscal Year</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Assessed Value of Property	\$ 4,141,073	\$ 4,401,991	\$ 4,558,374	\$ 4,772,772	\$ 5,627,935	\$ 5,811,431	\$ 6,114,992	\$ 6,509,962	\$ 8,490,268	\$ 8,634,483
Debt Limit, 8% of Assessed Value (Statutory Limitation)	331,286	352,159	364,670	381,822	450,235	464,914	489,199	520,797	679,221	690,759
Amount of Debt Applicable to Limit										
Gross debt	70,531	84,293	87,707	82,865	92,985	139,051	130,124	120,202	131,832	150,082
Less: Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	24,371	22,212	20,050	18,339	16,118	17,088	14,888	12,601	11,113	26,317
Total net debt applicable to limit	46,160	62,082	67,658	64,526	76,867	121,963	115,235	107,601	120,719	123,765
Legal Debt Margin	\$ 285,126	\$ 290,078	\$ 297,012	\$ 317,296	\$ 373,367	\$ 342,952	\$ 373,964	\$ 413,196	\$ 558,503	\$ 566,994
Total net debt applicable to the limit as a percentage of debt limit	13.93%	17.63%	18.55%	16.90%	17.07%	26.23%	23.56%	20.66%	17.77%	17.92%

Note: NC Statute GS159-55 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.

**Schedule 12**  
**Lincoln County**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Cities:</b>			
City of Lincolnton (1)	\$ _____ -	100.00%	\$ _____ -
Direct - Lincoln County			<u>98,845,751</u>
Total direct and overlapping debt			<u>\$ 98,845,751</u>

**Schedule 13**  
**Lincoln County**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
2001	65,450	\$ 1,493,165	\$ 23,313	10,594	3.80%	22,685
2002	66,318	1,530,265	23,510	10,826	6.80%	22,762
2003	67,390	1,568,971	23,688	11,050	7.10%	21,277
2004	68,118	1,590,737	23,635	11,274	7.10%	22,710
2005	69,532	1,681,231	24,692	11,480	6.10%	30,578
2006	70,914	1,868,000	28,591	11,666	5.70%	31,356
2007	73,107	2,044,532	30,303	12,056	5.00%	34,693
2008	74,405	2,215,799	32,418	12,193	4.80%	24,536
2009	74,552	2,459,872	32,912	12,150	7.50%	13,921
2010	75,718	*	*	11,891	13.60%	*

\* Information not yet available.

**Notes:**

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

**Schedule 14**  
**Lincoln County**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	Product or Service	2010			2001		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lincoln County Schools	Education	1,570	1	3.84%	1,206	1	3.56%
Lincoln County Government	County Government	753	2	1.84%	489	7	1.45%
Lincoln Medical Center	Medical Care	717	3	1.75%	604	4	1.79%
The Timken Company	Tapered Roller Bearings	650	4	1.59%	600	5	1.77%
Wal-Mart Stores, Inc.	Discount Stores	637	5	1.56%	277	14	0.82%
RSI Home Products	Vanities and Marble Counter Tops	570	6	1.39%	217	18	0.64%
Julius Blum, Inc.	Cabinet and Furniture Hardware	370	7	0.91%	350	11	1.03%
Actavis Corp.	Pharmaceuticals	310	8	0.76%	175	21	0.52%
Lowes	Home Improvements	257	9	0.63%	103	31	0.30%
Mohican Mills	Lace and Tricot Goods	242	10	0.59%	625	3	1.85%
GE Security	Security Devices	230	11	0.56%			
Cataler North America	Automobile Components	200	12	0.49%			
State of North Carolina	Various Government Agencies	189	13	0.46%	230	17	0.68%
McMurray Fabrics, Inc.	Specialty Fabrics	188	14	0.46%	100	34	0.30%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	183	15	0.45%	510	6	1.51%
VT LeeBoy, Inc.	Asphalt Paving Equipment	174	16	0.43%	160	22	0.47%

Total Civilian Labor Force for the County 40,881 33,831

Sources: Lincoln Economic Development Association  
 North Carolina Employment Security Commission  
 Telephone survey Finance Department

**Schedule 15**  
**Lincoln County**  
**Full-Time Equivalent County Government Employees by Function,**  
**Last Ten Fiscal Years**

**Full-Time Equivalent Employees as of June 30**

<b>Function/Program</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General government:</b>										
Governing body	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	11.0	10.0	10.0	11.0	11.5	10.5	11.0	12.0	13.0	13.2
Management Information Systems	4.0	5.0	6.0	6.0	5.0	6.0	6.0	6.0	7.0	7.0
Elections	4.0	4.0	3.0	3.0	3.0	2.0	3.0	3.0	3.5	3.75
Tax	14.5	19.5	19.5	21.5	22.5	22.5	20.0	24.5	26.0	27.8
Register of Deeds	10.0	9.5	8.5	10.5	10.0	9.5	9.5	9.5	8.5	8.4
Public Buildings	16.5	16.5	15.5	15.5	16.5	17.5	17.5	17.5	14.5	14.5
<b>Public safety:</b>										
Sheriff	71.5	78.5	82.5	84.0	91.0	103.0	100.0	117.0	128.0	128.0
Communications	13.5	14.5	16.5	17.5	21.5	22.0	22.0	21.5	24.0	21.4
Jail	33.0	34.0	34.5	35.0	35.5	40.5	41.0	41.0	42.5	43.4
Emergency Management	3.0	3.0	3.0	3.0	3.0	4.0	6.0	6.0	4.0	2.0
Ambulance Services	(1)	36.0	42.5	44.5	52.5	58.0	61.5	64.0	65.0	81.0
Fire Marshall	(2)	1.0	1.0	2.0	1.0	0.0	0.0	0.0	0.0	2.0
Building and Land Development		17.0	17.0	16.0	16.0	20.0	23.0	24.0	20.0	18.0
Animal Control		3.0	5.0	5.0	5.0	6.0	6.5	7.0	10.0	11.0
<b>Economic and physical development:</b>										
Sanitation	(3)	14.0	16.0	7.0	7.0	0.0	0.0	0.0	0.0	0.0
Cooperative Extension		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Soil and Water Conservation		2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0
<b>Human services:</b>										
Health		63.0	61.0	61.5	65.5	69.5	67.5	72.0	75.0	85.0
Social Services		86.0	91.0	89.5	95.0	99.0	106.0	111.0	111.0	122.0
Veterans Service		1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.0
Juvenile Crime Prevention		3.5	3.5	2.5	1.0	0.0	0.0	0.0	0.0	0.5
Office on Aging	(4)	7.0	7.0	6.0	7.0	8.5	12.0	6.0	5.5	6.5
Transportation								10.5	11.5	14.0
										17.5
<b>Cultural and recreation:</b>										
Recreation		19.0	19.0	18.5	16.0	17.0	18.0	11.0	15.0	26.5
Library		11.5	13.5	14.5	15.5	16.5	16.0	14.0	17.5	17.5
Historical Coordinator		1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0

**Schedule 15**  
**Lincoln County**  
**Full-Time Equivalent County Government Employees by Function,**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Full-Time Equivalent Employees as of June 30</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Water/Sewer (Business activity):										
Water & Sewer Fund	(5)	16.5	20.5	23.0	25.0	27.0	28.0	34.0	42.0	43.0
East Lincoln Sewer District	(5)	8.0	8.0	7.0	7.0	7.0	8.0	8.0	0.0	0.0
Landfill	(3)	10.0	11.0	22.5	24.5	29.5	30.5	39.0	41.0	48.0
Total		<u><u>483.0</u></u>	<u><u>517.0</u></u>	<u><u>525.0</u></u>	<u><u>551.5</u></u>	<u><u>580.0</u></u>	<u><u>618.0</u></u>	<u><u>644.5</u></u>	<u><u>681.5</u></u>	<u><u>752.5</u></u>
										<u><u>757.2</u></u>

Source: County Personnel Office

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full-time personnel work 2,088 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.

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- (1) County began operation of Ambulance Services in FY 2000, previously the County had contracted with Lincoln Medical Center for services.
- (2) Fire Marshal was consolidated into Emergency Management in FY 2005.
- (3) Sanitation was combined into Landfill Fund in FY 2005.
- (4) Transportation moved from Senior Services in FY 2007.
- (5) East Lincoln County Sewer District was combined into the Water & Sewer Fund in FY 2008

**Schedule 16**  
**Lincoln County**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General government:</b>										
Management Information Systems:										
Work orders	1,991	2,662	2,669	2,562	3,168	3,259	3,889	3,804	3,798	4,870
Elections:										
Registered voters	39,719	40,869	41,378	41,174	42,923	43,955	44,471	47,306	49,218	49,899
Votes cast in general elections (votes odd years city even county wide)	271	20,864	926	30,207	189	18,700	877	36,066	1,421	
Tax:										
Number of land records created	1,649	1,202	1,314	996	930	1,081	959	936	1,144	126
Number of ownership transfers - real estate/mfg. homes	4,563	5,011	5,248	6,066	5,947	6,499	7,114	6,679	6,118	2,411
Number of tax bills created - real/personal	56,297	58,383	60,656	60,153	62,476	65,243	67,167	66,168	69,202	68,330
Number of tax bills created - registered vehicles	74,624	76,787	78,325	80,864	83,135	89,016	85,666	89,394	89,224	87,540
Register of Deeds:										
Total documents recorded	17,708	21,031	21,727	23,171	20,125	21,414	20,645	19,179	15,066	13,427
Deeds recorded	3,563	3,643	3,615	4,130	4,252	4,714	4,489	3,905	2,706	2,666
Marriage licenses issued	455	491	459	422	473	492	484	488	471	505
Births occurring	*	546	468	512	466	375	455	481	485	523
Deaths occurring	*	473	467	460	486	443	475	472	518	486
Certified copies issued	6,474	5,886	4,848	5,119	5,220	5,211	5,935	5,344	5,300	4,991
Public safety:										
Arrests	*	3,191	3,257	1,882	2,053	2,154	2,869	3,618	3,265	3,213
Civil papers served	*	10,183	11,134	9,872	9,205	9,404	11,058	11,753	13,036	13,255
Jail bookings	2,189	2,379	2,398	4,246	6,150	4,805	3,750	3,942	3,622	3,516
Average daily jail population	66	65	77	76	100	117	112	110	125	123
Communications total calls	*	50,825	54,818	57,794	63,261	49,261	81,234	87,361	106,576	110,305
Building permits issued	*	2,543	2,199	2,003	2,179	2,396	2,512	2,560	1,795	1,884
Building inspections conducted	*	22,685	22,762	21,277	22,710	30,578	31,356	34,693	24,536	13,921
Emergency medical calls answered	6,270	6,800	7,239	8,164	8,889	9,635	12,020	14,331	14,394	15,367
Emergency patients transported	4,083	4,202	4,672	5,002	5,089	5,436	7,194	7,249	7,868	7,994
Number of firemen and officers	400	400	400	400	400	400	450	476	500	500
Number of fire calls answered	1,800	1,800	1,800	1,800	1,900	1,900	2,486	2,955	3,000	3,000
Number of fire marshal inspections	350	400	350	350	300	450	400	1,250	1,300	1,300
Animals entering shelter	*	3,934	3,905	3,821	3,105	3,262	3,512	3,240	3,969	2,611
Animals euthanized	*	2,237	3,183	3,119	2,866	2,824	2,772	2,445	2,577	1,555

**Schedule 16**  
**Lincoln County**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Economic and physical development:</b>										
Cooperative Extension client contacts		23,340	18,355	22,744	25,069	25,099	31,950	33,984	50,055	46,143
<b>Soil and Water Conservation:</b>										
Clients assisted	2,447	2,547	2,319	2,372	2,320	2,435	2,700	2,673	3,183	3,634
Funds landowners received from fed & state programs	35,756	59,500	189,284	295,000	253,463	581,611	226,815	284,656	443,203	233,644
<b>Human services</b>										
<b>Health Department patient visits:</b>										
Adult Health	381	595	594	705	895	1,007	4,108	4,972	4,922	4,091
Child Health	434	421	336	280	249	236	1,189	1,219	1,514	1,160
Family Planning	1,182	1,200	1,278	1,099	1,075	1,025	4,586	4,932	5,892	6,842
Immunizations/Flu	1,257	1,742	3,431	3,460	4,611	4,372	4,719	2,961	3,362	5,076
Maternal Health	479	521	540	732	718	506	2,012	1,296	1,831	1,851
Primary Care			508	4,182	6,394	6,109	7,192	7,251	7,231	7,225
Sexually transmitted diseases	117	436	308	287	225	228	1,619	2,178	2,588	3,054
Tuberculosis	77	154	155	155	131	203	236	626	602	652
Case Management (child service & maternity care)	2,155	2,794	2,580	2,421	2,216	2,342	2,946	1,972	2,398	2,005
Lab services (in-house) (referred)	10,421	9,436	9,603	17,513	12,663	12,786	12,750	12,375	12,452	9,898
WIC (women infants and children)	13,085	15,785	13,085	14,605	20,074	20,684	22,749	23,269	24,715	24,180
Home Health (unduplicated patients)	438	250	340	357	445	358	1,809	6,802	7,710	7,186
<b>Environmental Health:</b>										
Food & Lodging permits				40	64	96	100	62	28	71
Food, Lodging & Institutional Inspections								782	796	834
Sewage system permits				972	756	780	834	841	377	302
Sewage system finals				597	543	464	491	375	271	208
Water samples				126	134	220	165	250	344	294
New well permits (began 7/1/07)								189	145	96
Wells Inspected (water for sampling)				54	66	80	45	123	177	120
New well sitings (discontinued 7/1/07)	594	588	465	380	406	540	524			
Swimming pools				30	25	35	30	31	37	25
Lead investigations				1	2	-	1	1	2	0
Complaint investigations								62	118	121
<b>Social Services cases (may contain duplicates):</b>										
Child & adult protective services	63	83	83	90	85	116	133	126	108	108
Children in foster care	56	44	49	44	58	71	109	97	76	53
Work first cases	218	252	266	188	182	167	161	150	160	133
NC health choice cases	218	387	444	557	623	566	617	626	666	756
Medicaid cases	4,335	4,844	5,299	5,769	6,244	6,814	7,104	7,437	8,027	8,952
Food stamp cases	1,082	1,280	1,452	1,861	2,186	2,568	2,732	2,487	3,657	4,372
Child support cases	2,595	2,558	2,476	2,542	2,516	2,599	2,733	2,809	2,823	2,863
Transportation clients served						280	524	632	667	2,444
Transportation trips provided								38,507	38,506	

**Schedule 16**  
**Lincoln County**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cultural and recreation:										
Recreation:										
Library volumes in collection	96,900	98,712	102,204	106,855	109,413	128,856	126,319	133,498	134,854	137,971
Library circulation	246,734	275,994	301,116	304,599	321,761	315,578	325,699	329,072	323,544	326,429
Water/Sewer (Business activity):										
Number of water customers	6,515	6,898	6,898	7,756	8,075	8,657	9,169	9,583	9,585	9,584
Average daily water production	2,084,000	2,150,000	2,150,000	2,200,000	2,300,000	2,460,000	2,640,000	2,402,250	2,296,000	2,910,000
Number of sewer customers	1,376	1,611	1,611	2,234	2,502	2,879	3,220	3,538	3,660	3,699
Average daily sewage treatment	216,000	284,000	393,000	463,000	523,000	548,000	617,750	610,333	700,000	729,000
Landfill:										
Tons of waste sanitary landfill	38,481	41,231	44,125	45,558	52,013	45,435	45,091	44,680	45,508	48,496
Tons of waste demolition landfill	11,404	14,635	18,730	16,337	16,097	10,351	10,787	7,809	11,264	12,796
Tons of recyclables	1,218	1,279	1,288	1,337	1,424	1,440	1,678	1,870	1,848	2,175
Tons of whitegoods	1,162	1,408	1,310	1,508	1,583	1,502	1,872	1,184	968	1,023
Tons of tires	1,118	1,241	1,290	1,117	1,310	1,267	1,678	1,371	1,185	1,281

\* Reported on calendar year basis

Source: Various County Departments

**Schedule 17**  
**Lincoln County**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Buildings	19	19	19	20	22	22	22	22	22	22
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	37	43	53	53	53	53	67	71	77	77
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	2	2	3	3	3	3	3	3	5	6
Emergency medical apparatus	10	14	18	20	18	17	18	20	22	23
Fire department stations	11	11	11	11	11	11	11	13	15	15
Economic and physical development										
Human services										
Number of transportation vehicles		17	19	18	14	12	12	13	12	15
126										
Cultural and recreation										
Number of libraries	2	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	2	2	2	2	2	2	2	2	4	4
Undeveloped	1	1	1	1	2	2	2	2	1	1
Park acreage:										
Developed	37	37	37	37	37	37	37	37	115	115
Undeveloped	54	54	54	54	54	54	54	54	116	116
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	2	2	2	2	2	2	2	2	2	2
Water/Sewer (Business activity)										
Number of water plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	250	255	258	260	265	270	279	285	300	315
Number of wastewater plants	2	1	1	1	1	1	1	1	1	2
Miles of sanitary sewer	68	70	72	75	78	82	86	90	100	155
Landfill										
Number of sanitary landfills	1	1	1	1	1	1	1	1	1	1
Number of demolition landfills	1	1	1	1	1	1	1	1	1	1
Number of convenience sites	7	7	7	7	7	7	7	7	7	7

Source: Various County Departments