

LINCOLN COUNTY

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2011**

LINCOLN COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Prepared By
Finance Department**

LINCOLN COUNTY

NORTH CAROLINA

BOARD OF COMMISSIONERS

ALEX E. PATTON, CHAIRMAN

GEORGE G. ARENA, VICE-CHAIRMAN

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LINCOLN COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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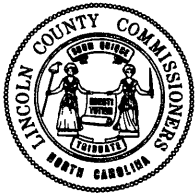
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COUNTY OF LINCOLN, NORTH CAROLINA

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FINANCE DEPARTMENT

(704) 736-8865

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December 5, 2011

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, 2011, 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 2011 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. 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 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 2011 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 electronics manufacturing, specialty textiles, home products, food processing and motorsports.

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

The 2009-2010 fiscal year was very difficult for employment. As a net exporter of labor (52% of County 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. Slow job growth continues but new announcements are adding back jobs.

The 2010-2011 fiscal year has been positive. Governor Perdue was in town to announce a \$53 million investment and 150 jobs from Aptar. In addition, Hydac Technology Corporation will build a new \$12 million manufacturing facility and create 90 jobs, Blum will make an \$18 million expansion, Lucky Country will make a \$3 million expansion and Hof Textiles will make a \$2.3 million expansion.

The Hydac facility will be the first tenant in the new high-end business park in East Lincoln on new Highway 16 which is – Airlie Business Park. It will initially total 235 acres and target motorsports, highend manufacturing and international companies. The first

phase of development will be completed soon and the second phase is in the planning stages. At build out, Airlie will have over 2,600,000 square feet of manufacturing space.

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 \$500,000 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, Sennebogan (German) recently opened a \$5 million facility with 25 jobs and is planning for an expansion.

In 2008, Crate & Barrel's new 365,000 square foot 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.

With respect to closings, Lincoln County has experienced the following closings in recent years: 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 the summer of 2009, Lincoln Manufacturing closed its manufacturing plant that employed 40 people. Recently, Robb & Stucky closed a distribution center with 34 jobs. However, that facility was immediately taken by Aptar which is adding back 150 jobs.

In Forney Creek (Office) Park, the first building of an east medical campus by Carolinas Medical Center-Lincoln opened and the Sally's YMCA recently opened. 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. A new Hampton Inn and Wal-mart Super Center recently opened in Lincolnton. Commercial development also continues in East Lincoln.

Finally a 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. Improvements are currently underway on this building, replacing the HVAC system and renovations of the second floor space currently occupied by the Register of Deeds office.

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. During the FY 11/12 budget process, the Board decided to delay this project at least one year, until the economy improved and the ramifications of the State budget on the County could be determined.

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 included 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 has provided 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. The third installment in the

amount of \$9.6 million, was issued in February 2011. The final amount of authorization remaining, \$13.5 million, has been delayed until January 2015, or such time as is warranted, due to the economic downturn and slight decrease in school enrollment. By selling these bonds over an eight 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. After fiscal year 11-12 the debt service on school debt decreases each year until fiscal year 15-16 where there is a slight increase for one year if the last of the bond authorization is issued.

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. The County is currently reviewing cost estimates to determine if we should expand this plant further or purchase more water from the City of Lincolnton, which currently has excess capacity.

Lincoln County completed construction of a new wastewater treatment plant in October 2010 which will supplement the current treatment plant. The new treatment facility has an initial capacity of 1.67 MGD and will be expandable up to 8.0 MGD as future flows require. This project estimated at \$22 million, is being funded by a State revolving loan of \$17.5 million and an installment financing of \$2.5 million, which is being processed. It is to be repaid from sewer fees and capacity charges from current and future customers. The balance will come from funds accumulated within the Water and Sewer CIP Fund.

In 2009, a new water line was installed completing the loop on Amity Church Road between Highway 150 and Highway 73. This project has increased flow and provided 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.

As mentioned earlier the County is constructing, in phases, Airlie Business Park in the eastern portion of the County. This project is being constructed in phases with \$1.9 million budgeted in fiscal year 2010/11 and \$2.0 million budgeted in fiscal year 2011/12.

LONG TERM PLANNING

As one of the principal goals of the Planning and Inspections Department, Long Range Planning includes several projects which provide guidance for the future development throughout Lincoln County. The staff continues to work on many long term projects simultaneously with advisement from the Board of Commissioners, Planning Board and the citizens. Throughout FY 2010 – 2011, several projects were completed including East

Lincoln Development Districts, Shanklin Rain Garden, and the Lake Norman Bike Plan. Staff continues to proceed with the completion of projects scheduled for this fiscal year.

Currently, staff is working on the following planning projects: Highway 16 and 73 Small Area Plan, Highway 16 and Triangle Small Area Plan, Highway 16 and 150 Small Area Plan. The Highway 16 Vision Plan that was previously adopted indicates that these three small areas in

Eastern Lincoln County are to be strategically planned for future growth. While it is true that both residential and commercial development has slowed over the past few years, the need for proper planning continues to be a pressing need. In order to adequately address current and future development, it is advantageous for county government to take the necessary steps to ensure the health, safety, and welfare of its county citizens.

Other studies and potential regulations that are currently being studied by staff and the Planning Board include both the Little Creek Cove Development District and Empty Building Policies. The Little Creek Cove Development District is being examined to proactively address run-off into Lake Norman; specifically, the area that abuts the Lincoln County water intake. Currently, there are regulations in place that govern the amount of impervious coverage that each lot is allowed to cover in the Watershed IV Critical Areas along Lake Norman; however, additional steps may need to be taken if current regulations are not accomplishing the desired outcomes. As more commercial structures are constructed in Lincoln County, questions concerning vacant buildings and how these properties are maintained have been raised. The primary objective of these types of regulations is to ensure the quality of life is maintained through adequate enforcement measures.

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

OTHER ACCOMPLISHMENTS

Funding for education remains a large expenditure category in our budget with a total \$23,306,217 expended. This expenditure is composed of \$18,421,240 from the General Fund and \$4,884,977 of capital project expenditures. The General Fund portion remained at the same funding level from 2011.

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 2011 was \$475,295. The amount appropriated by the County for the current fiscal year ending June 30, 2012 is \$475,000.

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 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, 2010. This was the fifteenth 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 the N.C. 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.

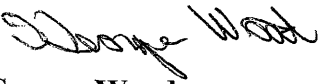
Health Department Accreditation

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, 2010

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, 2011

Board of County Commissioners

Alex E. Patton, Chairman

George G. Arena, Vice-Chairman

James A. Klein

Carrol Mitchem

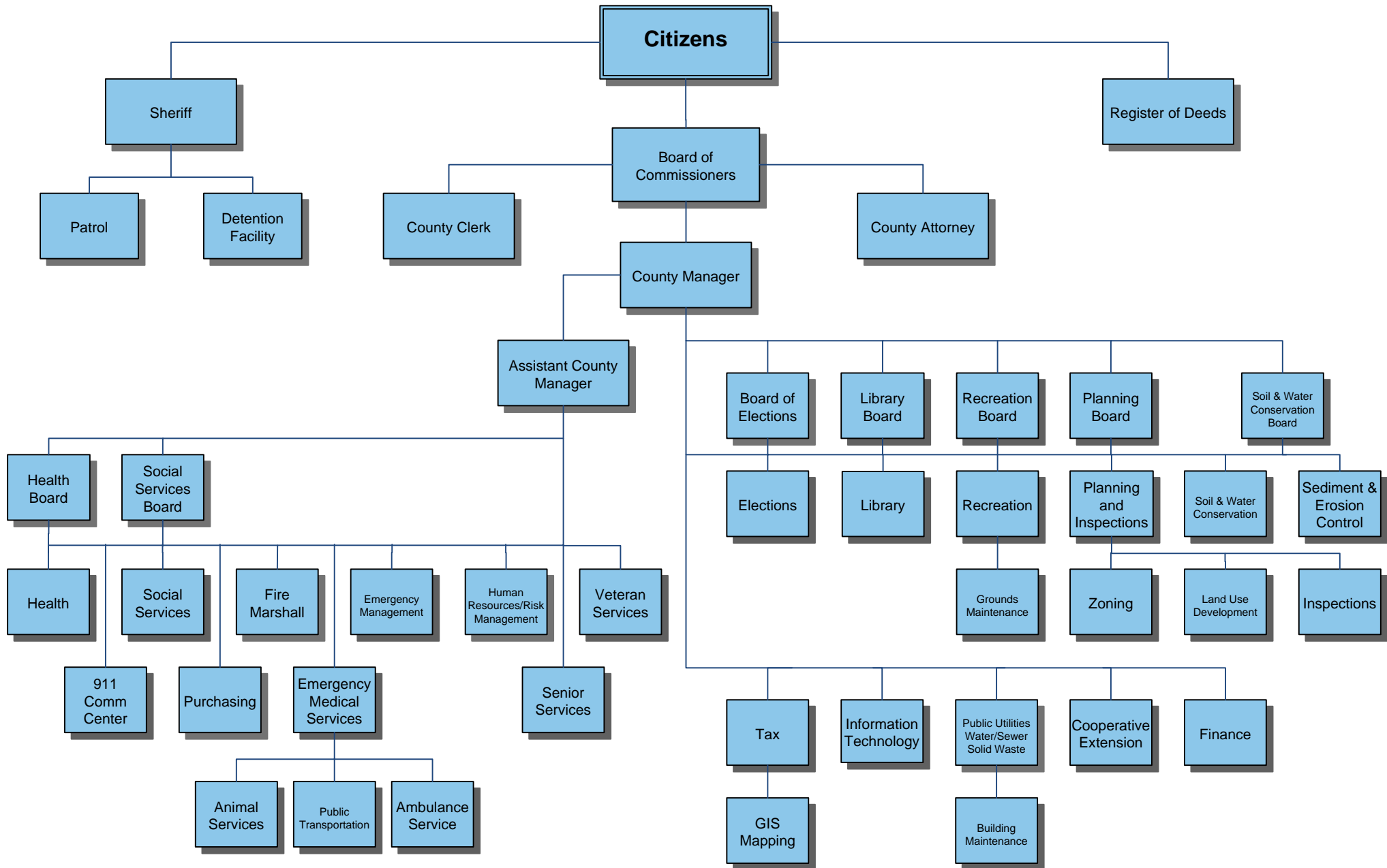
Carl E. Robinson, Jr.

County Officials

**George Wood
Martha Lide
Wesley Deaton
Danny Hester
David Carpenter
Ron Rombs
Donnie Fields
Kevin Starr
Bill Beam
Bill Summers
Ron Rombs
Leon Harmon
Margaret Dollar
Jennifer Sackett
Dante' Patterson
Kelly Atkins
Burns Whittaker
Erma Deen Hoyle
Marti Hovis
Susan McCracken
Rick McSwain
Madge Huffman
Ron Rombs
Eric Robinson**

**County Manager
Assistant County Manager
County Attorney
Register of Deeds
Sheriff
Animal Services
Buildings and Grounds
Cooperative Extension
Elections
Emergency Management
Emergency Medical Services
Finance Director
Health
Library
Information Technology
Planning and Inspections
Public Works
Recreation
Senior Services
Social Services
Soil Conservation
Tax Administrator
Transportation
Veterans Service**

Lincoln County



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

"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, 2011, 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2011, 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 opinions on the basic financial statements that collectively comprise the basic financial statements of Lincoln County, North Carolina as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and 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 financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
December 5, 2011

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, 2011. 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

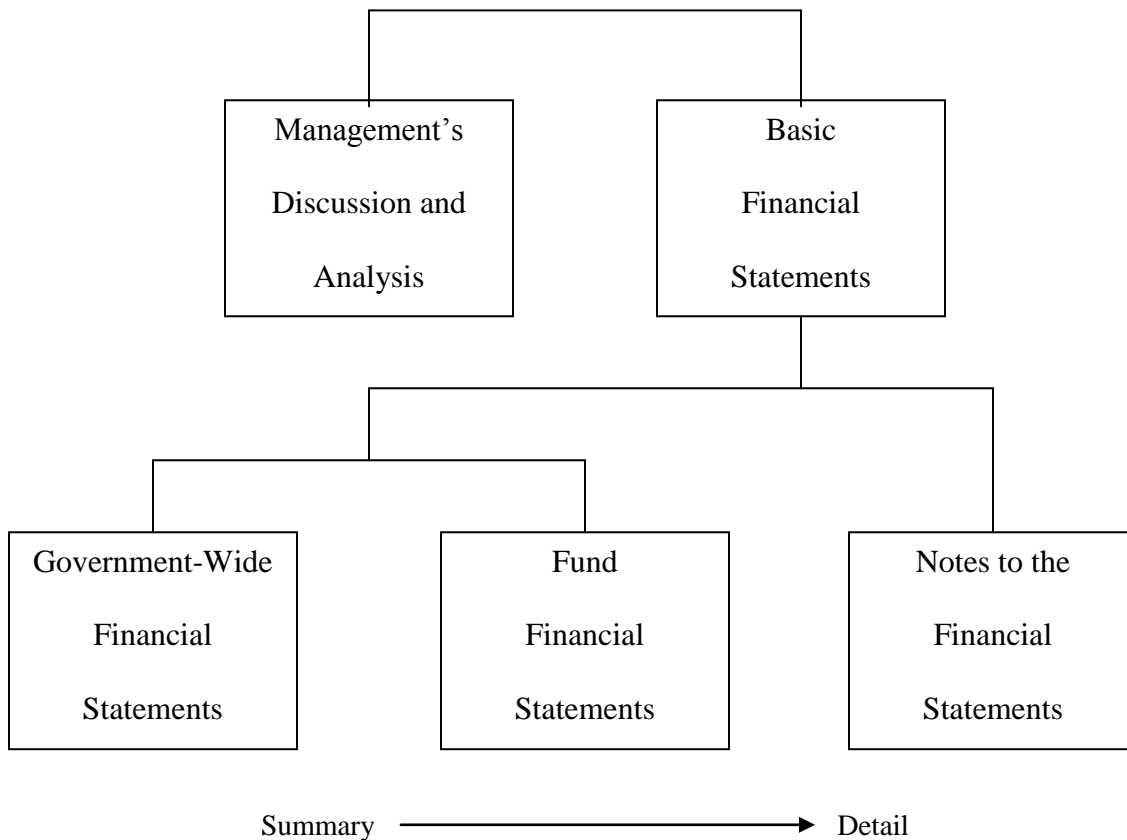
- The assets of Lincoln County exceeded its liabilities at the close of the fiscal year by \$27,626,942 (*net assets*).
- Current year increases in debt related to school construction and completion of a new wastewater treatment plant were the primary factors contributing to the increase in the government's total net assets by \$20,694,378.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$38,160,031, an increase of \$429,872 in comparison with the prior year amount. This increase was primarily due to an increase in public school bond funds from the prior year due to the sale of \$9.6 million to construct school projects. This increase was offset by a decrease of General Fund balance of \$1,072,652, a decrease of General Capital Projects Fund balance of \$1,005,809, and a decrease in other funds balance of \$2,286,993. Approximately 50.88 percent of this total amount, or \$19,416,396, is restricted, or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,342,260, or 13.22% percent of total General Fund expenditures for the fiscal year.
- Lincoln County's total debt decreased by \$497,216, or 0.331%, during the current fiscal year. The key factor in this decrease was the issuance of additional school bonds and principal payments on existing debt.
- 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 has maintained bond ratings of Aa3 from Moody's Investors Service; AA- rating from Standard & Poor's; and AA rating from Fitch Ratings as a result of our last ratings in January 2011.

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 units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste 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 solid waste collection and disposal. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net 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 six 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	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$ 45,659,462	\$ 44,466,085	\$ 14,271,331	\$ 15,566,211	\$ 59,930,793	\$ 60,032,296
Capital assets	<u>54,454,177</u>	<u>30,981,765</u>	<u>86,370,541</u>	<u>86,219,674</u>	<u>140,824,718</u>	<u>117,201,439</u>
Total assets	<u>100,113,639</u>	<u>75,447,850</u>	<u>100,641,872</u>	<u>101,785,885</u>	<u>200,755,511</u>	<u>177,233,735</u>
Liabilities:						
Long-term liabilities						
outstanding	133,055,721	130,137,584	34,593,310	34,284,038	167,649,031	164,421,622
Other liabilities	<u>4,346,312</u>	<u>4,569,258</u>	<u>1,133,226</u>	<u>1,310,291</u>	<u>5,479,538</u>	<u>5,879,549</u>
Total liabilities	<u>137,402,033</u>	<u>134,706,842</u>	<u>35,726,536</u>	<u>35,594,329</u>	<u>173,128,569</u>	<u>170,301,171</u>
Net Assets:						
Invested in capital assets, net of related debt	50,294,495	25,451,479	61,285,375	59,902,755	111,579,870	85,354,234
Unrestricted	<u>(87,582,889)</u>	<u>(84,710,471)</u>	<u>3,629,961</u>	<u>6,288,801</u>	<u>(83,952,928)</u>	<u>(78,421,670)</u>
Total net assets	<u>\$ (37,288,394)</u>	<u>\$ (59,258,992)</u>	<u>\$ 64,915,336</u>	<u>\$ 66,191,556</u>	<u>\$ 27,626,942</u>	<u>\$ 6,932,564</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 \$27,626,942 as of June 30, 2011. The County's net assets increased by \$20,694,378 for the fiscal year ended June 30, 2011. One of the largest portions \$111,579,870 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 (\$83,952,928) 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 97.92%, higher than the 2010 statewide average of 97.17%.
- 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. The Lincoln County Board of Education has buildings and improvements valued at over \$306 million.
- Increased ad valorem tax due to some growth, a decline in sales tax revenue due to 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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 10,285,314	\$ 9,950,873	\$ 10,497,498	\$ 9,939,432	\$ 20,782,812	\$ 19,890,305
Operating grants and contributions	13,338,911	12,531,044	-	-	13,338,911	12,531,044
Capital grants and contributions	22,259,424	1,444,381	139,913	505,880	22,399,337	1,950,261
General revenues:						
Property taxes	54,568,588	54,718,453	487,936	472,991	55,056,524	55,191,444
Other taxes	11,627,956	12,364,813	-	-	11,627,956	12,364,813
Other	592,328	404,443	31,172	37,924	623,500	442,367
Total revenues	<u>112,672,521</u>	<u>91,414,007</u>	<u>11,156,519</u>	<u>10,956,227</u>	<u>123,829,040</u>	<u>102,370,234</u>
Expenses:						
General government	12,110,650	15,587,341	-	-	12,110,650	15,587,341
Public safety	24,782,004	24,480,904	-	-	24,782,004	24,480,904
Economic and physical development	2,120,590	2,135,200	-	-	2,120,590	2,135,200
Human services	19,559,449	18,392,778	-	-	19,559,449	18,392,778
Cultural and recreation	2,218,417	2,004,323	-	-	2,218,417	2,004,323
Education	23,306,217	30,238,363	-	-	23,306,217	30,238,363
Interest on long-term debt	6,604,596	5,408,907	-	-	6,604,596	5,408,907
Solid waste	-	-	5,038,688	4,594,260	5,038,688	4,594,260
Water and sewer	-	-	7,394,051	7,079,875	7,394,051	7,079,875
Total expenses	<u>90,701,923</u>	<u>98,247,816</u>	<u>12,432,739</u>	<u>11,674,135</u>	<u>103,134,662</u>	<u>109,921,951</u>
Increase (decrease) in net assets	21,970,598	(6,833,809)	(1,276,220)	(717,908)	20,694,378	(7,551,717)
Net Assets:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ (37,288,394)</u>	<u>\$ (59,258,992)</u>	<u>\$ 64,915,336</u>	<u>\$ 66,191,556</u>	<u>\$ 27,626,942</u>	<u>\$ 6,932,564</u>

Governmental Activities. Governmental activities increased the County's net assets by \$21,970,598. The key elements of this increase in 2011 were contributed capital from receipt of former hospital property which is reflected in capital grants and contributions. There were decreases in expenditures in general government and education. The large decrease in education was the expenditure of less school bond funds for the construction of school facilities.

Business-Type Activities. Business-type activities decreased Lincoln County's net assets by \$1,276,220. This decrease in net assets offset some of the increase by the "Governmental activities" previously mentioned. Together, there was a total net asset increase of \$20,694,378. The business-type activities decrease was primarily related to an increase in expenses associated with equipment acquisition for the Solid Waste Fund and the Water and Sewer Fund.

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, fund balance available for appropriation 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, Lincoln County's fund balance available in the General Fund was \$14,269,456, while total fund balance reached \$19,107,300. The governing body of Lincoln County has determined that the County should maintain an available fund balance of 15% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 15.75% of General Fund expenditures, while total fund balance represents 21.09% of that same amount.

At June 30, 2011, the governmental funds of Lincoln County reported a combined fund balance of \$38,160,031, a 1.14 percent increase over last year. Decreases in the General Fund, General Capital Projects Fund, and other governmental funds was offset by an increase in school capital funds to keep the total fund balance almost constant.

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 \$2,004,729. The largest part of this increase \$298,914 was to increase revenues and expenses in our transportation program to account for additional revenues from transporting clients. The other increases were to account for grants and to carryover encumbered funds from the previous year in various departments.

Proprietary Funds. Lincoln County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to (\$3,756,884), the Water and Sewer Fund equaled \$6,881,632, and those for the East Lincoln County Water and Sewer District equaled (\$4,224,787). The total growth in net assets for the three funds, was (\$1,821,437), \$255,377 and \$289,840, respectively. The decrease in the Solid Waste Fund is due to repairs and depreciation of equipment along with 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. Please refer to the Notes to Accounting Policies for a discussion of landfill closure/post closure liabilities.

Capital Asset and Debt Administration

Capital Assets. Lincoln County's capital assets for its governmental and business-type activities as of June 30, 2011, totals \$140,824,718 (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
- Improvements to buildings
- Industrial park improvements

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 5,517,235	\$ 3,840,825	\$ 1,173,567	\$ 1,173,567	\$ 6,690,802	\$ 5,014,392
Buildings and structures	35,143,662	14,075,276	19,352,512	19,902,305	54,496,174	33,977,581
Other improvements	5,277,642	2,449,263	2,808,999	3,048,469	8,086,641	5,497,732
Machinery and equipment	2,739,764	3,060,370	3,113,678	3,115,689	5,853,442	6,176,059
Infrastructure	-	-	37,429,176	38,268,073	37,429,176	38,268,073
Vehicles and other equipment	2,764,531	2,535,131	-	-	2,764,531	2,535,131
Construction in progress	3,011,343	5,020,900	22,492,609	20,711,571	25,503,952	25,732,471
Total	<u>\$ 54,454,177</u>	<u>\$ 30,981,765</u>	<u>\$ 86,370,541</u>	<u>\$ 86,219,674</u>	<u>\$ 140,824,718</u>	<u>\$ 117,201,439</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, 2011, Lincoln County had total bonded debt outstanding of \$105,430,000, 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	
	2011	2010	2011	2010	2011	2010
General obligation bonds	<u>\$ 102,135,000</u>	<u>\$ 98,845,751</u>	<u>\$ 3,295,000</u>	<u>\$ 4,414,249</u>	<u>\$ 105,430,000</u>	<u>\$ 103,260,000</u>

Lincoln County's total bonded debt increased by \$2,170,000 or 2.10 percent during the past fiscal year, primarily due to the issuance of \$9.6 million of school bonds.

As mentioned in the financial highlights section of this document, Lincoln County through rating confirmations maintained 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 \$567,098,190. The County had \$13,500,000 in school bonds authorized but un-issued at June 30, 2011.

During FY11 Lincoln County issued \$17,405,000 of refunding bonds which partially refunded 2002 and 2002A bonds for a net present value savings of \$772,816. Lincoln County also hopes to receive favorable interest rates on another refunding planned for FY12.

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 2010-11 averaged approximately 11.49%, higher than the state average of 9.91%, 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 4th nationally for its ability to secure new and expanded corporate facility projects.
- Five industrial announcements during 2010-11 fiscal year totaled \$88.3 million of capital investments and 240 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 59.8 cents which is less than the State average of 61.41 cents.
- Lincoln County had the first LEED Certified (Silver) distribution center in North Carolina built during 2009.
- Retail sales increased by 4.4% during fiscal year 2011 due to the general improvement in the economy compared to a (1.7)% within the same period in fiscal year 2010.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities. The County adopted a General Fund budget in the amount of \$89,297,082 for the fiscal year ending June 30, 2012, a decrease of \$1,969,206, or 2.16%, from the fiscal year 2011 budget. The majority of the budget decreases were in School Current Expense, Capital Projects, Community Development, Tax, Social Services, and Debt Service. Since this was a property revaluation year the revenue neutral tax rate was .6095. The property tax levy was decreased from the revenue neutral rate to \$.598 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 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 has also completed 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 tipping fees have remained the same, and availability fees have been increased from \$69 per year to \$81 per year to allow the accumulation of funds for future landfill cells and the closure of existing landfill cells.

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, NC 28092.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Lincoln County ABC Board
Assets:				
Cash and cash equivalents	\$ 24,963,754	\$ 13,729,688	\$ 38,693,442	\$ 304,108
Taxes receivable (net)	1,490,109	126,792	1,616,901	-
Accounts receivable (net)	1,924,786	177,226	2,102,012	-
Due from other governments	3,348,023	123,877	3,471,900	-
Internal balances	587	(587)	-	-
Inventories	-	-	-	165,224
Prepaid items	480,431	-	480,431	-
Cash and cash equivalents, restricted	13,451,772	114,335	13,566,107	-
Capital assets, non-depreciable	8,528,578	23,666,176	32,194,754	200,607
Capital assets, depreciable, net	45,925,599	62,704,365	108,629,964	382,745
Total assets	<u>100,113,639</u>	<u>100,641,872</u>	<u>200,755,511</u>	<u>1,052,684</u>
Liabilities:				
Accounts payable and other accrued liabilities	3,653,964	1,018,891	4,672,855	212,654
Unearned revenue	692,348	-	692,348	-
Customer deposits	-	114,335	114,335	-
Due in less than one year	8,959,549	2,077,417	11,036,966	-
Due in more than one year	124,096,172	32,515,893	156,612,065	-
Total liabilities	<u>137,402,033</u>	<u>35,726,536</u>	<u>173,128,569</u>	<u>212,654</u>
Net Assets:				
Invested in capital assets, net of related debt	50,294,495	61,285,375	111,579,870	583,352
Restricted	-	-	-	57,826
Unrestricted	<u>(87,582,889)</u>	<u>3,629,961</u>	<u>(83,952,928)</u>	<u>198,852</u>
Total net assets	<u>\$ (37,288,394)</u>	<u>\$ 64,915,336</u>	<u>\$ 27,626,942</u>	<u>\$ 840,030</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, 2011

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 12,110,650	\$ 1,471,098	\$ 1,022,821	\$ 22,259,424
Public safety	24,782,004	5,133,736	711,154	-
Economic and physical development	2,120,590	-	15,120	-
Human services	19,559,449	3,679,433	10,646,933	-
Cultural and recreational	2,218,417	1,047	-	-
Education	23,306,217	-	942,883	-
Debt service:				
Interest and fees	6,604,596	-	-	-
Total governmental activities	<u>90,701,923</u>	<u>10,285,314</u>	<u>13,338,911</u>	<u>22,259,424</u>
Business-Type Activities:				
Solid Waste	5,038,688	3,208,740	-	-
Water and Sewer	7,194,130	7,288,758	-	139,913
East Lincoln County Water and Sewer	199,921	-	-	-
Total business-type activities	<u>12,432,739</u>	<u>10,497,498</u>	<u>-</u>	<u>139,913</u>
Total primary government	<u>\$ 103,134,662</u>	<u>\$ 20,782,812</u>	<u>\$ 13,338,911</u>	<u>\$ 22,399,337</u>
Component Unit:				
Lincoln County ABC Board	<u>\$ 1,956,128</u>	<u>\$ 1,991,618</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 1,956,128</u>	<u>\$ 1,991,618</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			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board
\$ 12,642,693	\$ -	\$ 12,642,693	
(18,937,114)	-	(18,937,114)	
(2,105,470)	-	(2,105,470)	
(5,233,083)	-	(5,233,083)	
(2,217,370)	-	(2,217,370)	
(22,363,334)	-	(22,363,334)	
<u>(6,604,596)</u>	<u>-</u>	<u>(6,604,596)</u>	
<u>(44,818,274)</u>	<u>-</u>	<u>(44,818,274)</u>	
-	(1,829,948)	(1,829,948)	
-	234,541	234,541	
<u>-</u>	<u>(199,921)</u>	<u>(199,921)</u>	
<u>-</u>	<u>(1,795,328)</u>	<u>(1,795,328)</u>	
<u>(44,818,274)</u>	<u>(1,795,328)</u>	<u>(46,613,602)</u>	
			\$ 35,490
			<u>35,490</u>
54,568,588	487,936	55,056,524	-
10,369,667	-	10,369,667	-
231,349	-	231,349	-
387,864	-	387,864	-
639,076	-	639,076	-
500,722	-	500,722	-
<u>91,606</u>	<u>31,172</u>	<u>122,778</u>	<u>1,538</u>
<u>66,788,872</u>	<u>519,108</u>	<u>67,307,980</u>	<u>1,538</u>
21,970,598	(1,276,220)	20,694,378	37,028
<u>(59,258,992)</u>	<u>66,191,556</u>	<u>6,932,564</u>	<u>803,002</u>
<u>\$ (37,288,394)</u>	<u>\$ 64,915,336</u>	<u>\$ 27,626,942</u>	<u>\$ 840,030</u>

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 16,331,513	\$ 2,089,470	\$ -	\$ 4,176,815	\$ 22,597,798
Taxes receivable, net	1,255,500	-	-	234,609	1,490,109
Accounts receivable, net	1,276,530	600,532	-	47,724	1,924,786
Due from other governments	3,292,049	55,716	-	258	3,348,023
Due from other funds	50,667	-	-	447,744	498,411
Prepaid items	412,743	-	-	-	412,743
Cash and cash equivalents, restricted	559,640	1,523,768	11,368,364	-	13,451,772
Total assets	<u>\$ 23,178,642</u>	<u>\$ 4,269,486</u>	<u>\$ 11,368,364</u>	<u>\$ 4,907,150</u>	<u>\$ 43,723,642</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 1,877,611	\$ 675,429	\$ 201,780	\$ 76,215	\$ 2,831,035
Due to other funds	552,088	-	-	-	552,088
Deferred revenue	1,641,643	304,236	-	234,609	2,180,488
Total liabilities	<u>4,071,342</u>	<u>979,665</u>	<u>201,780</u>	<u>310,824</u>	<u>5,563,611</u>
Fund Balances:					
Non-spendable:					
Prepays	412,743	-	-	-	412,743
Restricted:					
Stabilization for State statute	4,425,101	540,662	-	495,726	5,461,489
Restricted, all other	46,046	1,523,768	11,368,364	603,986	13,542,164
Committed	-	1,225,391	-	3,496,614	4,722,005
Assigned	2,881,150	-	-	-	2,881,150
Unassigned	11,342,260	-	(201,780)	-	11,140,480
Total fund balances	<u>19,107,300</u>	<u>3,289,821</u>	<u>11,166,584</u>	<u>4,596,326</u>	<u>38,160,031</u>
Total liabilities and fund balances	<u>\$ 23,178,642</u>	<u>\$ 4,269,486</u>	<u>\$ 11,368,364</u>	<u>\$ 4,907,150</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.					54,454,177
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.					(133,055,721)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.					2,025,757
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.					1,127,362
Net assets of governmental activities, per Exhibit A					<u>\$ (37,288,394)</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, 2011

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 49,071,049	\$ -	\$ -	\$ 5,739,292	\$ 54,810,341
Local option sales taxes	10,369,667	-	-	-	10,369,667
Other taxes and licenses	685,604	-	-	572,685	1,258,289
Unrestricted intergovernmental revenues	500,722	-	-	-	500,722
Restricted intergovernmental revenues	11,456,792	270,763	-	966,120	12,693,675
Permits and fees	1,143,681	-	-	-	1,143,681
Sales, service, and rents	7,971,588	-	-	-	7,971,588
Miscellaneous	984,370	154,694	-	-	1,139,064
Investment earnings	62,928	8,362	8,107	9,023	88,420
Total revenues	<u>82,246,401</u>	<u>433,819</u>	<u>8,107</u>	<u>7,287,120</u>	<u>89,975,447</u>
Expenditures:					
Current:					
General government	7,288,803	-	-	-	7,288,803
Public safety	19,508,734	-	-	6,330,339	25,839,073
Economic and physical development	2,130,806	-	-	-	2,130,806
Human services	20,796,790	-	-	-	20,796,790
Cultural and recreational	2,076,511	-	-	-	2,076,511
Education	18,421,240	-	-	-	18,421,240
Capital outlay	-	3,567,378	4,884,977	-	8,452,355
Debt service:					
Principal repayments	8,970,463	-	-	-	8,970,463
Interest	6,604,596	-	-	-	6,604,596
Total expenditures	<u>85,797,943</u>	<u>3,567,378</u>	<u>4,884,977</u>	<u>6,330,339</u>	<u>100,580,637</u>
Revenues over (under) expenditures	<u>(3,551,542)</u>	<u>(3,133,559)</u>	<u>(4,876,870)</u>	<u>956,781</u>	<u>(10,605,190)</u>
Other Financing Sources (Uses):					
Bond premium	1,257,866	-	72,196	-	1,330,062
Long-term debt issued	17,405,000	-	9,600,000	-	27,005,000
Advance payments to refunding trustee	(17,300,000)	-	-	-	(17,300,000)
Transfers out	(4,781,730)	-	-	(5,897,754)	(10,679,484)
Transfers in	5,897,754	2,127,750	-	2,653,980	10,679,484
Total other financing sources (uses)	<u>2,478,890</u>	<u>2,127,750</u>	<u>9,672,196</u>	<u>(3,243,774)</u>	<u>11,035,062</u>
Net change in fund balances	(1,072,652)	(1,005,809)	4,795,326	(2,286,993)	429,872
Fund Balances:					
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 19,107,300</u>	<u>\$ 3,289,821</u>	<u>\$ 11,166,584</u>	<u>\$ 4,596,326</u>	<u>\$ 38,160,031</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, 2011

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)	\$ 429,872
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	4,109,641
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,228,383)
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.	(242,813)
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.	(2,183,600)
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	(241,753)
Other fees for service	475,429
Amount of donated assets	21,833,967
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.	8,970,463
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	752,775
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>(9,705,000)</u>
Change in net assets of governmental activities	<u>\$ 21,970,598</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, 2011

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 48,459,418	\$ 48,479,968	\$ 49,071,049	\$ 591,081
Local option sales taxes	10,718,000	10,718,000	10,369,667	(348,333)
Other taxes and licenses	839,600	839,600	685,604	(153,996)
Unrestricted intergovernmental revenues	271,000	399,000	500,722	101,722
Restricted intergovernmental revenues	11,459,592	12,328,521	11,456,792	(871,729)
Permits and fees	1,262,450	1,287,950	1,143,681	(144,269)
Sales, service and rents	8,311,394	8,535,344	7,971,588	(563,756)
Miscellaneous	790,440	970,272	984,370	14,098
Investment earnings	125,000	125,000	62,928	(62,072)
Total revenues	<u>82,236,894</u>	<u>83,683,655</u>	<u>82,246,401</u>	<u>(1,437,254)</u>
Expenditures:				
Current:				
General government	7,684,514	8,082,305	7,288,803	793,502
Public safety	19,605,252	19,941,773	19,508,734	433,039
Environmental protection	-	-	-	-
Economic and physical development	2,445,475	2,262,708	2,130,806	131,902
Human services	22,060,122	23,197,362	20,796,790	2,400,572
Cultural and recreational	2,435,151	2,482,744	2,076,511	406,233
Education	18,421,240	18,421,240	18,421,240	-
Debt service:				
Principal	8,977,034	8,922,034	8,970,463	(48,429)
Interest and fees	5,320,213	6,788,079	6,604,596	183,483
Total expenditures	<u>86,949,001</u>	<u>90,098,245</u>	<u>85,797,943</u>	<u>4,300,302</u>
Revenues over (under) expenditures	<u>(4,712,107)</u>	<u>(6,414,590)</u>	<u>(3,551,542)</u>	<u>2,863,048</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	17,405,000	17,405,000	-
Advance payments to refunding trustee	-	(17,300,000)	(17,300,000)	-
Premium received from issuance of long-term debt	-	1,257,866	1,257,866	-
Transfers out	(4,102,287)	(4,815,350)	(4,781,730)	33,620
Transfers in	5,897,754	5,897,754	5,897,754	-
Fund balance appropriated	2,916,640	3,969,320	-	(3,969,320)
Total other financing sources (uses)	<u>4,712,107</u>	<u>6,414,590</u>	<u>2,478,890</u>	<u>(3,935,700)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,072,652)</u>	<u>\$ (1,072,652)</u>
Fund Balance:				
Beginning of year - July 1			<u>20,179,952</u>	
End of year - June 30			<u>\$ 19,107,300</u>	

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities				Governmental Activities
	Solid Waste Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 5,488,369	\$ 7,725,019	\$ 516,300	\$ 13,729,688	\$ 2,365,956
Taxes receivable, net	119,270	-	7,522	126,792	-
Accounts receivable, net	53,745	123,481	-	177,226	-
Due from other governments	39,825	84,052	-	123,877	-
Due from other funds	22,277	27,284	-	49,561	56,250
Prepaid items	-	-	-	-	67,688
Cash and cash equivalents, restricted	-	114,335	-	114,335	-
Total current assets	<u>5,723,486</u>	<u>8,074,171</u>	<u>523,822</u>	<u>14,321,479</u>	<u>2,489,894</u>
Capital assets:					
Non-depreciable capital assets	400,367	23,265,809	-	23,666,176	-
Depreciable capital assets, net	<u>5,408,140</u>	<u>57,296,225</u>	<u>-</u>	<u>62,704,365</u>	<u>-</u>
Total non-current assets	<u>5,808,507</u>	<u>80,562,034</u>	<u>-</u>	<u>86,370,541</u>	<u>-</u>
Total assets	<u>11,531,993</u>	<u>88,636,205</u>	<u>523,822</u>	<u>100,692,020</u>	<u>2,489,894</u>
Liabilities:					
Current liabilities:					
Accounts payable and other accrued liabilities	507,114	493,168	18,609	1,018,891	822,929
Due to other funds	32,681	17,467	-	50,148	1,986
Customer deposits	-	114,335	-	114,335	-
Unearned revenue	-	-	-	-	537,617
Current portion of compensated absences	6,600	9,500	-	16,100	-
Current portion of long-term debt	<u>88,432</u>	<u>1,167,885</u>	<u>805,000</u>	<u>2,061,317</u>	<u>-</u>
Total current liabilities	<u>634,827</u>	<u>1,802,355</u>	<u>823,609</u>	<u>3,260,791</u>	<u>1,362,532</u>
Non-current liabilities:					
Accrued landfill closure/post-closure care costs	8,435,639	-	-	8,435,639	-
Compensated absences	59,838	85,364	-	145,202	-
Other post-employment benefits	438,498	472,705	-	911,203	-
Long-term debt	<u>145,974</u>	<u>18,952,875</u>	<u>3,925,000</u>	<u>23,023,849</u>	<u>-</u>
Total non-current liabilities	<u>9,079,949</u>	<u>19,510,944</u>	<u>3,925,000</u>	<u>32,515,893</u>	<u>-</u>
Total liabilities	<u>9,714,776</u>	<u>21,313,299</u>	<u>4,748,609</u>	<u>35,776,684</u>	<u>1,362,532</u>
Net Assets:					
Invested in capital assets, net of related debt	5,574,101	60,441,274	-	66,015,375	-
Unrestricted	<u>(3,756,884)</u>	<u>6,881,632</u>	<u>(4,224,787)</u>	<u>(1,100,039)</u>	<u>1,127,362</u>
Total net assets	<u>\$ 1,817,217</u>	<u>\$ 67,322,906</u>	<u>\$ (4,224,787)</u>	<u>\$ 64,915,336</u>	<u>\$ 1,127,362</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, 2011

	Business-Type Activities				Governmental Activities
	Solid Waste Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 692,074	\$ 7,182,184	\$ -	\$ 7,874,258	\$ -
Water and sewer taps	-	98,568	-	98,568	-
Other operating revenues	18,704	8,006	-	26,710	6,912,326
Total operating revenues	710,778	7,288,758	-	7,999,536	6,912,326
Operating Expenses:					
Water treatment and distribution	-	3,540,411	-	3,540,411	-
Sewage collection	-	1,075,788	-	1,075,788	-
Pumping station	-	16,038	-	16,038	-
Landfill operations	4,467,527	-	-	4,467,527	-
Water and Sewer District	-	-	12,387	12,387	-
Other services	-	-	-	-	6,162,737
Depreciation	600,043	2,012,261	-	2,612,304	-
Total operating expenses	5,067,570	6,644,498	12,387	11,724,455	6,162,737
Operating income (loss)	(4,356,792)	644,260	(12,387)	(3,724,919)	749,589
Non-Operating Revenues (Expenses):					
Ad valorem taxes	-	-	487,936	487,936	-
Availability fee	2,298,462	-	-	2,298,462	-
Investment earnings	8,511	20,836	1,825	31,172	3,186
Tire disposal tax	112,358	-	-	112,358	-
Franchise fees	13,916	-	-	13,916	-
Sales and use tax refund	37,945	39,269	-	77,214	-
Solid waste disposal tax	53,279	-	-	53,279	-
NC electronics management fund distribution	5,452	-	-	5,452	-
Federal and State grants, non-capital	10,394	-	-	10,394	-
Miscellaneous	4,101	-	-	4,101	-
Interest and fees	(9,063)	(588,901)	(187,534)	(785,498)	-
Total non-operating revenues (expenses)	2,535,355	(528,796)	302,227	2,308,786	3,186
Income (loss) before transfers and contributions	(1,821,437)	115,464	289,840	(1,416,133)	752,775
Capital contribution	-	139,913	-	139,913	-
Change in net assets	(1,821,437)	255,377	289,840	(1,276,220)	752,775
Net Assets:					
Beginning of year - July 1	3,638,654	67,067,529	(4,514,627)	66,191,556	374,587
End of year - June 30	\$ 1,817,217	\$ 67,322,906	\$ (4,224,787)	\$ 64,915,336	\$ 1,127,362

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, 2011

	Business-Type Activities				Governmental Activities
	Solid Waste Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds
Operating Activities:					
Cash received from customers	\$ 724,278	\$ 8,833,891	\$ 11,100	\$ 9,569,269	\$ -
Cash received from interfund services	-	-	-	-	6,912,326
Cash received from other operating revenues	2,544,367	47,275	487,936	3,079,578	-
Cash paid for goods and services	(929,262)	(3,230,422)	(15,235)	(4,174,919)	(6,055,707)
Cash paid on behalf of employees	(1,775,802)	(1,797,470)	-	(3,573,272)	-
Net cash provided (used) by operating activities	563,581	3,853,274	483,801	4,900,656	856,619
Non-Capital Financing Activities:					
Federal and State grants, non-capital	10,394	-	-	10,394	-
Loans (to) from other funds	(281,633)	(311,596)	-	(593,229)	(3,167)
Net cash provided (used) by non-capital financing activities	(271,239)	(311,596)	-	(582,835)	(3,167)
Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(498,512)	(2,276,696)	-	(2,775,208)	-
Debt issued	-	496,496	-	496,496	-
Debt principal paid	(85,629)	(827,620)	(815,000)	(1,728,249)	-
Capital contributions	-	132,213	-	132,213	-
Interest and fees paid	(9,063)	(588,901)	(187,534)	(785,498)	-
Net cash provided (used) by capital and related financing activities	(593,204)	(3,064,508)	(1,002,534)	(4,660,246)	-
Investing Activities:					
Interest on investments	8,511	20,836	1,825	31,172	3,186
Net cash provided (used) by investing activities	8,511	20,836	1,825	31,172	3,186
Net increase (decrease) in cash and cash equivalents/investments	(292,351)	498,006	(516,908)	(311,253)	856,638
Cash and Cash Equivalents/Investments:					
Beginning of year - July 1	5,780,720	7,341,348	1,033,208	14,155,276	1,509,318
End of year - June 30	\$ 5,488,369	\$ 7,839,354	\$ 516,300	\$ 13,844,023	\$ 2,365,956

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, 2011

	Business-Type Activities				Governmental Activities
	Solid Waste Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (4,356,792)	\$ 644,260	\$ (12,387)	\$ (3,724,919)	\$ 749,589
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	600,043	2,012,261	-	2,612,304	-
Non-operating items	2,525,663	39,269	487,936	3,052,868	-
Change in Assets and Liabilities:					
(Increase) decrease in receivables	21,331	1,281,850	(107)	1,303,074	-
(Increase) decrease in due from other governments	10,874	242,608	-	253,482	-
(Increase) decrease in other assets	-	28,681	11,207	39,888	(11,438)
Increase (decrease) in accounts payable	377,344	(561,485)	(2,848)	(186,989)	93,022
Increase (decrease) in deferred revenue	-	-	-	-	25,446
Increase (decrease) in customer deposits	-	9,923	-	9,923	-
Increase (decrease) in landfill closure/post-closure care cost	1,245,198	-	-	1,245,198	-
Increase (decrease) in other post-employment benefits	138,307	156,081	-	294,388	-
Increase (decrease) in compensated absences payable	1,613	(174)	-	1,439	-
Total adjustments	<u>4,920,373</u>	<u>3,209,014</u>	<u>496,188</u>	<u>8,625,575</u>	<u>107,030</u>
Net cash provided (used) by operating activities	<u>\$ 563,581</u>	<u>\$ 3,853,274</u>	<u>\$ 483,801</u>	<u>\$ 4,900,656</u>	<u>\$ 856,619</u>
Non-Cash Investing, Capital, and Financing Activities:					
Contributed depreciable assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ 7,700</u>	<u>\$ -</u>	<u>\$ 7,700</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, 2011

	Agency Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 384,934
Total assets	<u>\$ 384,934</u>
 Liabilities:	
Intergovernmental payable	\$ 384,934
Total liabilities	<u>\$ 384,934</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, 2011

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, North Carolina 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, 2011

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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).

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 Fire Districts Fund, the Law Enforcement Fund, the Federal Law Enforcement Fund, and the Emergency Telephone Systems Fund.

Capital Project Funds. Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The County has the following nonmajor Capital Project Fund - Capital Reserve Fund.

The County reports all of its enterprise funds as major:

Enterprise Funds. Lincoln County has the following enterprise funds: the Solid Waste 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 Funds. The Health Insurance Fund is used to account for the accumulation and allocation of costs associated with the County's health insurance benefits. The Workers' Compensation Fund is used to account for the accumulation and allocation of costs associated with the County's workers' compensation 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 six agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for a municipality within the County; the Register of Deeds SB202 Fund,

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

which accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage; 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.

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County 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 non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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, an 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. 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.

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. The unexpended debt proceeds of the County are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued.

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

Asset	<u>Estimated Useful Lives</u>
Buildings	25-50 years
Infrastructure	30-50 years
Furniture and office equipment	5-20 years
Equipment	7-15 years
Vehicles	6 years

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.

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 solid waste 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

Restricted Fund Balance

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

Stabilization for State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Register of Deeds – portion of fund balance restricted by State statute for automation enhancement (software) improvements.

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

Restricted for Future Capital Projects – portion of fund balance restricted by revenue source to be used for future capital projects

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Restricted fund balance at June 30, 2011 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:				
Register of Deeds	\$ 46,046	\$ -	\$ -	\$ -
Future capital projects	-	1,523,768	-	-
Public safety	-	-	-	603,986
Education	-	-	11,368,364	-
Total	<u>\$ 46,046</u>	<u>\$ 1,523,768</u>	<u>\$ 11,368,364</u>	<u>\$ 603,986</u>

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Lincoln County's governing body (highest level of decision making authority, Board of Commissioners). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

Committed for Future Capital Projects – portion of fund balance budgeted by the Board to be used for future capital projects

Committed fund balance at June 30, 2011 is as follows:

<u>Purpose</u>	<u>General Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Future capital projects	\$ 1,225,391	\$ 3,496,614
Total	<u>\$ 1,225,391</u>	<u>\$ 3,496,614</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Lincoln County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to make certain modifications utilizing a contingency line item without requiring Board approval.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Assigned fund balance at June 30, 2011 is as follows:

Purpose	General Fund
Subsequent year's expenditures	\$ 2,881,150
Total	<u>\$ 2,881,150</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

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

Lincoln County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of expenditures.

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

Total fund balance - General Fund	\$ 19,107,300
Less:	
Prepays	(412,743)
Stabilization by State statute	<u>(4,425,101)</u>
Fund balance available for appropriation	<u>\$ 14,269,456</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

	General Fund	General Capital Projects Fund
Encumbrances	\$ 37,267	\$ 188,650

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 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, the County's deposits had a carrying amount of \$19,529,288 and a bank balance of \$20,186,178. Of the bank balance, \$561,026 was covered by federal depository insurance and \$19,625,152 by collateral held under the Pooling Method.

At June 30, 2011, Lincoln County had \$2,567 cash on hand.

Investments

As of June 30, 2011, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust - Cash Portfolio	\$ 31,758,543	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	794,445	794,445	-	-
US Government Agencies	559,640	559,640	-	-
Total investments	<u>\$ 33,112,628</u>	<u>\$ 1,354,085</u>	<u>\$ -</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.

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. 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, 2011. 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

Year Levied	Tax	Interest	Total
2008	\$ 1,633,397	\$ 387,932	\$ 2,021,329
2009	1,705,021	251,491	1,956,512
2010	1,738,794	99,981	1,838,775
2011	1,974,553	-	1,974,553
Total	<u>\$ 7,051,765</u>	<u>\$ 739,404</u>	<u>\$ 7,791,169</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Receivables

Receivables at the government-wide level, Exhibit A, at June 30, 2011 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,276,530	\$ 2,267,500	\$ 3,292,049	\$ 6,836,079
Other governmental	<u>648,256</u>	<u>235,197</u>	<u>55,974</u>	<u>939,427</u>
Total receivables	1,924,786	2,502,697	3,348,023	7,775,506
Allowance for doubtful accounts	<u>-</u>	<u>(1,012,588)</u>	<u>-</u>	<u>(1,012,588)</u>
 Total governmental activities	 <u>\$ 1,924,786</u>	 <u>\$ 1,490,109</u>	 <u>\$ 3,348,023</u>	 <u>\$ 6,762,918</u>
 Business-Type Activities:				
Solid Waste	\$ 88,276	\$ 166,997	\$ 39,825	\$ 295,098
Water and Sewer	<u>181,692</u>	<u>36,604</u>	<u>84,052</u>	<u>302,348</u>
Total receivables	269,968	203,601	123,877	597,446
Allowance for doubtful accounts	<u>(92,742)</u>	<u>(76,809)</u>	<u>-</u>	<u>(169,551)</u>
 Total business-type activities	 <u>\$ 177,226</u>	 <u>\$ 126,792</u>	 <u>\$ 123,877</u>	 <u>\$ 427,895</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 1,806,226
Sales tax refund	384,458
Other governmental agencies	<u>1,281,216</u>
	<u>\$ 3,471,900</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Capital Assets

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

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 3,840,825	\$ 1,676,410	\$ -	\$ 5,517,235
Construction in progress	5,020,900	2,194,597	(4,204,154)	3,011,343
Depreciable Assets:				
Buildings	22,118,303	21,522,683	-	43,640,986
Other improvements	3,508,897	3,149,699	-	6,658,596
Equipment	7,959,791	226,022	(84,486)	8,101,327
Vehicles and other equipment	7,698,933	1,378,351	(986,903)	8,090,381
Total	<u>50,147,649</u>	<u>30,147,762</u>	<u>(5,275,543)</u>	<u>75,019,868</u>
Less Accumulated Depreciation:				
Buildings	(8,043,027)	(454,297)	-	(8,497,324)
Other improvements	(1,059,634)	(321,320)	-	(1,380,954)
Equipment	(4,899,421)	(528,436)	66,294	(5,361,563)
Vehicles and other equipment	(5,163,802)	(924,330)	762,282	(5,325,850)
Total accumulated depreciation	<u>(19,165,884)</u>	<u>\$ (2,228,383)</u>	<u>\$ 828,576</u>	<u>(20,565,691)</u>
Capital assets, net	<u>\$ 30,981,765</u>			<u>\$ 54,454,177</u>

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

Governmental Activities:

General government	\$ 522,512
Public safety	1,175,336
Economic and physical development	22,996
Human services	241,574
Cultural and recreational	265,965
Total	<u>\$ 2,228,383</u>

Business-Type Activities:

Solid Waste	\$ 600,043
Water and Sewer	2,012,261
Total	<u>\$ 2,612,304</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Proprietary Capital Assets

The capital assets of the Solid Waste Fund at June 30, 2011 are as follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 400,367	\$ -	\$ -	\$ 400,367
Depreciable Assets:				
Buildings and structures	590,143	-	-	590,143
Improvements	12,019,023	-	-	12,019,023
Machinery, equipment, and vehicles	5,929,727	498,512	(11,200)	6,417,039
Total	18,939,260	498,512	(11,200)	19,426,572
Less Accumulated Depreciation:				
Buildings and structures	(184,104)	(11,933)	-	(196,037)
Improvements	(9,065,760)	(230,130)	-	(9,295,890)
Machinery, equipment, and vehicles	(3,779,208)	(357,980)	11,050	(4,126,138)
Total accumulated depreciation	(13,029,072)	\$ (600,043)	\$ 11,050	(13,618,065)
Capital assets, net	<u>\$ 5,910,188</u>			<u>\$ 5,808,507</u>

The capital assets of the Water and Sewer Fund at June 30, 2011 are as follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 773,200	\$ -	\$ -	\$ 773,200
Construction in progress	20,711,571	2,225,133	(444,095)	22,492,609
Depreciable Assets:				
Buildings and structures	26,860,191	-	-	26,860,191
Improvements	239,030	-	-	239,030
Water and sewer lines	50,692,289	451,795	-	51,144,084
Machinery, equipment, and vehicles	4,347,577	51,563	(278,664)	4,120,476
Total	103,623,858	2,728,491	(722,759)	105,629,590
Less Accumulated Depreciation:				
Buildings and structures	(7,363,925)	(537,860)	-	(7,901,785)
Improvements	(143,824)	(9,340)	-	(153,164)
Water and sewer lines	(12,424,216)	(1,290,692)	-	(13,714,908)
Machinery, equipment, and vehicles	(3,382,407)	(174,369)	259,077	(3,297,699)
Total accumulated depreciation	(23,314,372)	\$ (2,012,261)	\$ 259,077	(25,067,556)
Capital assets, net	<u>\$ 80,309,486</u>			<u>\$ 80,562,034</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,064,042	\$ 813,569	\$ -	\$ 1,877,611
Other governmental	953,424	-	-	953,424
Internal Service Fund	<u>822,929</u>	<u>-</u>	<u>-</u>	<u>822,929</u>
Total governmental activities	<u>\$ 2,840,395</u>	<u>\$ 813,569</u>	<u>\$ -</u>	<u>\$ 3,653,964</u>
Business-Type Activities:				
Solid Waste	\$ 465,748	\$ 41,366	\$ -	\$ 507,114
Water and Sewer	<u>249,440</u>	<u>51,199</u>	<u>211,138</u>	<u>511,777</u>
Total business-type activities	<u>\$ 715,188</u>	<u>\$ 92,565</u>	<u>\$ 211,138</u>	<u>\$ 1,018,891</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. Lincoln County contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS 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 LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 6.45% and 6.41%, 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, 2011, 2010, and 2009 were \$1,314,635, \$1,200,354, and \$1,142,031, 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, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>112</u>
Total	<u><u>119</u></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, 2011

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, 2009 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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 post-retirement 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, 2009 was 21 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	\$ 147,043
Interest on net pension obligation	22,581
Adjustment to annual required contribution	<u>(24,178)</u>
Annual pension cost	145,446
Employer contributions made for fiscal year ending 6/30/2011	<u>70,365</u>
Increase (decrease) in net pension obligation	75,081
Net pension obligation:	
Beginning of year - July 1	<u>451,610</u>
End of year - June 30	<u>\$ 526,691</u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 99,189	82.18%	\$ 403,082
6/30/2010	117,022	58.53%	451,610
6/30/2011	145,446	48.38%	526,691

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$1,198,517, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,198,517. The covered payroll (annual payroll of active employees covered by the plan) was \$4,329,558, and the ratio of the UAAL to the covered payroll was 27.68 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, 2011 were \$257,541, which consisted of \$212,787 from the County and \$44,754 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 non-contributory, 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 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, 2011

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, 2011, the County's required and actual contributions were \$6,149.

Other Post-Employment Benefits – Healthcare Benefits

Plan Description

According to a County resolution, Lincoln County provides post-retirement healthcare 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, 2011, 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, 89 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2011, the County made payments for post-retirement health benefit premiums of \$469,061. The County obtains healthcare coverage through private insurers, although the plan itself is largely a self-funded plan. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	74	15
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	519	104
Total	593	119

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 12.28% of annual covered payroll. For the current year, the County contributed \$475,295, or 2.0% of annual covered payroll. The County purchases insurance from a private carrier for healthcare 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 14.5% and 78.3% 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	\$ 2,560,872	\$ 337,354	\$ 2,898,226
Interest on net OPEB obligation	176,965	23,312	200,277
Adjustments to annual required contribution	(149,515)	(23,272)	(172,787)
Annual OPEB cost (expense)	2,588,322	337,394	2,925,716
Contributions made	(432,289)	(43,006)	(475,295)
Increase (decrease) in net OPEB obligation	2,156,033	294,388	2,450,421
Net OPEB obligation:			
Beginning of year - July 1	4,390,104	616,815	5,006,919
End of year - June 30	<u>\$ 6,546,137</u>	<u>\$ 911,203</u>	<u>\$ 7,457,340</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 2,842,132	11.3%	\$ 2,519,890
2010	2,842,132	12.5%	5,006,919
2011	2,925,716	16.2%	7,457,340

Funding Status and Funding Progress

As of December 31, 2010, 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 \$29,653,869. The covered payroll (annual payroll of active employees covered by the plan) was \$23,605,719, and the ratio of the UAAL to the covered payroll was 126 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.

In the December 31, 2010 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, an annual pre-Medicare medical trend increase of 10.50 to 5.00 percent annually, and an annual post-Medicare medical trend increase of 8.50 to 5.00 percent annually. Both rates included a 3.00 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, 2010, was 30 years.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

As of June 30, 2011, 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, 2011, the County made contributions to the State for death benefits of \$34,673. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.10% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment 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. Federal and State laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 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 \$8,435,639 reported as landfill closure and post-closure care liability at June 30, 2011 represents a cumulative amount reported to-date based on the use of landfill capacity in the County's sanitary and C&D landfill sections. The sanitary landfill reported a cumulative amount of \$7,403,883 reported to date based on the use of 82.0 percent of Phase I through III's estimated capacity. The C&D portion reported a cumulative amount of \$1,031,755 reported to date based on the use of 71.0 percent of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,046,664 as the remaining estimated capacity is filled. Of this amount, \$1,625,243 is related to the remaining capacity in the sanitary landfill, and \$421,421 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 2011. 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

Deferred/Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2011 is composed of the following elements:

	Deferred Revenues	Unearned Revenues
Prepaid taxes not yet earned (General)	\$ 154,731	\$ 154,731
Taxes receivable, net (General)	1,255,500	-
Other (General)	231,412	-
Other (General CPF)	304,236	-
Other (Internal Service)	537,617	537,617
Taxes receivable, net (Special Revenue)	234,609	-
Total	<u>\$ 2,718,105</u>	<u>\$ 692,348</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 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 and the Workers' Compensation Fund (the Internal Service Funds).

Changes in the balances of claims liabilities are as follows:

	Health Benefits Fund		Workers' Comp Fund	
	2010	2011	2010	2011
Unpaid claims, beginning	\$ 525,013	\$ 712,375	\$ -	\$ -
Incurred claims	4,985,431	4,850,863	-	239,995
Claim payments	(4,798,069)	(4,851,858)	-	(131,388)
Unpaid claims, ending	<u>\$ 712,375</u>	<u>\$ 711,380</u>	<u>\$ -</u>	<u>\$ 108,607</u>

Claims and Judgments

At June 30, 2011, 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, 2011

The County's general obligation bonds at June 30, 2011 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	\$ 600,000
\$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	2,000,000
\$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	12,650,000
\$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	7,230,000
\$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	22,000,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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)	4,200,000
\$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)	1,400,000
\$18,140,000 2010A 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	16,850,000
\$8,500,000 2010B 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	8,200,000
\$17,405,000 2011A School Refunding bonds due in annual installments of \$55,000 to \$3,240,000 through June 1, 2021; interest rates from 2.0% to 5.0%; interest payments due June 1 and December 1	17,405,000
\$9,600,000 2011B School bonds due in annual installments of \$325,000 to \$900,000 through June 1, 2029; interest rates from 3.0% to 4.75%; interest payments due June 1 and December 1	<u>9,600,000</u>
Total serviced by governmental activities	<u>102,135,000</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 65,000

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 1 700,000

\$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 2,530,000

Total serviced by business-type activities 3,295,000

Total general obligation bonds \$ 105,430,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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:

Year Ending June 30	Principal	Interest	Total
2012	\$ 6,810,000	\$ 4,087,636	\$ 10,897,636
2013	6,790,000	3,844,286	10,634,286
2014	6,780,000	3,597,911	10,377,911
2015	6,785,000	3,338,236	10,123,236
2016	6,765,000	3,068,761	9,833,761
2017-2021	33,890,000	11,210,430	45,100,430
2022-2026	27,505,000	4,383,749	31,888,749
2027-2029	6,810,000	469,237	7,279,237
Total	<u>\$ 102,135,000</u>	<u>\$ 34,000,246</u>	<u>\$ 136,135,246</u>

Business-Type Activities:

Water and Sewer Fund:

Year Ending June 30	Principal	Interest	Total
2012	\$ 65,000	\$ 2,113	\$ 67,113
Total	<u>\$ 65,000</u>	<u>\$ 2,113</u>	<u>\$ 67,113</u>

East Lincoln County Water and Sewer District:

Year Ending June 30	Principal	Interest	Total
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	510,000	41,420	551,420
2017-2021	575,000	33,439	608,439
Total	<u>\$ 3,230,000</u>	<u>\$ 418,553</u>	<u>\$ 3,648,553</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Bond Refunding

On February 15, 2011, the County issued Series 2011A 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 \$17,405,000, plus a net premium of \$1,257,866, for total bond proceeds of \$18,662,866. The par amount exceeded the net carrying amount of the old debt by \$105,000. The true interest cost of the refunding bonds is approximately 2.93%. The net present value of the savings realized by the County is approximately \$772,816. Installments are due annually through June 1, 2021, with interest payments due on June 1 and December 1. The Series 2011A Refunding Bonds partially refunded the following debt:

\$19,500,000 School Building Bonds, Series 2002
\$9,000,000 School Building Bonds, Series 2002A

\$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, 2011 is \$1,500,000.

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

Business-Type Activities:

East Lincoln Water and Sewer District:

Year Ending June 30	Principal	Interest	Total
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	250,000	17,150	267,150
2017	250,000	8,575	258,575
Total	<u>\$ 1,500,000</u>	<u>\$ 180,075</u>	<u>\$ 1,680,075</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011 are comprised of the following individual agreements:

Governmental Activities:

General Fund:

\$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	\$ 2,271,735
\$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	15,705,000
\$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	22,922
\$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	1,402,500
\$140,000 2009 contract for law enforcement vehicles, due in monthly installments of \$4,093, including interest at 3.35% through January 2012	28,334

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 933,973

Total governmental activities 22,364,464

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 15 213,265

\$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 1 250,695

\$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 1 336,749

\$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 1,755,051

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

Solid Waste Fund:

\$430,000 contract for landfill equipment, due in monthly installments of \$7,891, including interest at 3.225% through January 2014 234,406

Total business-type activities 20,290,166

Total installment purchase contracts \$ 42,654,630

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The future minimum payments as of June 30, 2011 for the installment purchase contracts are as follows:

Governmental Activities:
Governmental Funds:

Year Ending June 30	Principal	Interest	Total
2012	\$ 2,001,549	\$ 870,825	\$ 2,872,374
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	1,346,325	599,409	1,945,734
2017-2021	5,641,604	2,144,524	7,786,128
2022-2026	7,312,500	907,525	8,220,025
2027-2028	1,145,000	46,575	1,191,575
Total	<u>22,364,464</u>	<u>6,746,294</u>	<u>29,110,758</u>

Business-Type Activities:
Water and Sewer Fund:

Year Ending June 30	Principal	Interest	Total
2012	1,102,885	396,353	1,499,238
2013	1,102,885	476,412	1,579,297
2014	1,102,027	448,239	1,550,266
2015	1,102,027	420,062	1,522,089
2016	1,089,583	391,805	1,481,388
2017-2021	5,347,936	1,548,596	6,896,532
2022-2026	4,833,417	890,966	5,724,383
2027-2031	4,375,000	325,500	4,700,500
Total	<u>20,055,760</u>	<u>4,897,933</u>	<u>24,953,693</u>

Solid Waste Fund:

Year Ending June 30	Principal	Interest	Total
2012	88,432	6,260	94,692
2013	91,326	3,365	94,691
2014	54,648	589	55,237
Total	<u>234,406</u>	<u>10,214</u>	<u>244,620</u>
Total business-type activities	<u>20,290,166</u>	<u>4,908,147</u>	<u>25,198,313</u>
Total installment purchase contracts	<u>\$ 42,654,630</u>	<u>\$ 11,654,441</u>	<u>\$ 54,309,071</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

A summary of changes in long-term obligations follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 98,845,751	\$ 27,005,000	\$ 23,715,751	\$ 102,135,000	\$ 6,810,000
Installment purchases	24,919,176	-	2,554,712	22,364,464	2,001,549
Unfunded pension obligation	451,610	145,446	70,365	526,691	-
Other post-employment benefits	4,390,104	2,588,322	432,289	6,546,137	-
Compensated absences	1,530,943	842,616	890,131	1,483,428	148,000
Total	<u>\$ 130,137,584</u>	<u>\$ 30,581,384</u>	<u>\$ 27,663,248</u>	<u>\$ 133,055,720</u>	<u>\$ 8,959,549</u>
Business-Type Activities:					
General obligation bonds	\$ 4,414,249	\$ -	\$ 1,119,249	\$ 3,295,000	\$ 620,000
State Bond loan	1,750,000	-	250,000	1,500,000	250,000
Installment purchases	20,152,670	496,496	359,000	20,290,166	1,191,317
Compensated absences	159,863	69,607	68,168	161,302	16,100
Other post-employment benefits	616,815	337,394	43,006	911,203	-
Accrued landfill closure/ post-closure care costs	7,190,441	1,245,198	-	8,435,639	-
Total	<u>\$ 34,284,038</u>	<u>\$ 2,148,695</u>	<u>\$ 1,839,423</u>	<u>\$ 34,593,310</u>	<u>\$ 2,077,417</u>

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, 2011, Lincoln County had a legal debt margin of \$567,098,190.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County's net assets invested in capital assets, net of related debt, for governmental activities at June 30, 2011 is calculated as follows:

Land and construction in progress	\$ 8,528,578
Other capital assets, net	<u>45,925,599</u>
Total governmental capital assets	<u>54,454,177</u>
Less non-school related debt:	
2003 COPs (22% schools, 78% non-school related)	1,771,953
\$1,387,000 vehicles and equipment	933,973
\$109,002 2007 EMS equipment	22,922
\$1,650,000 revolving loan	1,402,500
\$140,000 2009 law enforcement vehicles	<u>28,334</u>
Total non-school related debt	<u>4,159,682</u>
Invested in capital assets, net of related debt	<u>\$ 50,294,495</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, 2011

C. Interfund Balances and Activity

	<u>Receivable</u>	<u>Payable</u>
Due To/Due From:		
General Fund	\$ 50,667	\$ -
Internal Service Fund (Workers' Comp Fund)	-	1,986
Enterprise (Water and Sewer) Fund	-	16,000
Enterprise (Solid Waste) Fund	-	32,681
Special Revenue (Capital Reserve) Fund	447,744	-
Internal Service Fund (Health Benefits Fund)	56,250	-
Enterprise (Water and Sewer) Fund	27,284	-
Enterprise (Solid Waste) Fund	20,810	-
General Fund	-	552,088
Enterprise (Solid Waste) Fund	1,467	-
Enterprise (Water and Sewer) Fund	<u>-</u>	<u>1,467</u>
Totals	<u>\$ 604,222</u>	<u>\$ 604,222</u>

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.

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From / To Other Funds:			
Capital Project (Capital Reserve) Fund	\$ 5,897,754	\$ -	Debt service transfer
General Fund	-	5,897,754	
General Fund	4,781,730	-	
Capital Project (Capital Reserve) Fund	-	2,653,980	Local option sales tax transfer
Capital Project (General Capital) Fund	<u>-</u>	<u>2,127,750</u>	Resources for construction
Total transfers - interfund	<u>\$ 10,679,484</u>	<u>\$ 10,679,484</u>	

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 reverted 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 County and Cleveland County, 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 Federal and State sources, as well as direct payments by clients and insurers for services rendered. The County has an ongoing financial responsibility to supplement these funds and for the year ended June 30, 2011 provided \$359,589 in support of Pathways' services. Additionally, the County remitted \$12,768 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, 2011. Complete financial statements for Pathways may be obtained from Pathways' administrative offices at 901 South New Hope Road, Gastonia, North Carolina 28054.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011.

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, 2011.

The County's Board of Commissioners appoints one of the Lake Norman Commission Board of Directors. The County provided funding of \$24,735 for the year ended June 30, 2011.

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, 2011.

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.

	Federal	State
Medical Assistance	\$ 53,897,898	\$ 22,202,934
Temporary Assistance to Needy Families	312,591	-
Child Care TANF	325,159	-
Low Income Energy Assistance	550,880	-
State/County Domiciliary Care	-	542,551
Special Supplemental Food Program for Women, Infants, and Children	1,036,013	-
IV-E Foster Care	79,196	17,363
IV-E Adoption Subsidy	320,866	72,024
CWS Adoption Subsidy	-	265,919
State Foster Home	-	55,171
Totals	<u>\$ 56,522,603</u>	<u>\$ 23,155,962</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

8. Stewardship, Compliance, and Accountability

Deficit Fund Balance or Net Assets of Individual Funds

The following fund had deficit net assets at June 30, 2011:

East Lincoln County Water and Sewer Fund - \$4,224,787

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.

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LINCOLN COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
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%
12/31/2010	-	1,198,517	1,198,517	0.00%	4,329,558	27.68%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation End of Year
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
2011	147,043	47.85%	526,691

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	12/31/10
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A

LINCOLN COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2008	\$ -	\$ 25,534,872	\$ 25,534,872	0.00%	\$ 23,588,521	108.3%
12/31/2010	-	29,653,869	29,653,869	0.00%	23,605,719	125.6%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
2009	\$ 2,842,132	11.34%
2010	2,842,132	12.49%
2011	2,898,226	16.40%

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	12/31/2010
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	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	8.50% - 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes	\$ 48,479,968	\$ 49,071,049	\$ 591,081	\$ 48,971,870
Total	48,479,968	49,071,049	591,081	48,971,870
Local Option Sales Taxes:				
Article 39 one percent	4,850,000	4,460,445	(389,555)	4,504,631
Article 40 one-half of one percent	3,444,000	3,382,318	(61,682)	3,328,627
Article 42 one-half of one percent	2,424,000	2,483,274	59,274	2,783,171
Article 44 one-half of one percent	-	(23,104)	(23,104)	296,736
Medicaid hold harmless	-	66,734	66,734	-
Total	10,718,000	10,369,667	(348,333)	10,913,165
Other Taxes and Licenses:				
Real estate transfer tax	525,000	387,864	(137,136)	531,807
Local occupancy tax & car rental tax	66,600	66,391	(209)	73,416
Utility franchise tax	248,000	231,349	(16,651)	273,740
Total	839,600	685,604	(153,996)	878,963
Unrestricted Intergovernmental Revenues:				
Beer and wine tax	234,000	296,115	62,115	102,843
Tax refunds - sales and gasoline	165,000	204,607	39,607	191,969
Total	399,000	500,722	101,722	294,812
Restricted Intergovernmental Revenues:				
Federal and State grants	11,910,921	11,128,022	(782,899)	9,727,410
Court facilities fees	116,400	106,822	(9,578)	123,726
ABC revenue	301,200	221,948	(79,252)	42,732
Total	12,328,521	11,456,792	(871,729)	9,893,868
Permits and Fees:				
Inspection Department	726,350	612,252	(114,098)	732,235
Sheriff Department	161,500	155,895	(5,605)	156,757
Soil and Water conservation	13,300	6,800	(6,500)	7,350
Emergency management	-	(95)	(95)	5,650
Fire Marshall	8,000	3,865	(4,135)	-
Register of Deeds	378,800	364,964	(13,836)	378,711
Total	1,287,950	1,143,681	(144,269)	1,280,703
Sales and Services:				
Rents, concessions, and fees	976,007	1,012,940	36,933	1,225,813
Ambulance fees	2,942,350	3,500,820	558,470	2,967,130
Animal control	69,250	76,209	6,959	82,089
Jail fees	85,000	73,569	(11,431)	125,648

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Social Services	2,720,685	2,017,413	(703,272)	2,095,922
Health department	1,512,552	1,052,517	(460,035)	1,263,769
Collection fees - special tax districts and City of Lincolnton	211,100	222,770	11,670	234,740
Soil and water conservation	18,400	15,350	(3,050)	21,000
Total	8,535,344	7,971,588	(563,756)	8,016,111
Investment Earnings	125,000	62,928	(62,072)	72,967
Total	125,000	62,928	(62,072)	72,967
Miscellaneous:				
Sale of property	30,000	68,371	38,371	40,699
Contributions	2,250	11,942	9,692	57,986
Other	938,022	904,057	(33,965)	702,307
Total	970,272	984,370	14,098	800,992
Total revenues	83,683,655	82,246,401	(1,437,254)	81,123,451
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	98,646	98,604	42	97,779
Other operating expenditures	105,900	102,972	2,928	100,101
Total	204,546	201,576	2,970	197,880
Administration and Finance:				
Salaries and employee benefits	959,604	946,247	13,357	897,038
Other operating expenditures	194,760	159,660	35,100	161,867
Overhead allocated to other funds	(215,000)	(233,717)	(18,717)	(197,347)
Total	939,364	872,190	29,740	861,558
Data Processing:				
Salaries and employee benefits	400,405	398,127	2,278	391,848
Other operating expenditures	203,402	149,402	54,000	138,414
Total	603,807	547,529	56,278	530,262
Elections:				
Salaries and employee benefits	375,457	285,831	89,626	266,579
Special compensation	8,820	10,765	(1,945)	9,550
Other operating expenditures	132,484	78,732	53,752	171,766
Total	516,761	375,328	141,433	447,895

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Taxes:				
Salaries and employee benefits	617,296	612,939	4,357	577,794
Other operating expenditures	315,480	295,527	19,953	261,045
Tax mapping	417,567	326,086	91,481	419,352
Tax revaluation	604,037	539,232	64,805	480,306
Total	1,954,380	1,773,784	180,596	1,738,497
Legal:				
Other operating expenditures	135,125	123,095	12,030	152,284
Total	135,125	123,095	12,030	152,284
Register of Deeds:				
Salaries and employee benefits	445,797	449,630	(3,833)	427,858
Other operating expenditures	490,856	315,524	175,332	367,400
Capital outlay	-	-	-	6,271
Total	936,653	765,154	171,499	801,529
Central Services:				
Salaries and employee benefits	482,179	441,767	40,412	315,706
Other operating expenditures	42,670	38,813	3,857	46,173
Total	524,849	480,580	44,269	361,879
Public Buildings:				
Salaries and employee benefits	517,421	513,077	4,344	506,667
Other operating expenditures	1,188,209	1,134,960	53,249	739,912
Total	1,705,630	1,648,037	57,593	1,246,579
Court Facilities:				
Other operating expenditures	49,450	18,654	30,796	27,803
Total	49,450	18,654	30,796	27,803
Special Grants:				
Mass transit	4,338	4,338	-	42,835
Forestry program	72,143	68,456	3,687	51,968
National Guard	3,000	-	3,000	3,000
Lake Norman Marine Commission	24,735	24,735	-	25,500
Lake Norman RPO	2,881	2,881	-	-
Regional Council of Government	18,194	18,194	-	18,194
West/East Lincoln Rescue Squads	131,350	113,738	17,612	105,001
Miscellaneous grants	117,000	112,435	4,565	30,700
Airport Authority	62,749	62,749	-	88,970
Arts Council	8,500	8,500	-	8,500
Mainstreet Program	12,000	12,000	-	12,000
Cultural Development Center	35,350	35,350	-	33,650
Chamber of Commerce	17,500	17,500	-	17,500
Mountain Island Commission	2,000	2,000	-	2,000
Total	511,740	482,876	28,864	439,818
Total general government	8,082,305	7,288,803	756,068	6,805,984

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Sheriff Department:				
Salaries and employee benefits	6,912,222	6,786,907	125,315	6,749,525
Other operating expenditures	1,255,346	1,213,397	41,949	1,198,507
Total	8,167,568	8,000,304	167,264	7,948,032
Jail:				
Salaries and employee benefits	1,972,709	1,952,322	20,387	1,927,167
Other operating expenditures	919,941	895,380	24,561	833,427
Total	2,892,650	2,847,702	44,948	2,760,594
Communications:				
Salaries and employee benefits	967,507	965,662	1,845	960,743
Other operating expenditures	238,531	210,112	28,419	200,135
Total	1,206,038	1,175,774	30,264	1,160,878
Emergency Management:				
Salaries and employee benefits	80,071	82,297	(2,226)	204,970
Other operating expenditures	126,362	89,249	37,113	245,000
Capital outlay	-	-	-	59,554
Total	206,433	171,546	34,887	509,524
Emergency Management - Beatties Ford:				
Other operating expenditures	25,000	3,265	21,735	-
Total	25,000	3,265	21,735	-
Emergency Management - Special Operations:				
Other operating expenditures	69,858	69,851	7	-
Total	69,858	69,851	7	-
Ambulance Services:				
Salaries and employee benefits	3,999,361	3,856,767	142,594	3,663,877
Other operating expenditures	1,048,981	1,073,778	(24,797)	1,069,599
Total	5,048,342	4,930,545	117,797	4,733,476
Fire:				
Fire Marshall				
Salaries and employee benefits	145,538	128,342	17,196	3,390
Other operating expenditures	37,825	38,461	(636)	451
Total	183,363	166,803	16,560	3,841
Assistance to Local Volunteer Fire Departments	112,365	112,317	48	103,052

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Planning and Inspections:				
Salaries and employee benefits	1,090,456	1,104,383	(13,927)	1,117,910
Other operating expenditures	186,209	172,218	13,991	164,604
Capital outlay	1,600	-	1,600	-
Total	1,278,265	1,276,601	1,664	1,282,514
Medical Examiner:				
Contracted services	37,400	47,634	(10,234)	33,618
Total	37,400	47,634	(10,234)	33,618
Animal Control:				
Salaries and employee benefits	454,297	434,893	19,404	438,691
Other operating expenditures	260,194	271,499	(11,305)	212,449
Total	714,491	706,392	8,099	651,140
Total public safety	19,941,773	19,508,734	433,039	19,186,669
Economic and Physical Development:				
Cooperative Extension:				
Salaries and employee benefits	53,684	52,660	1,024	51,904
Other operating expenditures	35,896	31,804	4,092	27,645
Contracted services	198,425	185,860	12,565	190,018
Total	288,005	270,324	17,681	269,567
Economic Development Commission/Projects:				
Other operating expenditures	1,599,493	1,597,260	2,233	1,605,082
Total	1,599,493	1,597,260	2,233	1,605,082
Soil and Water Conservation:				
Salaries and employee benefits	211,950	211,354	596	206,651
Other operating expenditures	35,460	23,211	12,249	34,126
Total	247,410	234,565	12,845	240,777
Community Development Block Grant:				
Contracted services-CDBG grant	127,800	28,657	99,143	25,698
Total	127,800	28,657	99,143	25,698
Total economic and physical development	2,262,708	2,130,806	131,902	2,141,124
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	789,547	779,169	10,378	692,922
Special compensation	1,540	880	660	1,280
Other operating expenditures	170,923	166,873	4,050	161,502
Total	962,010	946,922	15,088	855,704

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Immunization:				
Salaries and employee benefits	56,304	56,273	31	55,260
Other operating expenditures	48,947	28,081	20,866	32,781
Total	105,251	84,354	20,897	88,041
Adult Health:				
Salaries and employee benefits	109,463	109,635	(172)	108,661
Other operating expenditures	7,268	3,697	3,571	2,243
Total	116,731	113,332	3,399	110,904
BCCP-Health:				
Other operating expenditures	45,744	21,649	24,095	36,793
Total	45,744	21,649	24,095	36,793
Communicable Disease:				
Salaries and employee benefits	55,511	59,053	(3,542)	27,924
Other operating expenditures	7,647	4,343	3,304	4,876
Total	63,158	63,396	(238)	32,800
Lab:				
Salaries and employee benefits	98,351	98,571	(220)	95,707
Other operating expenditures	110,217	78,767	31,450	88,198
Total	208,568	177,338	31,230	183,905
Teen Tobacco Use Prevention:				
Salaries and employee benefits	50,805	50,874	(69)	45,580
Other operating expenditures	31,731	13,992	17,739	26,812
Total	82,536	64,866	17,670	72,392
Healthy Carolinians II:				
Other operating expenditures	10,000	4,086	5,914	8,810
Total	10,000	4,086	5,914	8,810
Family Planning:				
Salaries and employee benefits	107,413	106,938	475	94,541
Other operating expenditures	85,923	48,034	37,889	59,257
Capital outlay	-	10,760	(10,760)	-
Total	193,336	165,732	27,604	153,798
Maternal Health:				
Salaries and employee benefits	109,463	103,927	5,536	161,245
Other operating expenditures	72,300	35,507	36,793	18,522
Capital outlay	-	3,227	(3,227)	-
Total	181,763	142,661	39,102	179,767

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Child Health:				
Salaries and employee benefits	113,198	112,995	203	111,134
Other operating expenditures	33,047	12,578	20,469	8,771
Capital outlay	-	20	(20)	-
Total	146,245	125,593	20,652	119,905
Home Health Services:				
Salaries and employee benefits	737,720	719,741	17,979	711,324
Contracted services	229,401	174,647	54,754	208,854
Other operating expenditures	224,340	192,160	32,180	177,983
Total	1,191,461	1,086,548	104,913	1,098,161
Weight Wise:				
Operating expenditures	2,565	(20)	2,585	1,049
Total	2,565	(20)	2,585	1,049
Maternal Care Coordination:				
Salaries and employee benefits	144,811	146,080	(1,269)	155,989
Other operating expenditures	5,345	4,456	889	6,715
Total	150,156	150,536	(380)	162,704
Child Service Coordination:				
Salaries and employee benefits	77,794	78,129	(335)	105,194
Other operating expenditures	4,588	2,340	2,248	8,223
Total	82,382	80,469	1,913	113,417
School Health:				
Salaries and employee benefits	421,208	405,265	15,943	410,465
Other operating expenditures	31,815	27,226	4,589	33,395
Total	453,023	432,491	20,532	443,860
Dental Health:				
Salaries and employee benefits	-	14,849	(14,849)	-
Other operating expenditures	-	735	(735)	-
Total	-	15,584	(15,584)	-
Women, Infants, and Children:				
Salaries and employee benefits	268,701	244,774	23,927	213,635
Other operating expenditures	32,760	21,779	10,981	31,410
Total	301,461	266,553	34,908	245,045
Day Care Grant:				
Salaries and employee benefits	49,508	49,164	344	27,923
Other operating expenditures	7,346	6,247	1,099	1,858
Total	56,854	55,411	1,443	29,781

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Nutrition:				
Salaries and employee benefits	95,106	88,570	6,536	82,861
Other operating expenditures	2,000	174	1,826	-
Total	97,106	88,744	8,362	82,861
Environmental Health:				
Salaries and employee benefits	535,194	532,933	2,261	529,358
Other operating expenditures	69,728	60,962	8,766	71,657
Capital outlay	4,336	4,335	1	4,106
Total	609,258	598,230	11,028	605,121
Health Promotion:				
Salaries and employee benefits	49,563	49,721	(158)	49,148
Other operating expenditures	8,221	5,444	2,777	6,139
Total	57,784	55,165	2,619	55,287
Bioterrorism:				
Salaries and employee benefits	67,026	55,871	11,155	54,957
Other operating expenditures	90,065	44,929	45,136	34,071
Total	157,091	100,800	56,291	89,028
Contracted Services:				
Salaries and employee benefits	504,362	513,136	(8,774)	492,987
Other operating expenditures	32,939	24,917	8,022	29,901
Capital outlay	-	250	(250)	-
Total	537,301	538,303	(1,002)	522,888
Other Health Programs:				
WIC Mini Grant	4,289	2,476	1,813	-
Susan Komen	76,858	51,244	25,614	9,358
Total	81,147	53,720	27,427	9,358
Total health	5,892,931	5,432,463	460,468	5,301,379
Mental Health:				
Gaston-Lincoln Area program	373,589	372,974	615	372,262
Total	373,589	372,974	615	372,262
Social Services:				
Administration:				
Salaries and employee benefits	794,716	784,728	9,988	750,213
Special compensation	1,200	720	480	1,060
Other operating expenditures	312,167	288,073	24,094	270,225
Capital outlay	493,565	451,026	42,539	36,141
Total	1,601,648	1,524,547	77,101	1,057,639
Subsidized Employment Program:				
Other operating expenditures	162,854	78,402	84,452	123,273
Total	162,854	78,402	84,452	123,273

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Job Boost Employment Program:				
Other operating expenditures	79,200	56,956	22,244	-
Total	79,200	56,956	22,244	-
Children's Services:				
Salaries and employee benefits	2,184,683	2,134,800	49,883	2,114,607
Foster care	1,046,907	578,682	468,225	669,325
Other operating expenditures	168,405	130,931	37,474	122,992
Total	3,399,995	2,844,413	555,582	2,906,924
Adolescent Parenting:				
Salaries and employee benefits	48,496	46,551	1,945	41,042
Other operating expenditures	5,725	4,521	1,204	2,139
Total	54,221	51,072	3,149	43,181
Adult Services:				
Salaries and employee benefits	653,280	631,208	22,072	624,059
Long-term care, SD	540,634	539,938	696	522,993
Other operating expenditures	18,860	16,818	2,042	19,195
Total	1,212,774	1,187,964	24,810	1,166,247
State In-Home Care:				
Special compensation	9,249	6,383	2,866	2,840
Total	9,249	6,383	2,866	2,840
Office on Aging - HCCBG:				
Special contracted services	214,277	204,261	10,016	213,497
Other operating expenditures	12,034	900	11,134	-
Total	226,311	205,161	21,150	213,497
Child Support Enforcement:				
Salaries and employee benefits	489,980	459,749	30,231	483,382
Other operating expenditures	17,280	14,120	3,160	15,223
Total	507,260	473,869	33,391	498,605
CAP - Children:				
Special contracted services	9,002	-	9,002	-
Total	9,002	-	9,002	-
CAP - Disabled Adults:				
Special contracted services	2,055,604	1,444,991	610,613	1,446,196
Other operating expenditures	110,000	110,993	(993)	96,803
Total	2,165,604	1,555,984	609,620	1,542,999

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
TANF Program:				
Salaries and employee benefits	377,508	376,694	814	369,157
Client travel reimbursement	4,200	1,611	2,589	2,716
Other operating expenditures	40,315	15,248	25,067	17,695
Total	422,023	393,553	28,470	389,568
Title XIX Program - Family and Children:				
Salaries and employee benefits	444,480	438,090	6,390	429,220
TANF emergency assistance	15,230	6,879	8,351	16,158
Other operating expenditures	7,930	7,236	694	7,652
Total	467,640	452,205	15,435	453,030
Title XIX Program - Adult:				
Salaries and employee benefits	533,598	480,174	53,424	448,027
Client transportation	425,000	465,918	(40,918)	352,898
Medicaid, SD	5,000	3,517	1,483	2,125
Other operating expenditures	10,393	9,557	836	7,344
Total	973,991	959,166	14,825	810,394
Food Stamp Program - Issuance:				
Salaries and employee benefits	535,550	510,869	24,681	510,835
Other operating expenditures	348,179	342,295	5,884	270,629
Total	883,729	853,164	30,565	781,464
Food Stamp Program - Fraud:				
Special contracted services	44,458	44,362	96	44,234
Other operating expenditures	763	485	278	170
Total	45,221	44,847	374	44,404
Emergency Assistance:				
Other operating expenditures	50,092	50,048	44	28,008
Total	50,092	50,048	44	28,008
Total social services	12,270,814	10,737,734	1,533,080	10,062,073
Assistance Programs:				
Blind	12,289	5,453	6,836	11,679
Day care program	2,410,654	2,142,279	268,375	1,876,753
Communities in schools	55,000	55,000	-	55,000
Gaston skills	65,775	65,775	-	65,775
Total	2,543,718	2,268,507	275,211	2,009,207
Veterans Service Office:				
Special contracted services	81,517	81,096	421	79,664
Other operating expenditures	26,078	24,982	1,096	25,959
Total	107,595	106,078	1,517	105,623

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
JCP Administration:				
Other operating expenditures	14,078	12,698	1,380	10,960
Total	14,078	12,698	1,380	10,960
JCP - Gang (ARRA):				
Other operating expenditures	102,647	48,707	53,940	49,215
Total	102,647	48,707	53,940	49,215
JCP Pathways MH/SA:				
Other operating expenditures	7,500	7,500	-	7,500
JCP - Communities In Schools:				
Other operating expenditures	28,069	28,069	-	28,069
JCP - Savy Shepherd:				
Other operating expenditures	26,811	26,811	-	25,420
Total	26,811	26,811	-	25,420
JCP Mediation	25,616	25,616	-	25,616
Total	25,616	25,616	-	25,616
JCP Shepherd - Take Hold of Reins	14,537	14,537	-	19,546
Total	14,537	14,537	-	19,546
Shepherd - Trail Success Equine:				
Salaries and employee benefits	-	687	(687)	-
Other operating expenditures	62,088	62,088	-	45,861
Total	62,088	62,775	(687)	45,861
Gaston Family Health Services				
Other operating expenditures	30,000	30,000	-	10,000
Total	30,000	30,000	-	10,000
Senior Services:				
Salaries and employee benefits	254,885	254,024	861	248,308
Other operating expenditures	286,127	312,529	(26,402)	283,704
Total	541,012	566,553	(25,541)	532,012
Transportation TLC:				
Salaries and employee benefits	680,308	679,866	442	605,701
Other operating expenditures	476,049	375,902	100,147	276,497
Total	1,156,357	1,055,768	100,589	882,198
Total human services	23,197,362	20,796,790	2,400,572	19,486,941

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	688,409	572,408	116,001	559,899
Contracted services	16,150	9,726	6,424	2,745
Other operating expenditures	407,640	285,372	122,268	235,295
Total	1,112,199	867,506	244,693	797,939
Recreation - Building and Grounds:				
Salaries and employee benefits	213,591	170,071	43,520	210,067
Other operating expenditures	57,995	59,262	(1,267)	58,337
Total	271,586	229,333	42,253	268,404
Library:				
Salaries and employee benefits	691,974	641,729	50,245	630,037
Other operating expenditures	321,697	295,033	26,664	233,302
Capital outlay	40,142	1,119	39,023	16,214
Total	1,053,813	937,881	115,932	879,553
Battle of Ramsour Mill:				
Operating expenses	7,350	6,541	809	7,720
Total	7,350	6,541	809	7,720
Historical Properties:				
Other operating expenditures	4,796	2,250	2,546	4,649
Total	4,796	2,250	2,546	4,649
Historical Association	33,000	33,000	-	33,000
Total	33,000	33,000	-	33,000
Total cultural and recreational	2,482,744	2,076,511	406,233	1,991,265
Education:				
Public schools - current expense	17,172,729	17,172,729	-	17,044,729
Public schools - capital outlay	1,109,711	1,109,711	-	1,237,711
Community college - current expense	138,800	138,800	-	138,800
Total education	18,421,240	18,421,240	-	18,421,240
Debt Service:				
Principal retirement	8,922,034	8,970,463	(48,429)	8,770,711
Interest and fees	6,788,079	6,604,596	183,483	5,408,907
Total debt service	15,710,113	15,575,059	135,054	14,179,618
Total expenditures	90,098,245	85,797,943	4,262,868	82,212,841

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(6,414,590)	(3,551,542)	2,863,048	(1,089,390)
Other Financing Sources (Uses):				
Long-term debt issued	17,405,000	17,405,000	-	18,140,000
Advance payments to refunding trustee	(17,300,000)	(17,300,000)	-	(18,284,623)
Premium received from issuance of long-term debt	1,257,866	1,257,866	-	199,833
Transfers out	(4,815,350)	(4,781,730)	33,620	(4,237,228)
Transfers in	5,897,754	5,897,754	-	5,122,853
Fund balance appropriated	3,969,320	-	(3,969,320)	-
Total other financing sources (uses)	6,414,590	2,478,890	(3,935,700)	940,835
Net change in fund balance	\$ -	(1,072,652)	\$ (1,072,652)	(148,555)
Fund Balance:				
Beginning of year - July 1		20,179,952		20,328,507
End of year - June 30		\$ 19,107,300		\$ 20,179,952

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, 2011

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental				
Federal and State grants	\$ 5,028,525	\$ 2,119,242	\$ 270,763	\$ 2,390,005
Investment earnings	361,104	352,104	8,362	360,466
Contributions and donations	43,937	72,500	1,000	73,500
Miscellaneous	149,582	291,170	153,694	444,864
Total revenues	<u>5,583,148</u>	<u>2,835,016</u>	<u>433,819</u>	<u>3,268,835</u>
Expenditures:				
Capital outlay				
Land and buildings	6,184,929	3,137,450	790,010	3,927,460
Data processing	470,345	613	317,406	318,019
Water/Sewer lines	4,374,856	-	908,030	908,030
Other improvements	317,772	-	46,667	46,667
Contracted services	35,000	-	-	-
Other equipment	2,797,848	991,049	1,505,265	2,496,314
Total expenditures	<u>14,180,750</u>	<u>4,129,112</u>	<u>3,567,378</u>	<u>7,696,490</u>
Revenues over (under) expenditures	<u>(8,597,602)</u>	<u>(1,294,096)</u>	<u>(3,133,559)</u>	<u>(4,427,655)</u>
Other Financing Sources (Uses):				
Long-term debt issued	4,355,579	3,717,462	-	3,717,462
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	4,185,086	1,888,282	2,127,750	4,016,032
Fund balance appropriated	78,237	-	-	-
Total other financing sources (uses)	<u>8,597,602</u>	<u>5,589,726</u>	<u>2,127,750</u>	<u>7,717,476</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,295,630</u>	<u>(1,005,809)</u>	<u>\$ 3,289,821</u>
Fund Balance:				
Beginning of year - July 1			<u>4,295,630</u>	
End of year - June 30			<u>\$ 3,289,821</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, 2011

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 211,875	\$ 379,732	\$ 8,107	\$ 387,839
Total revenues	<u>211,875</u>	<u>379,732</u>	<u>8,107</u>	<u>387,839</u>
Expenditures:				
Education	<u>37,633,995</u>	<u>21,813,934</u>	<u>4,884,977</u>	<u>26,698,911</u>
Total expenditures	<u>37,633,995</u>	<u>21,813,934</u>	<u>4,884,977</u>	<u>26,698,911</u>
Revenues over (under) expenditures	<u>(37,422,120)</u>	<u>(21,434,202)</u>	<u>(4,876,870)</u>	<u>(26,311,072)</u>
Other Financing Sources (Uses):				
Long-term debt issued	39,777,839	30,248,504	9,600,000	39,848,504
Bond premium	-	4,498	72,196	76,694
Transfers out	(2,980,719)	(3,072,542)	-	(3,072,542)
Transfer from General Fund	<u>625,000</u>	<u>625,000</u>	<u>-</u>	<u>625,000</u>
Total other financing sources (uses)	<u>37,422,120</u>	<u>27,805,460</u>	<u>9,672,196</u>	<u>37,477,656</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,371,258</u>	4,795,326	<u>\$ 11,166,584</u>
Fund Balance:				
Beginning of year - July 1			<u>6,371,258</u>	
End of year - June 30			<u>\$ 11,166,584</u>	

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2011

	Special Revenue Funds			
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund
Assets:				
Cash and cash equivalents	\$ 76,215	\$ 35,303	\$ 23,564	\$ 545,119
Taxes receivable, net	234,609	-	-	-
Accounts receivable, net	-	-	-	47,724
Due from other governments	-	-	258	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 310,824</u>	<u>\$ 35,303</u>	<u>\$ 23,822</u>	<u>\$ 592,843</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 76,215	\$ -	\$ -	\$ -
Deferred revenue	234,609	-	-	-
Total liabilities	<u>310,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization for State statute	-	-	258	47,724
Restricted, all other	-	35,303	23,564	545,119
Committed	-	-	-	-
Total fund balances	<u>-</u>	<u>35,303</u>	<u>23,822</u>	<u>592,843</u>
Total liabilities and fund balances	<u>\$ 310,824</u>	<u>\$ 35,303</u>	<u>\$ 23,822</u>	<u>\$ 592,843</u>

Schedule C-1

Capital Project Fund			
		Capital Reserve Fund	Total Nonmajor Governmental Funds
\$	3,496,614	\$	4,176,815
	-		234,609
	-		47,724
	-		258
	447,744		447,744
\$	3,944,358	\$	4,907,150
\$	-	\$	76,215
	-		234,609
	-		310,824
	447,744		495,726
	-		603,986
	3,496,614		3,496,614
	3,944,358		4,596,326
\$	3,944,358	\$	4,907,150

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund
Revenues:				
Ad valorem taxes	\$ 5,739,292	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	572,685
Restricted intergovernmental revenue	-	23,237	-	-
Investment earnings	-	49	32	850
Total revenues	<u>5,739,292</u>	<u>23,286</u>	<u>32</u>	<u>573,535</u>
Expenditures:				
Current:				
Public safety	<u>5,739,292</u>	<u>20,788</u>	<u>3,325</u>	<u>566,934</u>
Total expenditures	<u>5,739,292</u>	<u>20,788</u>	<u>3,325</u>	<u>566,934</u>
Revenues over (under) expenditures	<u>-</u>	<u>2,498</u>	<u>(3,293)</u>	<u>6,601</u>
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	2,498	(3,293)	6,601
Fund Balances:				
Beginning of year - July 1	<u>-</u>	<u>32,805</u>	<u>27,115</u>	<u>586,242</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 35,303</u>	<u>\$ 23,822</u>	<u>\$ 592,843</u>

Schedule C-2

Capital Project Fund	
Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ -	\$ 5,739,292
-	572,685
942,883	966,120
8,092	9,023
<u>950,975</u>	<u>7,287,120</u>
-	6,330,339
-	<u>6,330,339</u>
<u>950,975</u>	<u>956,781</u>
(5,897,754)	(5,897,754)
<u>2,653,980</u>	<u>2,653,980</u>
<u>(3,243,774)</u>	<u>(3,243,774)</u>
(2,292,799)	(2,286,993)
<u>6,237,157</u>	<u>6,883,319</u>
<u>\$ 3,944,358</u>	<u>\$ 4,596,326</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, 2011

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

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 5,791,191	\$ 5,739,292	\$ (51,899)	\$ 5,683,587
Total revenues	<u>5,791,191</u>	<u>5,739,292</u>	<u>(51,899)</u>	<u>5,683,587</u>
Expenditures:				
Alexis Fire District	353,872	348,099	5,773	365,538
Boger City Fire District	543,786	526,870	16,916	502,801
Crouse Fire District	104,789	104,375	414	106,433
Denver Fire District	1,873,087	1,866,585	6,502	1,839,868
East Lincoln Fire District	1,342,089	1,332,750	9,339	1,319,214
High Shoals Fire District	-	-	-	4
Howard's Creek Fire District	243,429	240,219	3,210	238,629
Hughes Pond Fire District	-	4	(4)	-
North 321 Fire District	228,944	229,836	(892)	225,756
North Brook Fire District	201,077	197,540	3,537	201,618
Pumpkin Center Fire District	461,570	456,838	4,732	456,711
South Fork Fire District	244,930	245,287	(357)	235,218
Union Fire District	193,618	190,889	2,729	191,797
Total expenditures	<u>5,791,191</u>	<u>5,739,292</u>	<u>51,899</u>	<u>5,683,587</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - LAW ENFORCEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 21,343	\$ 23,237	\$ 1,894	\$ 28,802
Investment earnings	-	49	49	56
Total revenues	<u>21,343</u>	<u>23,286</u>	<u>1,943</u>	<u>28,858</u>
Expenditures:				
Public safety	<u>21,343</u>	<u>20,788</u>	<u>555</u>	<u>22,414</u>
Total expenditures	<u>21,343</u>	<u>20,788</u>	<u>555</u>	<u>22,414</u>
Net change in fund balance	<u>\$ -</u>	<u>2,498</u>	<u>\$ 2,498</u>	<u>6,444</u>
Fund Balance:				
Beginning of year - July 1		<u>32,805</u>		<u>26,361</u>
End of year - June 30		<u>\$ 35,303</u>		<u>\$ 32,805</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 32	\$ 32	\$ 16
Miscellaneous	1,000	-	(1,000)	26,919
Total revenues	1,000	32	(968)	26,935
Expenditures:				
Public safety	6,000	3,325	2,675	10,625
Total expenditures	6,000	3,325	2,675	10,625
Revenues over (under) expenditures	(5,000)	(3,293)	1,707	16,310
Other Financing Sources (Uses):				
Appropriated fund balance	5,000	-	(5,000)	-
Total other financing sources (uses)	5,000	-	(5,000)	-
Net change in fund balance	\$ -	(3,293)	\$ (3,293)	16,310
Fund Balance:				
Beginning of year - July 1		27,115		10,805
End of year - June 30		\$ 23,822		\$ 27,115

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, 2011

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

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other Taxes and Licenses:				
911 system subscriber fees	\$ 572,685	\$ 572,685	\$ -	\$ 572,685
Investment earnings	8,000	850	(7,150)	1,079
Total revenues	580,685	573,535	(7,150)	573,764
Expenditures:				
Public Safety:				
911 system subscriber fees				
Other operating expenditures	120,200	89,965	30,235	140,160
Telephone	184,740	163,425	21,315	168,379
Capital outlay	426,520	313,544	112,976	-
Total expenditures	731,460	566,934	164,526	308,539
Revenues over (under) expenditures	(150,775)	6,601	157,376	265,225
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	(186,994)
Fund balance appropriated	150,775	-	(150,775)	-
Total other financing sources (uses)	150,775	-	(150,775)	(186,994)
Net change in fund balance	\$ -	6,601	\$ 6,601	78,231
Fund Balance:				
Beginning of year - July 1		586,242		508,011
End of year - June 30		\$ 592,843		\$ 586,242

LINCOLN COUNTY, NORTH CAROLINA

CAPITAL PROJECT - CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted Intergovernmental:				
Lottery proceeds	\$ 942,883	\$ 942,883	\$ -	\$ 1,821,162
Investment earnings	15,000	8,092	(6,908)	12,684
Total revenues	957,883	950,975	(6,908)	1,833,846
Revenues over (under) expenditures	957,883	950,975	(6,908)	1,833,846
Other Financing Sources (Uses):				
Transfers out	(5,897,754)	(5,897,754)	-	(4,935,859)
Transfers in	2,487,600	2,653,980	166,380	2,879,741
Appropriated fund balance	2,452,271	-	(2,452,271)	-
Total other financing sources (uses)	(957,883)	(3,243,774)	(2,285,891)	(2,056,118)
Net change in fund balance	\$ -	(2,292,799)	\$ (2,292,799)	(222,272)
Fund Balance:				
Beginning of year - July 1		6,237,157		6,459,429
End of year - June 30		\$ 3,944,358		\$ 6,237,157

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Solid waste charges/tipping fees	\$ 500,000	\$ 692,074	\$ 192,074	\$ 572,472
Other	44,800	18,704	(26,096)	9,500
Total operating revenues	544,800	710,778	165,978	581,972
Non-Operating Revenues:				
Availability fees	2,272,000	2,298,462	26,462	2,291,581
Tire disposal tax	81,000	112,358	31,358	82,408
Franchise fees	-	13,916	13,916	-
Sales and use tax refunds	50,000	37,945	(12,055)	39,055
Solid waste disposal tax	25,000	53,279	28,279	52,989
Federal and State grants	-	10,394	10,394	18,148
NC electronics management fund distribution	-	5,452	5,452	-
Miscellaneous	-	4,101	4,101	(39,148)
Investment earnings	15,000	8,511	(6,489)	11,552
Total non-operating revenues	2,443,000	2,544,418	101,418	2,456,585
Total revenues	2,987,800	3,255,196	267,396	3,038,557
Expenditures:				
Landfill Operations:				
Salaries and employee benefits	1,784,293	1,718,836	65,457	1,735,737
Other operating costs	1,346,595	1,333,946	12,649	1,334,102
Capital outlay	424,485	529,752	(105,267)	496,831
Debt Service:				
Principal	85,629	85,629	-	82,915
Interest	9,563	9,063	500	11,777
Total expenditures	3,650,565	3,677,226	(26,661)	3,661,362
Revenues over (under) expenditures	(662,765)	(422,030)	240,735	(622,805)

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	662,765	-	(662,765)	-
Total other financing sources (uses)	662,765	-	(662,765)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(422,030)	\$ (422,030)	(622,805)
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Reconciling items:				
Debt principal		85,629		82,915
Capital outlay added to capital assets		498,512		302,933
Depreciation		(600,043)		(1,207,583)
(Increase) decrease in other post-employment benefits		(138,307)		(150,218)
(Increase) decrease in landfill closure and and post-closure costs		(1,245,198)		-
Total reconciling items		(1,399,407)		(971,953)
Change in net assets		\$ (1,821,437)		\$ (1,594,758)

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, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Water and sewer charges/fees	\$ 6,739,419	\$ 7,182,184	\$ 442,765	\$ 6,874,092
Water and sewer taps	76,000	98,568	22,568	53,464
Other operating revenues	14,800	8,006	(6,794)	23,926
Total operating revenues	6,830,219	7,288,758	458,539	6,951,482
Non-Operating Revenues:				
Sales and use tax refunds	50,000	39,269	(10,731)	42,194
Investment income	15,000	19,076	4,076	16,326
Other capital contributions	-	132,213	132,213	-
Total non-operating revenues	65,000	190,558	125,558	58,520
Total revenues	6,895,219	7,479,316	584,097	7,010,002
Expenditures:				
Water System:				
Salaries and employee benefits	725,075	719,625	5,450	765,893
Other operating costs	997,483	865,255	132,228	769,560
Capital outlay	-	-	-	14,824
Total water system	1,722,558	1,584,880	137,678	1,550,277
Sewer System:				
Salaries and employee benefits	622,125	621,655	470	781,629
Other operating costs	566,705	404,945	161,760	1,201,951
Total sewer system	1,188,830	1,026,600	162,230	1,983,580
Water Treatment Plant:				
Salaries and employee benefits	489,013	479,526	9,487	480,094
Other operating costs	457,068	408,066	49,002	394,662
Total water treatment plant	946,081	887,592	58,489	874,756
Indian Creek Pumping Station:				
Other operating costs	17,738	16,038	1,700	9,942
Total Indian Creek pumping station	17,738	16,038	1,700	9,942
Wastewater Treatment - Killian Creek:				
Salaries and employee benefits	210,484	193,849	16,635	-
Other operating costs	376,618	242,584	134,034	-
Total wastewater treatment - Killian Creek	587,102	436,433	150,669	-

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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Wastewater Treatment - Forney Creek:				
Salaries and employee benefits	113,518	106,492	7,026	-
Other operating costs	502,032	317,153	184,879	-
Total wastewater treatment - Forney Creek	615,550	423,645	191,905	-
Debt Service:				
Principal	844,288	827,620	16,668	891,655
Interest	334,023	130,650	203,373	216,416
Total debt service	1,178,311	958,270	220,041	1,108,071
Total expenditures	6,256,170	5,333,458	922,712	5,526,626
Revenues over (under) expenditures	639,049	2,145,858	1,506,809	1,483,376
Other Financing Sources (Uses):				
Fund balance appropriated	989,951	-	(989,951)	-
Debt issuance costs	(350,000)	(350,000)	-	-
Transfers in (out)	(1,279,000)	(1,775,496)	(496,496)	(2,300,000)
Total other financing sources (uses)	(639,049)	(2,125,496)	(1,486,447)	(2,300,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	20,362	\$ 20,362	(816,624)
Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:				
Reconciling items:				
Debt principal		827,620		891,655
Capital outlay capitalized		-		14,824
Water and Sewer Capital Fund activity		1,777,256		2,306,776
Water and Sewer Capital Fund expenses not capitalized		(100,968)		(22,058)
Capital contributions		7,700		505,880
Depreciation		(2,012,261)		(2,043,431)
(Increase) decrease in other post-employment benefits		(156,081)		(154,216)
Change in accrued interest		(108,251)		(67,027)
Total reconciling items		235,015		1,432,403
Change in net assets		\$ 255,377		\$ 615,779

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, 2011

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 465,768	\$ 1,760	\$ 467,528
Miscellaneous	-	173,044	-	173,044
Total revenues	-	638,812	1,760	640,572
Expenditures:				
Capital outlay	27,251,120	20,091,401	2,377,664	22,469,065
Total expenditures	27,251,120	20,091,401	2,377,664	22,469,065
Revenues over (under) expenditures	(27,251,120)	(19,452,589)	(2,375,904)	(21,828,493)
Other Financing Sources (Uses):				
Long-term debt issued	18,581,000	17,334,955	-	17,334,955
Transfers in (out)	8,670,120	5,106,557	1,775,496	6,882,053
Total other financing sources (uses)	27,251,120	22,441,512	1,775,496	24,217,008
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,988,923	\$ (600,408)	\$ 2,388,515

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, 2011

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

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-Operating Revenues:				
Ad valorem taxes	\$ 491,674	\$ 487,936	\$ (3,738)	\$ 472,991
Investment earnings	3,000	1,825	(1,175)	3,270
Total non-operating revenues	494,674	489,761	(4,913)	476,261
Total revenues	494,674	489,761	(4,913)	476,261
Expenditures:				
Other operating costs	1,200	12,387	(11,187)	2,938
Debt Service:				
Principal	815,000	815,000	-	825,000
Interest	190,433	187,534	2,899	212,252
Total expenditures	1,006,633	1,014,921	(8,288)	1,040,190
Revenues over (under) expenditures	(511,959)	(525,160)	(13,201)	(563,929)
Other Financing Sources (Uses):				
Fund balance appropriated	511,959	-	(511,959)	-
Total other financing sources (uses)	511,959	-	(511,959)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (525,160)	\$ (525,160)	\$ (563,929)
Reconciliation of Modified Accrual Basus (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (525,160)		\$ (563,929)
Reconciling items:				
Debt principal		815,000		825,000
Change in net assets		\$ 289,840		\$ 261,071

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,108,188	\$ 257,768	\$ 2,365,956
Due from other funds	56,250	-	56,250
Prepaid items	67,688	-	67,688
Total current assets	<u>2,232,126</u>	<u>257,768</u>	<u>2,489,894</u>
Total assets	<u>2,232,126</u>	<u>257,768</u>	<u>2,489,894</u>
Liabilities:			
Current liabilities:			
Accounts payable and other accrued liabilities	711,498	111,431	822,929
Due to other funds	-	1,986	1,986
Unearned revenue	537,617	-	537,617
Total current liabilities	<u>1,249,115</u>	<u>113,417</u>	<u>1,362,532</u>
Total liabilities	<u>1,249,115</u>	<u>113,417</u>	<u>1,362,532</u>
Net Assets:			
Unrestricted	<u>983,011</u>	<u>144,351</u>	<u>1,127,362</u>
Total net assets	<u>\$ 983,011</u>	<u>\$ 144,351</u>	<u>\$ 1,127,362</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues:			
Contributions from employer	\$ 5,137,126	\$ -	\$ 5,137,126
Contributions from employees	1,168,360	-	1,168,360
Flex account	155,147	-	155,147
Workers' compensation premiums	-	451,693	451,693
Total operating revenues	<u>6,460,633</u>	<u>451,693</u>	<u>6,912,326</u>
Operating Expenses:			
Health, admin and consultant fees	856,714	67,634	924,348
Health and workers' compensation claims	4,833,394	239,995	5,073,389
Flex account	165,000	-	165,000
Total operating expenses	<u>5,855,108</u>	<u>307,629</u>	<u>6,162,737</u>
Operating income (loss)	<u>605,525</u>	<u>144,064</u>	<u>749,589</u>
Non-Operating Revenues (Expenses):			
Investment earnings	<u>2,899</u>	<u>287</u>	<u>3,186</u>
Total non-operating revenues (expenses)	<u>2,899</u>	<u>287</u>	<u>3,186</u>
Change in net assets	608,424	144,351	752,775
Net Assets:			
Beginning of year - July 1	<u>374,587</u>	<u>-</u>	<u>374,587</u>
End of year - June 30	<u>\$ 983,011</u>	<u>\$ 144,351</u>	<u>\$ 1,127,362</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Activities:			
Cash received from interfund services	\$ 6,460,633	\$ 451,693	\$ 6,912,326
Cash paid for goods and services	(5,859,509)	(196,198)	(6,055,707)
Net cash provided (used) by operating activities	601,124	255,495	856,619
Non-Capital Financing Activities:			
Loans (to) from other funds	(5,153)	1,986	(3,167)
Net cash provided (used) by non-capital financing activities	(5,153)	1,986	(3,167)
Investing Activities:			
Interest on investments	2,899	287	3,186
Net cash provided (used) by investing activities	2,899	287	3,186
Net increase (decrease) in cash and cash equivalents/investments	598,870	257,768	856,638
Cash and Cash Equivalents/Investments:			
Beginning of year - July 1	1,509,318	-	1,509,318
End of year - June 30	<u>\$ 2,108,188</u>	<u>\$ 257,768</u>	<u>\$ 2,365,956</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 605,525	\$ 144,064	\$ 749,589
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Change in Assets and Liabilities:			
(Increase) decrease in other assets	(11,438)	-	(11,438)
Increase (decrease) in accounts payable	(18,409)	111,431	93,022
Increase (decrease) in deferred revenue	25,446	-	25,446
Total adjustments	(4,401)	111,431	107,030
Net cash provided (used) by operating activities	<u>\$ 601,124</u>	<u>\$ 255,495</u>	<u>\$ 856,619</u>

LINCOLN COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND

HEALTH INSURANCE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions from employer	\$ 5,000,000	\$ 5,137,126	\$ 137,126	\$ 4,753,779
Contributions from employees	1,100,000	1,168,360	68,360	1,097,427
Flex account	150,000	155,147	5,147	125,284
Workers' compensation premiums	-	-	-	651,304
Total operating revenues	6,250,000	6,460,633	210,633	6,627,794
Operating Expenditures:				
Health and consultant fees	875,300	856,714	18,586	640,781
Health and workers' compensation claims	5,200,000	4,833,394	366,606	5,607,698
Reserve	9,700	-	9,700	-
Flex account	165,000	165,000	-	90,000
Total operating expenditures	6,250,000	5,855,108	394,892	6,338,479
Operating income (loss)	-	605,525	605,525	289,315
Non-Operating Revenues:				
Investment earnings	-	2,899	2,899	1,982
Change in net assets - budgetary basis	\$ -	\$ 608,424	\$ 608,424	\$ 291,297

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

LINCOLN COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND

WORKERS' COMPENSATION FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011			2010
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Workers' compensation premiums	\$ 450,000	\$ 451,693	\$ 1,693	\$ -
Total operating revenues	450,000	451,693	1,693	-
Operating Expenditures:				
Admin and consultant fees	135,000	67,634	67,366	-
Workers' compensation claims	246,000	239,995	6,005	-
Reserve	70,000	-	70,000	-
Total operating expenditures	451,000	307,629	143,371	-
Operating income (loss)	(1,000)	144,064	145,064	-
Non-Operating Revenues:				
Investment earnings	1,000	287	(713)	-
Change in net assets - budgetary basis	\$ -	\$ 144,351	\$ 144,351	\$ -

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

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2011

	Social Services Fund	Tax Collector Fund	HB 1779 Interest Fund	Register of Deeds SB202 Fund	Inmate Trust Fund	Miscellaneous Fund	Totals
Assets:							
Cash and cash equivalents	\$ 43,588	\$ 82,477	\$ 2,669	\$ 1,020	\$ 20,321	\$ 234,859	\$ 384,934
Total assets	<u>\$ 43,588</u>	<u>\$ 82,477</u>	<u>\$ 2,669</u>	<u>\$ 1,020</u>	<u>\$ 20,321</u>	<u>\$ 234,859</u>	<u>\$ 384,934</u>
Liabilities:							
Intergovernmental payable	\$ 43,588	\$ 82,477	\$ 2,669	\$ 1,020	\$ 20,321	\$ 234,859	\$ 384,934
Total liabilities	<u>\$ 43,588</u>	<u>\$ 82,477</u>	<u>\$ 2,669</u>	<u>\$ 1,020</u>	<u>\$ 20,321</u>	<u>\$ 234,859</u>	<u>\$ 384,934</u>

LINCOLN COUNTY, NORTH CAROLINA**AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Social Services:				
Assets:				
Cash and cash equivalents	\$ 41,714	\$ 181,576	\$ 179,702	\$ 43,588
Total assets	<u>\$ 41,714</u>	<u>\$ 181,576</u>	<u>\$ 179,702</u>	<u>\$ 43,588</u>
Liabilities:				
Intergovernmental payable	\$ 41,714	\$ 181,576	\$ 179,702	\$ 43,588
Total liabilities	<u>\$ 41,714</u>	<u>\$ 181,576</u>	<u>\$ 179,702</u>	<u>\$ 43,588</u>
Tax Collector Fund:				
Assets:				
Cash and cash equivalents	\$ 90,537	\$ 4,716,299	\$ 4,724,359	\$ 82,477
Total assets	<u>\$ 90,537</u>	<u>\$ 4,716,299</u>	<u>\$ 4,724,359</u>	<u>\$ 82,477</u>
Liabilities:				
Intergovernmental payable	\$ 90,537	\$ 4,716,299	\$ 4,724,359	\$ 82,477
Total liabilities	<u>\$ 90,537</u>	<u>\$ 4,716,299</u>	<u>\$ 4,724,359</u>	<u>\$ 82,477</u>
Register of Deeds SB202 Fund:				
Assets:				
Cash and cash equivalents	\$ 1,185	\$ 14,635	\$ 14,800	\$ 1,020
Total assets	<u>\$ 1,185</u>	<u>\$ 14,635</u>	<u>\$ 14,800</u>	<u>\$ 1,020</u>
Liabilities:				
Intergovernmental payable	\$ 1,185	\$ 14,635	\$ 14,800	\$ 1,020
Total liabilities	<u>\$ 1,185</u>	<u>\$ 14,635</u>	<u>\$ 14,800</u>	<u>\$ 1,020</u>
HB 1779 Interest Fund:				
Assets:				
Cash and cash equivalents	\$ 3,166	\$ 38,594	\$ 39,091	\$ 2,669
Total assets	<u>\$ 3,166</u>	<u>\$ 38,594</u>	<u>\$ 39,091</u>	<u>\$ 2,669</u>
Liabilities:				
Intergovernmental payable	\$ 3,166	\$ 38,594	\$ 39,091	\$ 2,669
Total liabilities	<u>\$ 3,166</u>	<u>\$ 38,594</u>	<u>\$ 39,091</u>	<u>\$ 2,669</u>

LINCOLN COUNTY, NORTH CAROLINA**AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 22,429	\$ 188,248	\$ 190,356	\$ 20,321
Total assets	<u>\$ 22,429</u>	<u>\$ 188,248</u>	<u>\$ 190,356</u>	<u>\$ 20,321</u>
Liabilities:				
Intergovernmental payable	\$ 22,429	\$ 188,248	\$ 190,356	\$ 20,321
Total liabilities	<u>\$ 22,429</u>	<u>\$ 188,248</u>	<u>\$ 190,356</u>	<u>\$ 20,321</u>
Miscellaneous Fund:				
Assets:				
Cash and cash equivalents	\$ 249,568	\$ 389,696	\$ 404,405	\$ 234,859
Total assets	<u>\$ 249,568</u>	<u>\$ 389,696</u>	<u>\$ 404,405</u>	<u>\$ 234,859</u>
Liabilities:				
Intergovernmental payable	\$ 249,568	\$ 389,696	\$ 404,405	\$ 234,859
Total liabilities	<u>\$ 249,568</u>	<u>\$ 389,696</u>	<u>\$ 404,405</u>	<u>\$ 234,859</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 408,599	\$ 5,529,048	\$ 5,552,713	\$ 384,934
Total assets	<u>\$ 408,599</u>	<u>\$ 5,529,048</u>	<u>\$ 5,552,713</u>	<u>\$ 384,934</u>
Liabilities:				
Intergovernmental payable	\$ 408,599	\$ 5,529,048	\$ 5,552,713	\$ 384,934
Total liabilities	<u>\$ 408,599</u>	<u>\$ 5,529,048</u>	<u>\$ 5,552,713</u>	<u>\$ 384,934</u>

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2011

Fiscal Year	Uncollected Balance July 1, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 49,320,940	\$ 48,295,770	\$ 1,025,170
2009-2010	1,099,705	-	761,498	338,207
2008-2009	331,058	-	106,006	225,052
2007-2008	188,407	-	46,845	141,562
2006-2007	132,429	-	29,139	103,290
2005-2006	115,649	-	21,609	94,040
2004-2005	87,594	-	15,127	72,467
2003-2044	104,002	-	10,845	93,157
2002-2003	72,381	-	6,663	65,718
2001-2002	63,876	-	4,458	59,418
2000-2001	58,206	-	8,787	49,419
Total	<u>\$ 2,253,307</u>	<u>\$ 49,320,940</u>	<u>\$ 49,306,747</u>	2,267,500

Less allowance for uncollectible ad valorem taxes receivable:

General Fund (1,012,000)

Ad Valorem Taxes Receivable, Net

General Fund \$ 1,255,500

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund	\$ 49,071,049
Reconciling items:	
Interest and penalties	(337,576)
Discoveries related to prior years	(23,581)
Abatements related to prior years	23,249
2% Discount allowed	570,099
Taxes written off	5,438
Miscellaneous adjustments	<u>(1,931)</u>

Total collections and credits \$ 49,306,747

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2011

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County Wide:					
Property taxed at current year's rate	\$ 8,617,557,544	\$ 0.570	\$ 49,120,078	\$ 45,803,464	\$ 3,316,614
Motor vehicles taxed at prior year's rate	-	0.610	-	-	-
Late list penalties	-		48,685	48,685	-
Total original levy	<u>8,617,557,544</u>		<u>49,168,763</u>	<u>45,852,149</u>	<u>3,316,614</u>
Discoveries:					
Current year taxes	36,069,824		205,598	175,973	29,625
Prior year taxes	<u>13,457,488</u>		<u>82,232</u>	<u>82,148</u>	<u>84</u>
Total discoveries	<u>49,527,312</u>		<u>287,830</u>	<u>258,121</u>	<u>29,709</u>
Abatements and Discounts	<u>(22,114,184)</u>		<u>(135,653)</u>	<u>(89,532)</u>	<u>(46,121)</u>
Total property valuation	<u>\$ 8,644,970,672</u>				
Net Levy			49,320,940	46,020,738	3,300,202
Uncollected taxes at June 30, 2011			<u>1,025,170</u>	<u>676,056</u>	<u>349,114</u>
Current Year's Taxes Collected			<u>\$ 48,295,770</u>	<u>\$ 45,344,682</u>	<u>\$ 2,951,088</u>
Current Levy Collection Percentage			<u>97.92%</u>	<u>98.53%</u>	<u>89.42%</u>

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2011

Secondary Market Disclosures:**Assessed Valuation:**

Assessment Ratio (1)	<u>100%</u>
Real property	\$ 7,109,207,714
Personal property	610,414,121
Public service companies	346,389,974
Registered vehicles	<u>578,958,863</u>
Total assessed valuation	<u><u>\$ 8,644,970,672</u></u>
Tax rate per \$100 (2)	<u><u>\$ 0.57</u></u>
Levy (includes discoveries, releases, and abatements)	<u><u>\$ 49,320,940</u></u>
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	<u><u>\$ 5,789,533</u></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, 2011****Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)		<u>100%</u>
Real property	\$	2,605,825,950
Personal property		106,089,499
Public service companies		4,671,805
Registered vehicles		<u>134,445,775</u>
Total Assessed Valuation	\$	<u>2,851,033,029</u>
Tax Rate per \$100 (2)	\$	<u>0.0175</u>
Levy (includes discoveries, releases, and abatements)	\$	<u>503,452</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.

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

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities									
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	\$ 50,294,495
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>	<u>(87,582,889)</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>	<u>\$ (37,288,394)</u>
Business-type activities									
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	\$ 61,285,375
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>	<u>3,629,961</u>
Total business-type activities	<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>	<u>\$ 64,915,336</u>
Primary government									
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	\$ 111,579,870
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>	<u>(83,952,928)</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>	<u>\$ 27,626,942</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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses									
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	\$ 10,434,240
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	24,782,004
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	2,120,590
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	19,559,449
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	2,218,417
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	23,306,217
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	6,604,596
Total governmental activities	<u>74,064,346</u>	<u>62,864,983</u>	<u>69,882,498</u>	<u>100,466,854</u>	<u>92,363,606</u>	<u>81,846,655</u>	<u>91,835,961</u>	<u>98,247,816</u>	<u>89,025,513</u>
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	5,038,688
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	7,194,130
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	199,921
Total business activities	<u>7,749,557</u>	<u>6,782,578</u>	<u>8,044,126</u>	<u>9,191,303</u>	<u>9,439,978</u>	<u>12,136,581</u>	<u>13,557,458</u>	<u>11,674,135</u>	<u>12,432,739</u>
Total primary government expenses	<u>\$ 81,813,903</u>	<u>\$ 69,647,561</u>	<u>\$ 77,926,624</u>	<u>\$ 109,658,157</u>	<u>\$ 101,803,584</u>	<u>\$ 93,983,236</u>	<u>\$ 105,393,419</u>	<u>\$ 109,921,951</u>	<u>\$ 101,458,252</u>
Program Revenues									
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	\$ 1,471,098
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	5,133,736
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	3,679,433
Cultural and recreation	773,461	24	127,405	140,744	124,266	2,100	2,950	2,517	1,047
Operating grants and contributions:									
General government	419,365	153,133	325,191	877,850	730,421	1,033,216	933,098	884,019	1,022,821
Public safety	248,766	17,385	131,689	508,995	602,610	364,292	393,051	736,783	711,154
Economic and physical development	-	-	-	137,198	4,000	4,000	410,726	4,850	15,120
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	10,646,933
Education	562	-	691,737	886,900	1,481,317	1,219,535	1,334,250	1,821,162	942,883

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital grants and contributions:									
General government	-	23,494	100,838	23,212	-	132,720	993,870	1,444,381	20,583,014
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>	<u>44,207,239</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	3,208,740
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	7,288,758
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	139,913
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>	<u>10,637,411</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>	<u>\$ 54,844,650</u>
Net (Expense)/Revenue									
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>	<u>\$ (44,818,274)</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>	<u>(1,795,328)</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>	<u>\$ (46,613,602)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	\$ 30,069,280	\$ 31,778,884	\$ 36,774,263	\$ 38,185,874	\$ 40,282,791	\$ 43,830,954	\$ 53,625,181	\$ 54,718,453	\$ 54,568,588
Local option sales tax	9,265,641	11,818,791	13,184,746	14,312,428	15,791,771	16,360,401	13,803,138	10,913,165	10,369,667
Utility franchise tax	168,229	173,696	180,808	186,985	274,422	318,899	321,802	273,740	231,349
Real estate transfer tax	534,704	693,074	850,318	1,155,158	1,146,496	1,005,843	514,599	531,807	387,864
Other taxes and licenses	1,532,527	421,983	525,573	445,617	476,624	494,670	746,779	646,101	639,076
Unrestricted intergovernmental	286,096	378,105	427,161	446,783	462,986	472,872	456,991	294,812	500,722
Investment earnings	443,179	165,874	772,131	2,016,573	2,624,428	1,604,805	662,836	109,631	91,606
Miscellaneous	248,747	-	-	-	-	-	-	-	-
Transfers	-	-	-	(251,884)	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	(1,837,216)	-	(1,084,403)	0	0
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>	<u>66,788,872</u>

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

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-type activities:									
Property taxes	1,529,428	1,604,298	1,806,680	1,547,152	1,701,604	1,302,839	557,775	472,991	487,936
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	31,172
Transfers	-	-	-	251,884	-	-	1,084,403	0	0
Total business-type activities	<u>3,760,013</u>	<u>1,717,633</u>	<u>2,148,754</u>	<u>2,503,832</u>	<u>2,471,254</u>	<u>2,014,995</u>	<u>1,901,058</u>	<u>510,915</u>	<u>519,108</u>
Total primary government	<u>\$ 46,308,416</u>	<u>\$ 47,148,040</u>	<u>\$ 54,863,754</u>	<u>\$ 59,001,366</u>	<u>\$ 61,693,556</u>	<u>\$ 66,103,439</u>	<u>\$ 70,947,981</u>	<u>\$ 67,998,624</u>	<u>\$ 67,307,980</u>
Change in Net Assets									
Governmental activities	\$ (18,046,064)	\$ (1,481,768)	\$ 535,776	\$ (25,461,053)	\$ (12,313,899)	\$ 2,782,646	\$ 472,298	\$ (6,833,809)	\$ 21,970,598
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)	(1,276,220)
Prior period adjustment	-	-	(400,000)	(3,202,935)	-	-	-	-	-
Total primary government	<u>\$ (14,014,983)</u>	<u>\$ 6,852,039</u>	<u>\$ 5,469,649</u>	<u>\$ (23,209,368)</u>	<u>\$ (3,227,748)</u>	<u>\$ 8,187,855</u>	<u>\$ 1,348,513</u>	<u>\$ (7,551,717)</u>	<u>\$ 20,694,378</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 3
Lincoln County
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		2011
General Fund									General Fund	
Reserved for:									Nonspendable	
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	Prepays	412,743
Unreserved									Restricted	
Undesignated	9,374,194	10,808,036	14,040,465	12,218,849	11,136,446	10,239,759	15,686,057	15,256,358	Stabilization for State statute	4,425,101
									Restricted, all other	46,046
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>	Committed	
									Assigned	2,881,150
									Unassigned	11,342,260
									Total General Fund	<u>19,107,300</u>
All Other Governmental Funds									All Other Governmental Funds	
Reserved for:									Restricted	
State statute	\$ 741,305	\$ 738,349	\$ 472,524	\$ 546,305	\$ 614,753	\$ 625,717	\$ 545,926	\$ 499,044	Stabilization for State statute	495,726
Unreserved, reported in:									Restricted, all other	603,986
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	Committed	3,496,614
Special revenue funds	868,004	681,614	1,443,006	1,918,943	3,529,121	4,449,812	6,458,680	6,384,275		
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>		<u>4,596,326</u>
									Capital Project Funds	
									Restricted	
									Stabilization for State statute	540,662
									Restricted, all other	1,523,768
									Committed	1,225,391
										<u>3,289,821</u>
									Special Revenue Funds	
									Restricted	
									Restricted, all other	11,368,364
									Unassigned	(201,780)
									Total Special Revenue Funds	<u>11,166,584</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)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Ad valorem taxes	\$ 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	\$ 54,810,341
Local option sales taxes	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	10,369,667
Other taxes and licenses	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	1,258,289
Unrestricted intergovernmental revenues	1,154,447	286,096	378,105	427,161	446,783	462,986	472,872	456,991	294,812	500,722
Restricted intergovernmental revenues	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	12,693,675
Permits and fees	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	1,143,681
Sales, service and rents	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	7,971,588
Investment earnings	710,526	443,179	165,874	772,131	2,016,573	2,624,428	1,604,805	658,773	107,649	88,420
Miscellaneous	581,516	278,847	262,369	435,690	528,126	903,261	1,007,343	1,102,712	880,474	1,139,064
Total Revenues	<u>56,414,412</u>	<u>55,856,131</u>	<u>61,325,242</u>	<u>70,352,727</u>	<u>75,811,993</u>	<u>82,018,887</u>	<u>84,529,075</u>	<u>92,354,475</u>	<u>90,735,669</u>	<u>89,975,447</u>
Expenditures										
General Government	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	7,288,803
Public Safety	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	25,839,073
Environmental Protection	565,526	537,466	563,632	-	-	-	-	-	-	-
Economic and physical development	953,514	678,381	855,719	1,284,830	1,121,760	1,456,413	1,891,301	2,560,826	2,141,124	2,130,806
Human services	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	20,796,790
Culture and Recreation	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	2,076,511
Education	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	18,421,240
Capital Outlay	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	8,452,355
Debt Service:										
Principal	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	8,970,463
Interest	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	6,604,596
Total Expenditures	<u>64,995,516</u>	<u>81,591,251</u>	<u>65,542,983</u>	<u>75,492,916</u>	<u>106,783,392</u>	<u>99,384,121</u>	<u>92,719,500</u>	<u>98,772,212</u>	<u>103,355,991</u>	<u>100,580,637</u>
Excess of revenues over (under) expenditures	<u>(8,581,104)</u>	<u>(25,735,120)</u>	<u>(4,217,741)</u>	<u>(5,140,189)</u>	<u>(30,971,399)</u>	<u>(17,365,234)</u>	<u>(8,190,425)</u>	<u>(6,417,737)</u>	<u>(12,620,322)</u>	<u>(10,605,190)</u>
Other Financing Sources (Uses)										
Transfers in	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	10,679,484
Transfers out	(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)	(10,679,484)
Bonds & installment financing issued	19,662,064	9,588,275	-	17,000,000	60,220,000	-	109,002	20,990,000	28,027,000	27,005,000
Bond premium	-	-	-	34,005	76,730	-	-	5,282	204,331	1,330,062
Advance refunding of long-term debt	-	-	17,506,757	-	-	-	-	-	-	-
Advance refunding payments to trustee	-	-	(17,763,348)	-	(9,400,000)	-	-	-	(18,284,623)	(17,300,000)
Debt issuance costs	-	-	(87,730)	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Miscellaneous other financing uses	-	-	-	(20,966)	(26,070)	-	-	-	-	-
Total other financing sources (uses)	<u>16,681,089</u>	<u>9,588,275</u>	<u>(344,321)</u>	<u>17,013,039</u>	<u>50,618,776</u>	<u>-</u>	<u>109,002</u>	<u>20,890,572</u>	<u>9,946,708</u>	<u>11,035,062</u>
Net change in fund balances	<u>\$ 8,099,985</u>	<u>\$ (16,146,845)</u>	<u>\$ (4,562,062)</u>	<u>\$ 11,872,850</u>	<u>\$ 19,647,377</u>	<u>\$ (17,365,234)</u>	<u>\$ (8,081,423)</u>	<u>\$ 14,472,835</u>	<u>\$ (2,673,614)</u>	<u>\$ 429,872</u>
Debt service as a percentage of noncapital expenditures	9.28%	9.49%	10.88%	10.97%	9.35%	12.12%	14.46%	13.99%	14.12%	15.84%

(Debt Service percentage is total debt service divided by total expenditures less capitalized portion of capital outlay from Exhibit E
FY11 (8,970,463 + 6,604,596) / (100,580,637 - 2,228,383)

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	Tax Exempt Real Property	Registered Vehicles	Other					
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%
2011	6,321,866,239	801,334,600	350,263,463	379,000,238	578,958,863	625,157,771	346,389,974	8,644,970,672	0.570	8,078,656,828	107.01%

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Included as tax exempt includes property excluded as "Senior Citizens and Disabled Persons Exclusion" G.S. 105-277.1, Property listed at "present-use value" G.S. 105-277.4, and property listed as historic property G.S. 105-278. Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (5) Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years. 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									
	2002	2003	2004	2005(1)	2006	2007	2008	2009(1)	2010	2011
Lincoln County	0.6200	0.6200	0.6200	0.6200	0.6100	0.6100	0.6100	0.5700	0.5700	0.5700
<u>Municipality Rates:</u>										
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600
<u>Special District</u>										
East Lincoln Water and Sewer District (3)	0.1500	0.1500	0.1500	0.1300	0.1100	0.1100	0.0750	0.0200	.0175	.0175
<u>Fire Districts (4)</u>										
Alexis	0.0500	0.0500	0.0500	0.0500	0.0650	0.0850	0.1450	0.1142	0.1050	0.1100
Boger City	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0750
Crouse	0.0400	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600
Denver	0.0400	0.0500	0.0500	0.0450	0.0500	0.0790	0.1150	0.0981	0.09675	0.09675
East Lincoln	0.0500	0.0500	0.0500	0.0450	0.0600	0.0650	0.0650	0.0606	0.0606	0.0606
Howards Creek	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.1000	0.1000
North Brook	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0600	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	0.035
Pumpkin Center	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	0.1000	0.0951	0.0951	0.0951
South Fork	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0776	0.0910	0.091
Union	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	0.0650	0.0750	0.0750	0.075

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

(2) Lincoln County is an overlapping district of the City of Lincolnton

(3) Lincoln County is an overlapping district of the East Lincoln Water and Sewer District

(4) Fire districts are overlapping districts of the County, the East Lincoln Water and
Sewer District but not of the City of Lincolnton

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

Taxpayer	Type of Business	Fiscal Year 2011			Fiscal Year 2002		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp.	Utility	\$ 251,536,123	1	2.91%	\$ 290,567,873	1	6.60%
The Timken Company	Bearing manufacturer	97,483,546	2	1.13%	80,941,694	2	1.84%
Julius Blum, Inc.	Furniture hardware manufacturer	75,686,225	3	0.88%	46,038,572	3	1.05%
RSI Home Products	Manufacturing	64,377,697	4	0.74%			
Cataler North America Corp.	Auto parts manufacturer	60,529,472	5	0.70%			
Wal Mart Stores East LP	Retail	29,624,627	6	0.34%			
Rutherford Electric Membership	Utility	29,348,965	7	0.34%	20,952,489	5	0.48%
Lowes Home Centers Inc.	Retail Home Improvement	28,861,671	8	0.33%			
Actavis Mid Atlantic	Pharmaceuticals	27,994,751	9	0.32%			
Bellsouth Corp.	Utility	25,905,244	10	0.30%	33,259,088	4	0.76%
Mohican Mills, Inc.	Textile manufacturer				18,041,888	6	0.41%
Vermont American Corp.	Tool Manufacturer				17,828,230	7	0.41%
Carolina Centers, LLC	Real Estate				14,971,715	8	0.34%
Cochrane Furniture Co., Inc.	Furniture manufacturer				13,721,418	9	0.31%
Carolina Mills, Inc.	Textile manufacturer				9,773,116	10	0.22%
Totals		\$ <u>691,348,321</u>		8.00%	\$ <u>546,096,083</u>		12.41%

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 (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
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%	1,114,565	49,316,860	100.03%	(14,860)
2011	49,168,763	152,177	49,320,940	48,295,770	97.92%	1,010,977	49,306,747	99.97%	14,193
Source: Lincoln County Tax Department									<u>\$ 1,094,729</u>

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

Fiscal Year	Governmental Activities			Business-type Activities				Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	State Clean Water Loan	Installment Loans	Total Primary Government		
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	5.91%
2011	102,135,000	22,364,464		3,295,000	1,500,000	20,290,166	149,584,630	1,867	*

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 2010 personal income not available to calculate fiscal year 2011.

* Information not yet available.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Total			
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	4.07%	1.20%	1,364
2011	105,430,000	105,430,000	*	1.22%	1,316

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)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value of Property	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	8,644,971
Debt Limit, 8% of Assessed Value (Statutory Limitation)	352,159	364,670	381,822	450,235	464,914	489,199	520,797	679,221	690,759	691,598
Amount of Debt Applicable to Limit										
Gross debt	84,293	87,707	82,865	92,985	139,051	130,124	120,202	131,832	150,082	149,585
Less: Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	22,212	20,050	18,339	16,118	17,088	14,888	12,601	11,113	26,317	25,085
Total net debt applicable to limit	62,082	67,658	64,526	76,867	121,963	115,235	107,601	120,719	123,765	124,499
Legal Debt Margin	<u>290,078</u>	<u>\$ 297,012</u>	<u>\$ 317,296</u>	<u>\$ 373,367</u>	<u>\$ 342,952</u>	<u>\$ 373,964</u>	<u>\$ 413,196</u>	<u>\$ 558,503</u>	<u>\$ 566,994</u>	<u>\$ 567,098</u>
Total net debt applicable to the limit as a percentage of debt limit	17.63%	18.55%	16.90%	17.07%	26.23%	23.56%	20.66%	17.77%	17.92%	18.00%

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, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Lincolnton (1)	\$ <u>0</u>	100.00%	\$ 0
Direct - Lincoln County			<u>102,135,000</u>
Total direct and overlapping debt			\$ <u><u>102,135,000</u></u>

(1) Source: City of Lincolnton Finance Department

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)
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	11,792	7.50%	13,921
2010	75,718	2,537,929	33,375	11,984	13.60%	13,121
2011	80,134	*	*	11,790	12.70%	*

* 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

<u>Employer</u>	<u>Product or Service</u>	<u>2011</u>			<u>2002</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Lincoln County Schools	Education	1,600	1	4.24%	1,386	1	3.89%
Lincoln County Government	County Government	750	2	1.99%	482	7	1.35%
The Timken Company	Tapered Roller Bearings	750	3	1.99%	639	2	1.79%
Wal-Mart Stores, Inc.	Discount Stores	730	4	1.94%	315	11	0.88%
Lincoln Medical Center	Medical Care	720	5	1.91%	467	9	1.31%
RSI Home Products	Vanities and Marble Counter Tops	570	6	1.51%	500	5	1.40%
Julius Blum, Inc.	Cabinet and Furniture Hardware	370	7	0.98%	410	10	1.15%
Actavis Corp.	Pharmaceuticals	330	8	0.88%	190	19	0.53%
Lowe's	Home Improvements	270	9	0.72%	125	28	0.35%
Mohican Mills	Lace and Tricot Goods	240	10	0.64%	500	4	1.40%
United Technologies	Security Devices	230	11	0.61%			
Cataler North America	Automobile Components	200	12	0.53%			
State of North Carolina	Various Government Agencies	190	13	0.50%	241	14	0.68%
McMurray Fabrics, Inc.	Specialty Fabrics	190	14	0.50%	100	33	0.28%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	180	15	0.48%	476	8	1.34%
VT LeeBoy, Inc.	Asphalt Paving Equipment	175	16	0.46%	140	26	0.39%
Total Civilian Labor Force for the County		37,707			35,607		

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Governing body	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	10.0	10.0	11.0	11.5	10.5	11.0	12.0	13.0	13.2	13.2
Management Information Systems	5.0	6.0	6.0	5.0	6.0	6.0	6.0	7.0	7.0	7.0
Elections	4.0	3.0	3.0	3.0	2.0	3.0	3.0	3.5	3.75	3.75
Tax	19.5	19.5	21.5	22.5	22.5	20.0	24.5	26.0	27.8	24.75
Register of Deeds	9.5	8.5	10.5	10.0	9.5	9.5	9.5	8.5	8.4	8.0
Public Buildings	16.5	15.5	15.5	16.5	17.5	17.5	17.5	14.5	14.5	13.4
Public safety										
Sheriff	78.5	82.5	84.0	91.0	103.0	100.0	117.0	128.0	128.0	126.14
Communications	14.5	16.5	17.5	21.5	22.0	22.0	21.5	24.0	21.4	22.5
Jail	34.0	34.5	35.0	35.5	40.5	41.0	41.0	42.5	43.4	43.4
Emergency Management	3.0	3.0	3.0	3.0	4.0	6.0	6.0	4.0	2.0	2.0
Ambulance Services (1)	42.5	44.5	52.5	58.0	61.5	64.0	65.0	81.0	82.0	76.25
Fire Marshall (2)	1.0	2.0	1.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
Building and Land Development	17.0	16.0	16.0	16.0	20.0	23.0	24.0	20.0	18.0	18.0
Animal Control	5.0	5.0	5.0	6.0	6.5	7.0	7.0	10.0	11.0	10.75
Economic and physical development										
Sanitation (3)	16.0	7.0	7.0	0.0	0.0	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	1.6
Soil and Water Conservation	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0
Human services										
Health	61.0	61.5	65.5	69.5	67.5	72.0	75.0	85.0	81.5	78.4
Social Services	91.0	89.5	95.0	99.0	106.0	111.0	111.0	122.0	121.7	121.7
Veterans Service	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.0	1.0
Juvenile Crime Prevention	3.5	2.5	1.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Office on Aging (4)	7.0	6.0	7.0	8.5	12.0	6.0	5.5	6.5	6.5	6.5
Transportation						10.5	11.5	14.0	17.5	22.37
Cultural and recreation										
Recreation	19.0	18.5	16.0	17.0	18.0	11.0	15.0	26.5	30.6	29.7

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Library	13.5	14.5	15.5	16.5	16.0	14.0	17.5	17.5	17.3	16.33
Historical Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0
Water/Sewer (Business activity)										
Water & Sewer Fund (5)	20.5	23.0	25.0	27.0	28.0	34.0	42.0	43.0	43.0	42.6
East Lincoln Sewer District (5)	8.0	7.0	7.0	7.0	8.0	8.0	0.0	0.0	0.0	0.0
Landfill (3)	11.0	22.5	24.5	29.5	30.5	39.0	41.0	48.0	48.6	43.6
Total	<u>517.0</u>	<u>525.0</u>	<u>551.5</u>	<u>580.0</u>	<u>618.0</u>	<u>644.5</u>	<u>681.5</u>	<u>752.5</u>	<u>757.2</u>	<u>740.4</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.

- (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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Management Information Systems										
Work orders	2,662	2,669	2,562	3,168	3,259	3,889	3,804	3,798	4,870	5,571
Elections										
Registered voters	40,869	41,378	41,174	42,923	43,955	44,471	47,306	49,218	49,899	49,959
Votes cast in general elections	20,864	926	30,207	189	18,700	877	36,066	1,421		23,427
(votes odd years city even county wide)										
Tax										
Number of land records created	1,202	1,314	996	930	1,081	959	936	1,144	126	140
Number of ownership transfers - real estate/mfg. homes	5,011	5,248	6,066	5,947	6,499	7,114	6,679	6,118	2,411	4,293
Number of tax bills created - real/personal	58,383	60,656	60,153	62,476	65,243	67,167	66,168	69,202	68,330	68,499
Number of tax bills created - registered vehicles	76,787	78,325	80,864	83,135	89,016	85,666	89,394	89,224	87,540	85,796
Register of Deeds										
Total documents recorded	21,031	21,727	23,171	20,125	21,414	20,645	19,179	15,066	13,427	12,042
Deeds recorded	3,643	3,615	4,130	4,252	4,714	4,489	3,905	2,706	2,666	2,382
Marriage licenses issued	491	459	422	473	492	484	488	471	505	514
Births occurring	* 468	512	466	375	455	481	485	523	424	346
Deaths occurring	* 467	460	486	443	475	472	518	486	474	452
Certified copies issued	5,886	4,848	5,119	5,220	5,211	5,935	5,344	5,300	4,991	4,759
Public safety										
Arrests	* 3,257	1,882	2,053	2,154	2,869	3,618	3,265	3,213	2,928	2,975
Civil papers served	* 11,134	9,872	9,205	9,404	11,058	11,753	13,036	13,255	13,715	12,311
Jail bookings	2,379	2,398	4,246	6,150	4,805	3,750	3,942	3,622	3,516	3,584
Average daily jail population	65	77	76	100	117	112	110	125	123	134
Communications total calls	* 54,818	57,794	63,261	49,261	81,234	87,361	106,576	110,305	93,074	
Building permits issued	* 2,199	2,003	2,179	2,396	2,512	2,560	1,795	1,884	2,238	
Building inspections conducted	* 22,762	21,277	22,710	30,578	31,356	34,693	24,536	13,921	13,121	
Emergency medical calls answered	6,800	7,239	8,164	8,889	9,635	12,020	14,331	14,394	15,367	16,002
Emergency patients transported	4,202	4,672	5,002	5,089	5,436	7,194	7,249	7,868	7,994	8,143
Number of firemen and officers	400	400	400	400	400	450	476	500	500	500
Number of fire calls answered	1,800	1,800	1,800	1,900	1,900	2,486	2,955	3,000	3,000	3,000
Number of fire marshal inspections	400	350	350	300	450	400	1,250	1,300	1,300	1,300
Animals entering shelter	3,905	3,821	3,105	3,262	3,512	3,240	3,969	2,611	4,779	4,235
Animals euthanized	3,183	3,119	2,866	2,824	2,772	2,445	2,577	1,555	2,601	2,485

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Economic and physical development										
Cooperative Extension client contacts	23,340	18,355	22,744	25,069	25,099	31,950	33,984	50,055	49,206	69,149
Soil and Water Conservation										
Clients assisted	2,547	2,319	2,372	2,320	2,435	2,700	2,673	3,183	3,634	3,658
Funds landowners received from fed & state programs	59,500	189,284	295,000	253,463	581,611	226,815	284,656	443,203	233,644	176,714
Human services										
Health Department patient visits										
Adult Health	595	594	705	895	1,007	4,108	4,972	4,922	4,091	3,790
Child Health	421	336	280	249	236	1,189	1,219	1,514	1,160	1,115
Family Planning	1,200	1,278	1,099	1,075	1,025	4,586	4,932	5,892	6,842	4,836
Immunizations/Flu	1,742	3,431	3,460	4,611	4,372	4,719	2,961	3,362	5,076	2,285
Maternal Health	521	540	732	718	506	2,012	1,296	1,831	1,851	1,125
Primary Care		508	4,182	6,394	6,109	7,192	7,251	7,231	7,225	6,052
Sexually transmitted diseases	436	308	287	225	228	1,619	2,178	2,588	3,054	2,748
Tuberculosis	154	155	155	131	203	236	626	602	652	324
Case Management (child service & maternity care)	2,794	2,580	2,421	2,216	2,342	2,946	1,972	2,398	2,005	1,748
Lab services (in-house)	9,436	9,603	17,513	12,663	12,786	12,750	12,375	12,452	9,898	10,895
(referred)	4,467	4,653	4,750	4,748	4,224	4,679	5,063	4,797	4,116	4,356
WIC (women infants and children)	15,785	13,085	14,605	20,074	20,684	22,749	23,269	24,715	24,180	24,345
Home Health (unduplicated patients)	250	340	357	445	358	396	379	525	406	365
Environmental Health										
Food & Lodging permits			40	64	96	100	62	70	71	68
Food, Lodging & Institutional Inspections							782	796	834	859
Sewage system permits			972	756	780	834	841	377	302	273
Sewage system finals			597	543	464	491	375	271	208	164
Water samples			126	134	220	165	250	344	294	258
New well permits (began 7/1/07)							189	145	96	102
Wells Inspected (water for sampling)			54	66	80	45	123	177	120	0
New well sitings (discontinued 7/1/07)	588	465	380	406	540	524	0	0	0	0
Swimming pools			30	25	35	30	31	37	25	31
Lead investigations			1	2	-	1	1	2	0	0
Complaint investigations							62	118	121	56
Social Services cases (may contain duplicates)										
Child & adult protective services	83	83	90	85	116	133	126	108	108	116
Children in foster care	44	49	44	58	71	109	97	76	53	56
Work first cases	252	266	188	182	167	161	150	160	133	128
NC health choice cases	387	444	557	623	566	617	626	666	756	826
Medicaid cases	4,844	5,299	5,769	6,244	6,814	7,104	7,437	8,027	8,952	8,966
Food stamp cases	1,280	1,452	1,861	2,186	2,568	2,732	2,487	3,657	4,372	5,244
Child support cases	2,558	2,476	2,542	2,516	2,599	2,733	2,809	2,823	2,863	2,765
Transportation clients served					280	524	632	667	2,444	2,900
Transportation trips provided								38,507	38,506	40,367
Cultural and recreation										
Recreation (shelter & facility reservations)										816
Library volumes in collection	98,712	102,204	106,855	109,413	128,856	126,319	133,498	134,854	137,971	148,408
Library circulation	275,994	301,116	304,599	321,761	315,578	325,699	329,072	323,544	326,429	308,342

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water/Sewer (Business activity)										
Number of water customers	6,898	6,898	7,756	8,075	8,657	9,169	9,583	9,585	9,584	9,730
Average daily water production	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	2,800,000
Number of sewer customers	1,611	1,611	2,234	2,502	2,879	3,220	3,538	3,660	3,699	3,812
Average daily sewage treatment	284,000	393,000	463,000	523,000	548,000	617,750	610,333	700,000	729,000	780,000
Landfill										
Tons of waste sanitary landfill	41,231	44,125	45,558	52,013	45,435	45,091	44,680	45,508	48,496	46,692
Tons of waste demolition landfill	14,635	18,730	16,337	16,097	10,351	10,787	7,809	11,264	12,796	16,131
Tons of recyclables	1,279	1,288	1,337	1,424	1,440	1,678	1,870	1,848	2,175	2,187
Tons of whitegoods	1,408	1,310	1,508	1,583	1,502	1,872	1,184	968	1,023	800
Tons of tires	1,241	1,290	1,117	1,310	1,267	1,678	1,371	1,185	1,281	1,209

* 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Buildings	19	19	20	22	22	22	22	22	22	24
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	43	53	53	53	53	67	71	77	77	77
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	2	3	3	3	3	3	3	5	6	7
Emergency medical apparatus	14	18	20	18	17	18	20	22	23	23
Fire department stations	11	11	11	11	11	11	13	15	15	15
Economic and physical development										
Human services										
Number of transportation vehicles	17	19	18	14	12	12	13	12	15	18
Cultural and recreation										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	2	2	2	2	2	2	2	4	4	4
Undeveloped	1	1	1	2	2	2	2	1	1	1
Park acreage:										
Developed	37	37	37	37	37	37	37	115	115	115
Undeveloped	54	54	54	54	54	54	54	116	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	255	258	260	265	270	279	285	300	315	336
Number of wastewater plants	1	1	1	1	1	1	1	1	2	2
Miles of sanitary sewer	70	72	75	78	82	86	90	100	155	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