

LINCOLN COUNTY

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2013**

LINCOLN COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Prepared By
Finance Department**

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LINCOLN COUNTY

NORTH CAROLINA

BOARD OF COMMISSIONERS

ALEX E. PATTON, CHAIRMAN

CARL E. ROBINSON, JR, VICE-CHAIRMAN

JAMES A. KLEIN

CARROL MITCHEM

CECILIA A. MARTIN

GEORGE A. WOOD, COUNTY MANAGER

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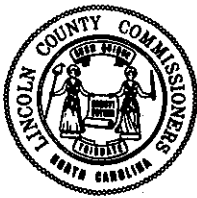
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COUNTY OF LINCOLN, NORTH CAROLINA

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FINANCE DEPARTMENT

(704) 736-8865

FAX (704) 735-0273

November 25, 2013

Chairman Alex Patton,
Board of County Commissioners,
And the Citizens of Lincoln
County, North Carolina

The Comprehensive Annual Financial Report (CAFR) for Lincoln County, North Carolina, for the fiscal year ended June 30, 2013, is hereby submitted. The report consists of management's representations concerning the finances of Lincoln County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Lincoln County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile reliable information for the preparation of Lincoln County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls should not outweigh their benefits. Lincoln County's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lincoln County's financial statements have been audited by Martin Starnes & Associates CPAs, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lincoln County for the fiscal year ended June 30, 2013, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Lincoln County's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. Additionally, the financial statements have been prepared in compliance with applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and financial reporting contained in both *Audits of State and Local Governmental Units*, an audit guide prepared by the Committee of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among other resources used in the preparation of the financial statements, the Finance Department Staff has given particular attention to *Governmental Accounting*,

Auditing, and Financial Reporting (GAAFR) issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

The Single Audit Act of 1984 established requirements for state and local governments that receive federal assistance. The audit requirements have also been adopted by the State of North Carolina for state grants. Information related to this single audit, including the schedule of federal and state financial awards, schedule of findings and questioned costs, auditor's report on internal control and compliance with laws and regulations, and other schedules and exhibits necessary to satisfy the requirements of the single audit, are included in the single audit section.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. Lincoln County's MD&A is presented immediately following the report of our independent auditors.

Financial Reporting Entity

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 the Government

The County is located in the western portion of the North Carolina Piedmont Plateau, approximately 165 miles west of Raleigh, the State Capital, and 30 miles northwest of Charlotte, the state's largest city. The County was formed in 1779 and has a total land area of approximately 308 square miles. The City of Lincolnton, with an estimated 2011 population of approximately 10,517 is the center of an urban area of 15,000, the County seat, and the only incorporated municipality in the County. The County's population as of July 1, 2011, according to the State Demographer, was 79,026.

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.

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 but steady job growth has occurred in the years since, as new announcements are adding back jobs that were lost.

Fiscal year 2013 saw five economic development announcements. Borghetti Turbos announced that they will come to Lincoln County and make an investment of \$7,000,000 and add 127 new jobs. Tenowo also announced an expansion of their facilities valued at over \$3,000,000, with 12 new jobs added.

In 2012, there were several job creation announcements. Robert Bosch Tool made an investment of over \$3,500,000 and added ten jobs. Rato North America added 40 jobs in the area, and Sabo USA created another 12 jobs at its facility in Lincoln County. Since June, there have been several other announcements of investments and job creation, so the picture in Lincoln County is looking more positive.

In 2011, the following companies announced new investments and job growth: Aptar with a \$53 million investment and 150 jobs, Hydac Technology Corporation with a \$12 million investment and 90 new jobs,

Blum with an \$18 million expansion, Lucky Country with a \$3 million expansion and Hof Textiles with a \$2.3 million expansion.

The Hydac facility is the first tenant in the new high-end business park in East Lincoln on new Highway 16, known as Airlie Business Park. It will initially total 235 acres and target motorsports, high-end manufacturing and international companies. The first phase of development is almost complete 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 Forney Creek (Office) Park, the first building of an east medical campus by Carolinas Medical Center – Lincoln opened and the Sally's YMCA opened a few years ago. Sites for Class A office building have also been graded and a new master plan and marketing program has been developed. In addition, the new \$90 million Carolinas Medical Center – Lincoln Hospital in Lincolnton opened in 2010. Commercial development also continues in East Lincoln. The County has completed water line upgrades near the new Highway 16 and Highway 73 interchange, which will encourage even more development in the Eastern part of the County.

Capital Improvement Program

With the 2008 – 2009 budget adoption, the Board of Commissioners 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, in 2006 the Board of Commissioners entered into a lease for a former bank building in downtown Lincolnton, which included an option to purchase the building if the County chooses. The County exercised that option in Fiscal Year 2013. County offices previously located in the Courthouse have relocated to this building providing much needed space and freeing up space in the Courthouse for court functions.

At the same September 2006 meeting the Board of Commissioners also approved an agreement that allowed Lincoln Health System to enter into an agreement for Carolinas Healthcare System to apply for a certificate of need to construct the previously-mentioned new hospital in Lincolnton. The certificate of need was received in 2008, and construction began soon after. This hospital was completed and occupied on July 10, 2010. On September 1, 2010 the former facility reverted back to Lincoln County, which plans to use 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. The space study was completed and the project moved to the next phase, the schematic design of the facility, which had the architect to determine a more accurate estimate of the renovation costs. The 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 2013 – 14 budget process, the Board decided to delay this project at least one year, until the economy improves.

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 by the voters. It has provided funds for renovation and expansion 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 the economy and a slight decline in school enrollment. The first issuance of \$13 million, along with an additional \$2 million of authorized but unissued 2004 bonds was issued in October, 2008. The second installment of this financing, \$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 unissued bonds remaining, \$13.5 million, has been delayed until January 2015, or such time as is deemed necessary, due to the economic downturn and school enrollment numbers. 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 – 2009 was increased 4.0 cents. Of this amount, 3.19 cents was dedicated to current and future school debt repayment. After fiscal year 2011 – 2012, the debt service on school debt decreases each year until fiscal year 2015 – 2016, where there is a slight increase for one year when the last of the bonds are issued. The 2003 and part of the 2006 bonds were refunded in November, 2013. This will result in a slightly lower debt service burden for the remaining life of the bonds.

Lincoln County completed construction of a new wastewater treatment plant in October 2010. The new treatment facility has an initial capacity of 1.67 MGD and will be expandable up to 8.0 MGS 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. It is to be repaid from sewer fees and capacity development fees from current and future customers. The balance came from funds accumulated within the Water and Sewer Fund.

Construction is underway to extend sewer service past the Lincolnton-Lincoln County Regional Airport. This project will extend sewer service from the airport to Highways 73 and 27 by force main. It will also allow the creation of an industrial park on the airport grounds. The County received a \$1.6 million Economic Development Association grant for this project. The project is scheduled to be completed in late 2013.

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 2012 – 2013, several projects were completed, including Highway 16 and 73 Small Area Plan and the Highway 16 and Triangle Small Area Plan. The Highway 16 Vision Plan that was previously adopted indicates that these small areas in Eastern Lincoln County are to be strategically planned for future growth. Permitting activity has significantly increased in Lincoln County over the past year

Staff and the planning board are examining existing zoning districts and how they correlate with the Lincoln County Land Use Plan and other small area plans. Considering the fact that zoning in Lincoln County has been in existence for nearly twenty years, it is prudent to examine how the county has changed. For example, there are water and sewer lines and future expansions that need to be

considered when examining current and future density patterns. While it is likely that there will not be numerous zoning changes, it is important to recognize those areas that might need to be adjusted accordingly.

Education

Funding for education remains a large expenditure category in our budget with a total of \$16,175,429 expended from the General Fund. In addition, \$1,729,091 was paid for capital project expenditures.

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. Effective September 1, 2005, the service requirement was increased to 25 years for new hires after that date. After the employee reaches age 65 or until they are eligible to receive Medicare Benefits, whichever occurs first, the coverage will be terminated and the County will provide a Medicare supplement. The County pays the same rate for insurance coverage for both retired employees post-retirement health care and for current employees with the balance paid by the employees or retirees. The County will fund this benefit on a pay-as-you-go basis for the upcoming year.

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*. GASSB 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 the required changes in fiscal year 2008 – 2009.

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, 2012. This was the seventeenth 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 on a Model System to the Lincoln County Emergency Medical Services Department during the fiscal year ended June 30, 2008. To meet the requirements, 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.

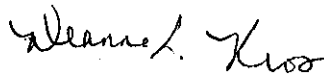
Acknowledgements

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,



W. Tracy Jackson
County Manager



Deanna L. Rios
Finance Director



Government Finance Officers Association

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

Presented to

**Lincoln County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

LINCOLN COUNTY, NORTH CAROLINA

Principal Officials

June 30, 2013

Board of County Commissioners

Alex E. Patton, Chairman

Carl E. Robinson, Jr., Vice-Chairman

James A. Klein

Carroll Mitchem

Cecelia A. Martin

County Officials

**George Wood
Martha Lide
Wesley Deaton
Danny Hester
David Carpenter
Ron Rombs
Donnie Fields
Kevin Starr
Bradley Putnam
Bill Summers
Ron Rombs
Deanna Rios
Margaret Dollar
Jennifer Sackett
Dante' Patterson
Andrew Bryant
Don Chamblee
Erma Deen Hoyle
Marti Hovis
Susan McCracken
Rick McSwain
Clyde Kepley
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 AUDITOR'S REPORT

To the Board of Commissioners
Lincoln County, North Carolina

Report on the Financial Statements

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 ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 Post-Employment 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County's basic financial statements. The introductory information, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements and statistical section.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of Lincoln County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 25, 2013

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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, 2013. 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

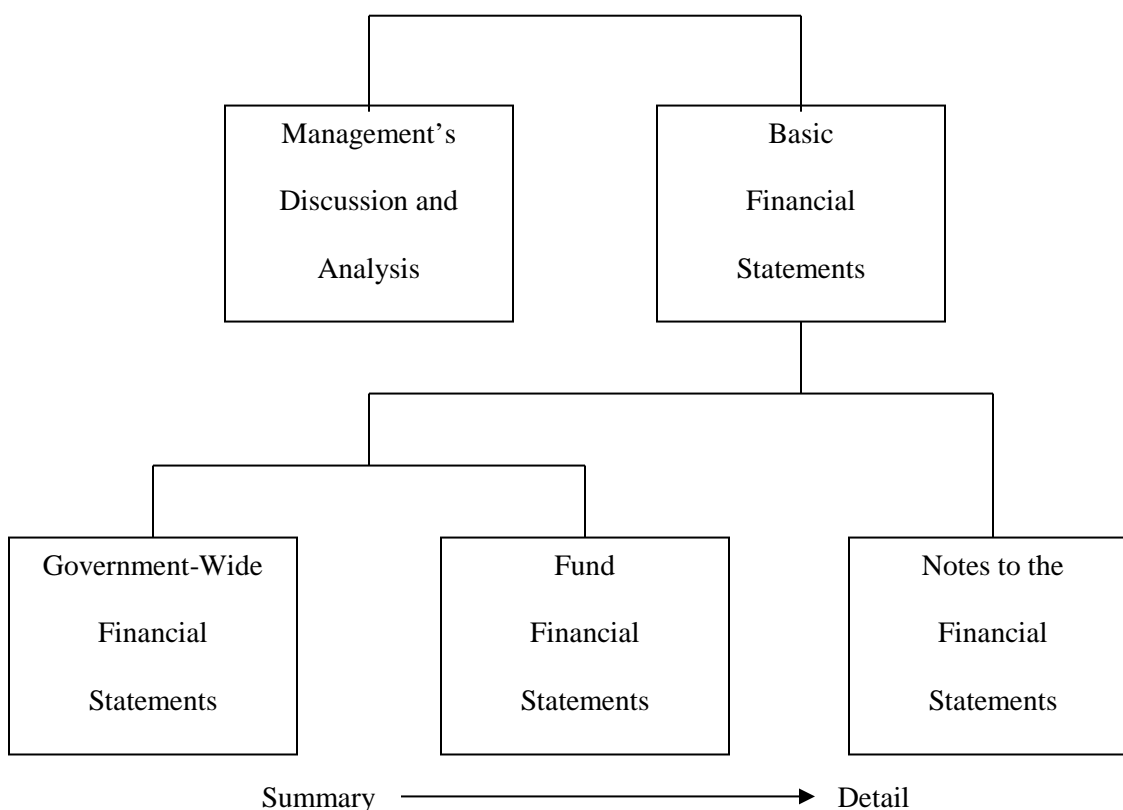
- The assets of Lincoln County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,827,639 (*net position*).
- Current year decreases in debt related to school construction and expansion of the water treatment plant were the primary factors contributing to the decrease in the government's total net position of \$4,160,379.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$27,560,566, a decrease of \$5,381,975 in comparison with the prior year amount. This decrease was primarily due to a decrease in public school bond funds from the prior year due the payment of debt obligations. This decrease was offset by an increase of general fund balance of \$571,326, a decrease of general capital projects fund balance of \$1,842,433, a decrease of school capital projects fund balance of \$2,754,778 and a decrease in other funds balance of \$1,356,090. Approximately 57.41% of this total amount, or \$15,824,779, is restricted, or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,644,483, or 13.93% of total General Fund expenditures for the fiscal year.
- Lincoln County's total debt decreased by \$8,347,475, or 5.09%, during the current fiscal year. The key factor in this decrease was the principal payments on existing debt with no new debt issuances.
- 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. Fitch reaffirmed our rating in September, 2013.

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 Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes 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 position and how they have changed. Net position is the difference between the County's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the County 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 Position 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 Position 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 Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 37,668,435	\$ 40,541,973	\$ 15,941,370	\$ 16,635,315	\$ 53,609,805	\$ 57,177,288
Capital assets	57,435,443	55,729,937	74,002,638	83,666,036	131,438,081	139,395,973
Total assets	<u>95,103,878</u>	<u>96,271,910</u>	<u>89,944,008</u>	<u>100,301,351</u>	<u>185,047,886</u>	<u>196,573,261</u>
Liabilities:						
Long-term liabilities						
outstanding	123,503,535	130,593,149	31,884,889	33,142,750	155,388,424	163,735,899
Other liabilities	4,883,464	4,018,647	708,338	626,693	5,591,802	4,645,340
Total liabilities	<u>128,386,999</u>	<u>134,611,796</u>	<u>32,593,227</u>	<u>33,769,443</u>	<u>160,980,226</u>	<u>168,381,239</u>
Deferred inflows of resources	<u>240,021</u>	<u>204,004</u>	<u>-</u>	<u>-</u>	<u>240,021</u>	<u>204,004</u>
Net Position:						
Net investment in capital assets	54,900,961	52,215,432	50,496,688	57,936,188	105,397,649	110,151,620
Restricted	14,386,979	13,918,975	-	-	14,386,979	13,918,975
Unrestricted	<u>(102,811,082)</u>	<u>(104,678,297)</u>	<u>6,854,093</u>	<u>8,595,720</u>	<u>(95,956,989)</u>	<u>(96,082,577)</u>
Total net position	<u>\$ (33,523,142)</u>	<u>\$ (38,543,890)</u>	<u>\$ 57,350,781</u>	<u>\$ 66,531,908</u>	<u>\$ 23,827,639</u>	<u>\$ 27,988,018</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Lincoln County exceeded liabilities and deferred inflows of resources by \$23,827,639 as of June 30, 2013. The County's net position decreased by \$4,160,379 for the fiscal year ended June 30, 2013. One of the largest portions \$105,397,649 reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.55%, higher than the 2011 statewide average of 97.19%.
- Long-term liabilities decreased with a corresponding decrease 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.
- Essentially flat ad valorem tax revenue, an increase in sales tax revenue due to a general increase in retail sales in County.
- Continued low cost of debt due to the County's high bond rating.
- Lincoln County's Changes in Net Position

Lincoln County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 9,008,949	\$ 9,154,792	\$ 11,041,087	\$ 11,245,473	\$ 20,050,036	\$ 20,400,265
Operating grants and contributions	11,898,627	12,015,383	-	-	11,898,627	12,015,383
Capital grants and contributions	2,152,831	1,328,462	346,610	78,841	2,499,441	1,407,303
General revenues:						
Property taxes	56,026,606	54,905,801	878,437	495,073	56,905,043	55,400,874
Other taxes	13,586,537	12,924,749	-	-	13,586,537	12,924,749
Other	365,218	567,717	55,390	46,465	420,608	614,182
Total revenues	<u>93,038,768</u>	<u>90,896,904</u>	<u>12,321,524</u>	<u>11,865,852</u>	<u>105,360,292</u>	<u>102,762,756</u>
Expenses:						
General government	14,220,070	15,226,309	-	-	14,220,070	15,226,309
Public safety	25,701,983	24,982,362	-	-	25,701,983	24,982,362
Economic and physical development	1,808,417	2,201,122	-	-	1,808,417	2,201,122
Human services	18,773,508	18,298,851	-	-	18,773,508	18,298,851
Cultural and recreational	2,380,555	2,209,728	-	-	2,380,555	2,209,728
Education	20,801,271	20,731,065	-	-	20,801,271	20,731,065
Interest on long-term debt	4,251,585	8,423,957	-	-	4,251,585	8,423,957
Loss on disposal of capital assets	80,631	79,006	-	-	80,631	79,006
Solid waste	-	-	4,309,839	2,087,537	4,309,839	2,087,537
Water and sewer	-	-	7,545,781	8,161,743	7,545,781	8,161,743
Special item- loss on disposal of capital assets	-	-	9,647,031	-	9,647,031	-
Total expenses	<u>88,018,020</u>	<u>92,152,400</u>	<u>21,502,651</u>	<u>10,249,280</u>	<u>109,520,671</u>	<u>102,401,680</u>
Increase (decrease) in net position	5,020,748	(1,255,496)	(9,181,127)	1,616,572	(4,160,379)	361,076
Net Position						
Beginning of year - July 1	<u>(38,543,890)</u>	<u>(37,288,394)</u>	<u>66,531,908</u>	<u>64,915,336</u>	<u>27,988,018</u>	<u>27,626,942</u>
End of year - June 30	<u>\$ (33,523,142)</u>	<u>\$ (38,543,890)</u>	<u>\$ 57,350,781</u>	<u>\$ 66,531,908</u>	<u>\$ 23,827,639</u>	<u>\$ 27,988,018</u>

Governmental Activities. Governmental activities increased the County's net position by \$5,020,748. The key elements of this increase in 2013 were increased revenues from capital grants and property and other taxes. There were decreases in expenditures in general government and economic and physical development.

Business-Type Activities. Business-type activities decreased Lincoln County's net position by \$9,181,127. This decrease in net position offsets some of the decrease by the "Governmental activities" previously mentioned. Together there was a total net asset decrease of \$4,160,379. The business-type activities decrease was primarily related to construction of the water treatment plant, paid for out of the Water and Sewer Fund's fund balance.

Financial Analysis of the County's Funds

As noted earlier, Lincoln County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Lincoln County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Lincoln County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Lincoln County. At the end of the current fiscal year, available fund balance of the General Fund was \$13,799,850, while total fund balance reached \$19,796,381. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 16.51% of total General Fund expenditures, while total fund balance represents 23.69% of that same amount. This slight percentage increase is the result of increased revenues primarily in the general government.

The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). At the end of the current fiscal year, total fund balance of the General Capital Projects Fund was \$226,731, a decrease of \$1,842,433. The decrease is attributed to not using debt at this time for several projects. The debt will be issued in early 2014.

The School Capital Projects Fund is used to account for the construction and renovation of public schools in Lincoln County. At the end of the current fiscal year, total fund balance of the School Capital Projects Fund was \$5,428,970, a decrease of \$2,754,778. The decrease is attributed to spending of funds by the schools on various capital projects.

At June 30, 2013, the governmental funds of Lincoln County reported a combined fund balance of \$27,560,566, a 16.34% decrease from last year. Decreases in school capital funds, General Capital Projects Fund, and other governmental funds were offset by a slight increase in the General Fund.

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 \$1,345,423. The largest part of this increase, \$700,000, was to increase revenues and expenses in our DSS and Health programs to account for additional revenues and expenditures to assist 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 position of the Solid Waste Fund at the end of the fiscal year amounted to (\$1,486,449), the Water and Sewer Fund equaled \$8,353,235, and those for the East Lincoln County Water and Sewer District equaled (\$3,147,693). The total change in net position for the three funds, was (\$744,971), (\$9,179,718), and \$743,562, respectively. The decrease in the Water and Sewer Fund is due to net loss on disposal of the wastewater treatment plant. 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, 2013, totals \$131,438,081 (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 water 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,645,888	\$ 5,645,888	\$ 1,173,567	\$ 1,173,567	\$ 6,819,455	\$ 6,819,455
Buildings and structures	33,126,458	34,061,766	29,190,484	39,135,488	62,316,942	73,197,254
Other improvements	7,766,374	5,226,737	1,939,475	2,105,814	9,705,849	7,332,551
Machinery and equipment	3,776,515	3,259,593	2,586,843	2,738,946	6,363,358	5,998,539
Infrastructure	-	-	37,437,411	37,708,460	37,437,411	37,708,460
Vehicles and other equipment	2,466,120	2,777,252	-	-	2,466,120	2,777,252
Construction in progress	4,654,088	4,758,701	1,674,858	803,761	6,328,946	5,562,462
Total	<u>\$ 57,435,443</u>	<u>\$ 55,729,937</u>	<u>\$ 74,002,638</u>	<u>\$ 83,666,036</u>	<u>\$ 131,438,081</u>	<u>\$ 139,395,973</u>

Additional information on the County's capital assets can be found in note 5 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2013, Lincoln County had total bonded debt outstanding of \$91,155,000, 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 89,020,000	\$ 96,000,000	\$ 2,135,000	\$ 2,675,000	\$ 91,155,000	\$ 98,675,000

Lincoln County's total bonded debt decreased by \$7,520,000, or 7.62% during the past fiscal year, primarily due to paying off debt.

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% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is approximately \$558,000,000. The County had \$13,500,000 in school bonds authorized but un-issued at June 30, 2013.

Additional information regarding Lincoln County's long-term debt can be found in note 6 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 2012-2013 averaged approximately 9.2%, higher than the state average of 8.7%, 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 2012-2013 fiscal year totaled \$19.3 million of capital investments and 158 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.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. The County adopted a General Fund budget in the amount of \$86,337,441 for the fiscal year ending June 30, 2014, a decrease of \$2,959,641, or 3.31%, from the fiscal year 2013 budget. The majority of the budget decreases were in School Current Expenses. The property tax levy remained the same at \$.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, and complete demolition and removal of the old 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 also remained steady at \$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 POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Lincoln County ABC Board
Assets:				
Cash and cash equivalents	\$ 22,367,610	\$ 15,339,075	\$ 37,706,685	\$ 392,644
Taxes receivable (net)	1,633,372	128,274	1,761,646	-
Accounts receivable (net)	2,672,671	184,854	2,857,525	-
Due from other governments	2,955,780	95,785	3,051,565	-
Internal balances	(44,474)	44,474	-	-
Inventories	-	-	-	167,719
Prepaid items	747,965	21,424	769,389	-
Cash and cash equivalents, restricted	7,335,511	127,484	7,462,995	-
Capital assets, non-depreciable	10,299,976	2,848,425	13,148,401	200,607
Capital assets, depreciable, net	47,135,467	71,154,213	118,289,680	365,306
Total assets	95,103,878	89,944,008	185,047,886	1,126,276
Liabilities:				
Accounts payable and other accrued liabilities	4,881,464	580,854	5,462,318	186,858
Prepaid fees	2,000	-	2,000	-
Liabilities to be paid from restricted assets:				
Customer deposits	-	127,484	127,484	-
Long-term liabilities:				
Due in less than one year	8,953,268	2,198,355	11,151,623	-
Due in more than one year	114,550,267	29,686,534	144,236,801	-
Total liabilities	128,386,999	32,593,227	160,980,226	186,858
Deferred Inflows of Resources:				
Prepaid taxes	240,021	-	240,021	-
Total deferred inflows of resources	240,021	-	240,021	-
Net Position:				
Net investment in capital assets	54,900,961	50,496,688	105,397,649	565,913
Restricted for Stabilization by State statute	8,466,319	-	8,466,319	-
Restricted for Register of Deeds	50,322	-	50,322	-
Restricted for education	5,428,970	-	5,428,970	-
Restricted for public safety	441,368	-	441,368	-
Restricted for working capital	-	-	-	62,438
Unrestricted	(102,811,082)	6,854,093	(95,956,989)	311,067
Total net position	\$ (33,523,142)	\$ 57,350,781	\$ 23,827,639	\$ 939,418

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 14,220,070	\$ 1,569,745	\$ 1,031,533	\$ 1,288,253
Public safety	25,701,983	4,665,583	677,364	55,295
Economic and physical development	1,808,417	-	112,909	-
Human services	18,773,508	2,753,487	9,960,365	-
Cultural and recreational	2,380,555	20,134	116,456	-
Education	20,801,271	-	-	809,283
Debt service:				
Interest and fees	4,251,585	-	-	-
Total governmental activities	<u>87,937,389</u>	<u>9,008,949</u>	<u>11,898,627</u>	<u>2,152,831</u>
Business-Type Activities:				
Solid Waste	4,309,839	3,547,567	-	-
Water and Sewer	7,409,355	7,493,520	-	346,610
East Lincoln County Water and Sewer	136,426	-	-	-
Total business-type activities	<u>11,855,620</u>	<u>11,041,087</u>	<u>-</u>	<u>346,610</u>
Total primary government	<u>\$ 99,793,009</u>	<u>\$ 20,050,036</u>	<u>\$ 11,898,627</u>	<u>\$ 2,499,441</u>
Component Unit:				
Lincoln County ABC Board	\$ 2,083,892	\$ 2,137,511	\$ -	\$ -
Total component unit	<u>\$ 2,083,892</u>	<u>\$ 2,137,511</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
Gain (loss) on disposal of capital assets
Total general revenues excluding special items

Special item - loss on disposal of capital assets

Total general revenues and special items

Change in net position

Net Position:

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 Position			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board
\$ (10,330,539)	\$ -	\$ (10,330,539)	
(20,303,741)	-	(20,303,741)	
(1,695,508)	-	(1,695,508)	
(6,059,656)	-	(6,059,656)	
(2,243,965)	-	(2,243,965)	
(19,991,988)	-	(19,991,988)	
(4,251,585)	-	(4,251,585)	
(64,876,982)	-	(64,876,982)	
-	(762,272)	(762,272)	
-	430,775	430,775	
-	(136,426)	(136,426)	
-	(467,923)	(467,923)	
(64,876,982)	(467,923)	(65,344,905)	
			\$ 53,619
			53,619
56,026,606	878,437	56,905,043	-
12,224,284	-	12,224,284	-
233,252	-	233,252	-
697,046	-	697,046	-
431,955	-	431,955	-
289,491	-	289,491	-
75,727	55,390	131,117	542
(80,631)	-	(80,631)	(443)
69,897,730	933,827	70,831,557	99
-	(9,647,031)	(9,647,031)	-
69,897,730	(8,713,204)	61,184,526	99
5,020,748	(9,181,127)	(4,160,379)	53,718
(38,543,890)	66,531,908	27,988,018	885,700
\$ (33,523,142)	\$ 57,350,781	\$ 23,827,639	\$ 939,418

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 16,507,351	\$ -	\$ -	\$ 2,114,549	\$ 18,621,900
Taxes receivable, net	1,354,427	-	-	278,945	1,633,372
Accounts receivable, net	1,654,636	968,532	-	49,503	2,672,671
Due from other governments	2,889,675	61,787	-	4,318	2,955,780
Due from other funds	1,094,932	-	-	-	1,094,932
Prepaid items	616,277	-	-	-	616,277
Cash and cash equivalents, restricted	802,433	821,523	5,711,555	-	7,335,511
Total assets	<u>\$ 24,919,731</u>	<u>\$ 1,851,842</u>	<u>\$ 5,711,555</u>	<u>\$ 2,447,315</u>	<u>\$ 34,930,443</u>
Liabilities:					
Accounts payable and other accrued liabilities	3,173,802	530,179	282,585	59,886	4,046,452
Prepaid fees	2,000	-	-	-	2,000
Due to other funds	44,474	1,094,932	-	-	1,139,406
Total liabilities	<u>3,220,276</u>	<u>1,625,111</u>	<u>282,585</u>	<u>59,886</u>	<u>5,187,858</u>
Deferred inflows of resources:					
Unavailable taxes	1,354,427	-	-	278,945	1,633,372
Prepaid taxes	240,021	-	-	-	240,021
Unavailable revenue	308,626	-	-	-	308,626
Total deferred inflows of resources	<u>1,903,074</u>	<u>-</u>	<u>-</u>	<u>278,945</u>	<u>2,182,019</u>
Fund Balances:					
Non-spendable:					
Prepays	616,277	-	-	-	616,277
Restricted:					
Stabilization for State statute	5,380,254	3,032,244	-	53,821	8,466,319
Register of deeds	50,322	-	-	-	50,322
Future capital projects	-	821,523	-	-	821,523
Education	-	-	5,428,970	-	5,428,970
Public safety	-	-	-	441,368	441,368
Committed	-	-	-	1,613,295	1,613,295
Assigned	2,105,045	-	-	-	2,105,045
Unassigned	11,644,483	(3,627,036)	-	-	8,017,447
Total fund balances	<u>19,796,381</u>	<u>226,731</u>	<u>5,428,970</u>	<u>2,108,484</u>	<u>27,560,566</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,919,731</u>	<u>\$ 1,851,842</u>	<u>\$ 5,711,555</u>	<u>\$ 2,447,315</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.					57,435,443
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.					(123,503,535)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.					1,941,998
An Internal Service Fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.					<u>3,042,386</u>
Net position of governmental activities, per Exhibit A					<u>\$ (33,523,142)</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, 2013

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 49,575,234	\$ -	\$ -	\$ 6,249,854	\$ 55,825,088
Local option sales taxes	12,224,284	-	-	-	12,224,284
Other taxes and licenses	1,040,163	-	-	322,090	1,362,253
Unrestricted intergovernmental revenues	289,491	-	-	-	289,491
Restricted intergovernmental revenues	10,924,366	1,168,982	-	857,036	12,950,384
Permits and fees	1,553,264	-	-	-	1,553,264
Sales, service, and rents	6,881,299	-	-	-	6,881,299
Miscellaneous	957,716	174,566	-	6,562	1,138,844
Investment earnings	58,368	1,002	3,173	1,861	64,404
Total revenues	<u>83,504,185</u>	<u>1,344,550</u>	<u>3,173</u>	<u>7,437,403</u>	<u>92,289,311</u>
Expenditures:					
Current:					
General government	7,758,943	-	-	-	7,758,943
Public safety	20,092,543	-	-	6,668,110	26,760,653
Economic and physical development	1,824,298	-	-	-	1,824,298
Human services	20,368,292	-	-	-	20,368,292
Cultural and recreational	2,190,042	-	-	-	2,190,042
Education	18,043,320	-	-	-	18,043,320
Capital outlay	-	4,679,044	2,757,951	-	7,436,995
Debt service:					
Principal repayments	9,037,158	-	-	-	9,037,158
Interest	4,251,585	-	-	-	4,251,585
Total expenditures	<u>83,566,181</u>	<u>4,679,044</u>	<u>2,757,951</u>	<u>6,668,110</u>	<u>97,671,286</u>
Revenues over (under) expenditures	<u>(61,996)</u>	<u>(3,334,494)</u>	<u>(2,754,778)</u>	<u>769,293</u>	<u>(5,381,975)</u>
Other Financing Sources (Uses):					
Transfers out	(1,492,061)	-	-	(2,125,383)	(3,617,444)
Transfers in	2,125,383	1,492,061	-	-	3,617,444
Total other financing sources (uses)	<u>633,322</u>	<u>1,492,061</u>	<u>-</u>	<u>(2,125,383)</u>	<u>-</u>
Net change in fund balances	571,326	(1,842,433)	(2,754,778)	(1,356,090)	(5,381,975)
Fund Balances:					
Beginning of year - July 1	<u>19,225,055</u>	<u>2,069,164</u>	<u>8,183,748</u>	<u>3,464,574</u>	<u>32,942,541</u>
End of year - June 30	<u>\$ 19,796,381</u>	<u>\$ 226,731</u>	<u>\$ 5,428,970</u>	<u>\$ 2,108,484</u>	<u>\$ 27,560,566</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, 2013

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)	\$ (5,381,975)
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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.	4,904,944
--	-----------

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,057,384)
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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.	(200,949)
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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.	(2,193,899)
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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	201,518
Other fees for service	(86,147)
Contributed capital	58,895

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.	9,037,158
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The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	1,492,223
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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.	246,355
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Change in net position of governmental activities	<u>\$ 5,020,739</u>
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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, 2013

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 49,261,600	\$ 49,290,106	\$ 49,575,234	\$ 285,128
Local option sales taxes	11,357,000	11,357,000	12,224,284	867,284
Other taxes and licenses	778,000	778,000	1,040,163	262,163
Unrestricted intergovernmental revenues	308,000	308,000	289,491	(18,509)
Restricted intergovernmental revenues	10,841,740	11,246,076	10,924,366	(321,710)
Permits and fees	1,219,825	1,336,925	1,553,264	216,339
Sales, service and rents	7,256,933	7,266,933	6,881,299	(385,634)
Miscellaneous	798,540	912,568	957,716	45,148
Investment earnings	60,000	60,000	58,368	(1,632)
Total revenues	<u>81,881,638</u>	<u>82,555,608</u>	<u>83,504,185</u>	<u>948,577</u>
Expenditures:				
Current:				
General government	7,863,418	7,920,385	7,758,943	161,442
Public safety	20,174,254	20,377,067	20,092,543	284,524
Economic and physical development	1,818,947	2,012,668	1,824,298	188,370
Human services	21,281,328	22,010,942	20,368,292	1,642,650
Cultural and recreational	2,563,055	2,586,363	2,190,042	396,321
Education	17,904,320	18,043,320	18,043,320	-
Debt service:				
Principal	9,141,468	9,141,468	9,037,158	104,310
Interest and fees	<u>4,100,651</u>	<u>4,100,651</u>	<u>4,251,585</u>	<u>(150,934)</u>
Total expenditures	<u>84,847,441</u>	<u>86,192,864</u>	<u>83,566,181</u>	<u>2,626,683</u>
Revenues over (under) expenditures	<u>(2,965,803)</u>	<u>(3,637,256)</u>	<u>(61,996)</u>	<u>3,575,260</u>
Other Financing Sources (Uses):				
Transfers out	(1,210,000)	(1,492,061)	(1,492,061)	-
Transfers in	2,125,383	2,125,383	2,125,383	-
Fund balance appropriated	<u>2,050,420</u>	<u>3,003,934</u>	<u>-</u>	<u>(3,003,934)</u>
Total other financing sources (uses)	<u>2,965,803</u>	<u>3,637,256</u>	<u>633,322</u>	<u>(3,003,934)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	571,326	<u>\$ 571,326</u>
Fund Balance:				
Beginning of year - July 1			<u>19,225,055</u>	
End of year - June 30			<u>\$ 19,796,381</u>	

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	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	\$ 5,902,710	\$ 9,436,365	\$ -	\$ 15,339,075	\$ 3,745,710
Taxes receivable, net	124,776	-	3,498	128,274	-
Accounts receivable, net	87,698	97,156	-	184,854	-
Due from other governments	35,140	60,645	-	95,785	-
Due from other funds	16,989	31,570	-	48,559	-
Prepaid items	-	21,424	-	21,424	131,688
Cash and cash equivalents, restricted	-	127,484	-	127,484	-
Total current assets	<u>6,167,313</u>	<u>9,774,644</u>	<u>3,498</u>	<u>15,945,455</u>	<u>3,877,398</u>
Capital assets:					
Non-depreciable capital assets	400,367	2,448,058	-	2,848,425	-
Depreciable capital assets, net	3,854,943	67,299,270	-	71,154,213	-
Total non-current assets	<u>4,255,310</u>	<u>69,747,328</u>	<u>-</u>	<u>74,002,638</u>	<u>-</u>
Total assets	<u>10,422,623</u>	<u>79,521,972</u>	<u>3,498</u>	<u>89,948,093</u>	<u>3,877,398</u>
Liabilities:					
Current liabilities:					
Accounts payable and other accrued liabilities	134,063	434,685	12,106	580,854	835,012
Due to other funds	-	-	4,085	4,085	-
Current portion of compensated absences	6,000	9,600	-	15,600	-
Current portion of long-term debt	54,648	1,348,107	780,000	2,182,755	-
Liabilities to be paid from restricted assets:					
Customer deposits	-	127,484	-	127,484	-
Total current liabilities	<u>194,711</u>	<u>1,919,876</u>	<u>796,191</u>	<u>2,910,778</u>	<u>835,012</u>
Non-current liabilities:					
Accrued landfill closure/post-closure care costs	6,743,924	-	-	6,743,924	-
Compensated absences	53,550	86,350	-	139,900	-
Other post-employment benefits	716,225	763,290	-	1,479,515	-
Long-term debt	-	18,968,195	2,355,000	21,323,195	-
Total non-current liabilities	<u>7,513,699</u>	<u>19,817,835</u>	<u>2,355,000</u>	<u>29,686,534</u>	<u>-</u>
Total liabilities	<u>7,708,410</u>	<u>21,737,711</u>	<u>3,151,191</u>	<u>32,597,312</u>	<u>835,012</u>
Net Position:					
Net investment in capital assets	4,200,662	49,431,026	-	53,631,688	-
Unrestricted	<u>(1,486,449)</u>	<u>8,353,235</u>	<u>(3,147,693)</u>	<u>3,719,093</u>	<u>3,042,386</u>
Total net position	<u>\$ 2,714,213</u>	<u>\$ 57,784,261</u>	<u>\$ (3,147,693)</u>	<u>\$ 57,350,781</u>	<u>\$ 3,042,386</u>

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 637,691	\$ 7,342,550	\$ -	\$ 7,980,241	\$ -
Water and sewer taps	-	78,216	-	78,216	-
Other operating revenues	-	72,754	-	72,754	7,079,972
Total operating revenues	637,691	7,493,520	-	8,131,211	7,079,972
Operating Expenses:					
Water treatment and distribution	-	3,572,481	-	3,572,481	-
Sewage collection	-	1,122,042	-	1,122,042	-
Pumping station	-	8,161	-	8,161	-
Landfill operations	3,680,979	-	-	3,680,979	-
Water and Sewer District	-	-	1,180	1,180	-
Other services	-	-	-	-	5,599,063
Depreciation	625,494	2,171,845	-	2,797,339	-
Total operating expenses	4,306,473	6,874,529	1,180	11,182,182	5,599,063
Operating income (loss)	(3,668,782)	618,991	(1,180)	(3,050,971)	1,480,909
Non-Operating Revenues (Expenses):					
Ad valorem taxes	-	-	878,437	878,437	-
Availability fee	2,692,980	-	-	2,692,980	-
Investment earnings	17,301	36,538	1,551	55,390	11,323
Tire disposal tax	96,722	-	-	96,722	-
Franchise fees	35,000	-	-	35,000	-
Solid waste disposal tax	46,604	-	-	46,604	-
NC electronics management fund distribution	4,536	-	-	4,536	-
Federal and State grants, non-capital	33,879	-	-	33,879	-
Miscellaneous	155	-	-	155	-
Interest and fees	(3,366)	(534,826)	(135,246)	(673,438)	-
Total non-operating revenues (expenses)	2,923,811	(498,288)	744,742	3,170,265	11,323
Income (loss) before transfers, contributions, and special item	(744,971)	120,703	743,562	119,294	1,492,232
Capital contribution	-	346,610	-	346,610	-
Special item- loss on disposal of capital assets	-	(9,647,031)	-	(9,647,031)	-
Transfers in	-	4,633,568	-	4,633,568	-
Transfers out	-	(4,633,568)	-	(4,633,568)	-
Change in net position	(744,971)	(9,179,718)	743,562	(9,181,127)	1,492,232
Net Position:					
Beginning of year - July 1	3,459,184	66,963,979	(3,891,255)	66,531,908	1,550,154
End of year - June 30	\$ 2,714,213	\$ 57,784,261	\$ (3,147,693)	\$ 57,350,781	\$ 3,042,386

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, 2013

	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	\$ 635,378	\$ 7,430,529	\$ -	\$ 8,065,907	\$ -
Cash received from interfund services	-	-	-	-	7,079,972
Cash received from other operating revenues	2,875,997	77,048	882,581	3,835,626	-
Cash paid for goods and services	(1,210,567)	(2,339,103)	(82)	(3,549,752)	(6,251,604)
Cash paid on behalf of employees	(1,662,933)	(2,137,355)	-	(3,800,288)	-
Net cash provided (used) by operating activities	637,875	3,031,119	882,499	4,551,493	828,368
Non-Capital Financing Activities:					
Federal and State grants, non-capital	33,879	-	-	33,879	-
Loans (to) from other funds	(34,370)	(13,099)	-	(47,469)	67,717
Net cash provided (used) by non-capital financing activities	(491)	(13,099)	-	(13,590)	67,717
Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(277,759)	(2,503,213)	-	(2,780,972)	-
Debt principal paid	(91,326)	(1,342,572)	(790,000)	(2,223,898)	-
Capital contributions	-	346,610	-	346,610	-
Interest and fees paid	(3,366)	(534,826)	(135,246)	(673,438)	-
Net cash provided (used) by capital and related financing activities	(372,451)	(4,034,001)	(925,246)	(5,331,698)	-
Investing Activities:					
Interest on investments	17,301	32,244	1,551	51,096	11,323
Net cash provided (used) by investing activities	17,301	32,244	1,551	51,096	11,323
Net increase (decrease) in cash and cash equivalents/investments	282,234	(983,737)	(41,196)	(742,699)	907,408
Cash and Cash Equivalents/Investments:					
Beginning of year - July 1	5,620,476	10,547,586	41,196	16,209,258	2,838,302
End of year - June 30	\$ 5,902,710	\$ 9,563,849	\$ -	\$ 15,466,559	\$ 3,745,710

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, 2013

	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)	\$ (3,668,782)	\$ 618,991	\$ (1,180)	\$ (3,050,971)	\$ 1,480,909
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	625,494	2,171,845	-	2,797,339	-
Non-operating items	2,875,997	-	882,521	3,758,518	-
Change in Assets and Liabilities:					
(Increase) decrease in receivables	(12,054)	16,511	4,144	8,601	-
(Increase) decrease in due from other governments	9,741	(6,748)	-	2,993	-
(Increase) decrease in prepaids	-	(16,964)	-	(16,964)	-
(Increase) decrease in other assets	-	-	-	-	(33,938)
Increase (decrease) in accounts payable	(16,124)	93,011	(2,986)	73,901	(618,603)
Increase (decrease) in deferred inflows	-	-	-	-	-
Increase (decrease) in customer deposits	-	12,039	-	12,039	-
Increase (decrease) in landfill closure/post-closure care cost	687,974	-	-	687,974	-
Increase (decrease) in other post-employment benefits	138,558	132,905	-	271,463	-
Increase (decrease) in compensated absences payable	(2,929)	9,529	-	6,600	-
Total adjustments	<u>4,306,657</u>	<u>2,412,128</u>	<u>883,679</u>	<u>7,602,464</u>	<u>(652,541)</u>
Net cash provided (used) by operating activities	<u>\$ 637,875</u>	<u>\$ 3,031,119</u>	<u>\$ 882,499</u>	<u>\$ 4,551,493</u>	<u>\$ 828,368</u>

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 460,450
Total assets	<u>\$ 460,450</u>
Liabilities:	
Intergovernmental payable	\$ 460,450
Total liabilities	<u>\$ 460,450</u>

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153 A-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 unit is reported in a separate column in the county's government-wide financial statements in order to emphasize that it is legally separate from the County. The blended component unit, although it is a legally separate entity, is in substance, part of the County's operations.

Component Unit

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., PO 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 YEAR ENDED JUNE 30, 2013

B. Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of 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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program or function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 and investments earnings, result from non-exchange transactions or 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. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and user fees. The primary expenditures are for public safety, social services, health services, parks and recreation, libraries, and general governmental services. Debt service payments of general long-term debt are accounted for in the General Fund.

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

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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 Projects 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. This is a legally adopted Capital Reserve Fund under North Carolina General Statutes. However, for statement presentation in accordance with GASB Statement No. 54, the Capital Reserve Fund is presented as a Capital Projects Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

The County reports all of its enterprise funds as major:

Enterprise Funds. Lincoln County has the following enterprise funds: the Solid Waste Fund, the Water and Sewer Fund, and the East Lincoln County Water and Sewer Fund. In addition, the Water and Sewer Capital Projects Fund is consolidated with the Water and Sewer Fund for financial reporting purposes. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The County reports the following fund types:

Internal Service Funds. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Lincoln County has two internal service funds: Health Insurance Fund, and Workers' Compensation Fund.

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 and Fire Districts within the County; the Register of Deeds SB202 Fund, which accounts for the \$6.20 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual on the government-wide financial statements and so have been recognized as revenues of the current fiscal period.

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 customer to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. Basis of accounting determines when revenues and expenditures, or expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements, as well as relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay liabilities of the current period. Expenditures are recognized in the accounting period in which a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt which are recognized when due, and certain compensated absences and

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County generally considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable is not accrued as revenue in the governmental funds statement because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. On 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and investments. All deposits of the County with banks and savings associations are made in Board-designated official depositories and are secured as required by North Carolina G.S. 159-31. The County may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts and certificates of deposit.

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'

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

acceptances; and the North Carolina Capital Management Trust (NCCMT), a Securities Exchange Commission (SEC) registered mutual fund.

The County's investments with a maturity of more than one year at time of issuance are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities 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.

A central cash depository is maintained by the County to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Accounts receivable and payable. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Ad valorem taxes receivable. In accordance with North Carolina G.S. 105.347 and G. S. 159-13(a), the County levies ad valorem taxes on all real and personal property sited within the County. Other than taxes on motor vehicles, taxes are levied on July 1 of the fiscal year and are due and payable without penalty until January 6, when property taxes become enforceable as liens. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Restricted Assets. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The unexpended bond proceeds of QZAB in the General Fund are classified as restricted assets for the General Fund because their use is completely restricted to the purpose for which the bonds were originally issued. General Capital Projects Fund money is classified as restricted cash because its use is restricted by revenue source for future capital projects. School Capital Projects Fund money is classified as restricted cash because its use is restricted by revenue source for education.

Allowances for doubtful accounts. All receivables are shown net of an allowance for doubtful accounts. Estimation of the amount appropriate to each class of receivable is based on analysis of historical data and current conditions

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Capital assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value, at the date of donation. 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.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

Asset	Years
Buildings	25–50 years
Infrastructure	30–50 years
Furniture and office equipment	5–20 years
Equipment	7–15 years
Vehicles	6 years
Computer software	5 years
Water and sewer lines	25–80 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflow of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no items that meet this criterion.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet the criterion for this category - prepaid taxes, property taxes receivable, volunteer fire department receivables, health department receivables, and ambulance receivables.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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

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 (30) days earned vacation leave, with such leave being fully vested when earned. In the County's governmental proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

Net position/fund balances. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute.

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

The governmental fund types classify fund balances as follows:

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

Prepays – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources. Non-spendable fund balance for prepaids was \$616,277 at June 30, 2013.

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

Restricted for stabilization for State statute – portion of fund balance that is restricted by State statute [G.S. 159-8(a)].

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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 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.

Restricted fund balance at June 30, 2013 is as follows:

Purpose	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total
Restricted, All Other:					
Register of Deeds	\$ 50,322	\$ -	\$ -	\$ -	\$ 50,322
Future capital projects	-	821,523	-	-	821,523
Public safety	-	-	-	441,368	441,368
Education	-	-	5,428,970	-	5,428,970
Total	\$ 50,322	\$ 821,523	\$ 5,428,970	\$ 441,368	\$ 6,742,183

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Committed fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	Other	<u>Total</u>
	<u>Governmental Funds</u>	
Future capital projects	\$ 1,613,295	\$ 1,613,295

Assigned Fund Balance. Portion of fund balance that the County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The County Manager and Finance Director, as granted in the officially adopted budget ordinance, have been granted limited 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.

Assigned fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	\$ 2,105,045

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

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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

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

Total fund balance - General Fund	\$ 19,796,381
Less:	
Prepays	(616,277)
Stabilization by State statute	<u>(5,380,254)</u>
Fund balance available for appropriation	<u><u>\$ 13,799,850</u></u>

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

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Water and Sewer Capital Fund</u>	<u>Solid Waste Fund</u>
Encumbrances	<u>\$ 49,637</u>	<u>\$ 2,001,925</u>	<u>\$ 2,419,770</u>	<u>\$ 406,549</u>

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

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.

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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Special Revenue Funds, and Enterprise Funds. All unencumbered annual appropriations lapse at fiscal year-end. However, encumbered appropriations are re-appropriated in the ensuing year's budget. Project ordinances are adopted for the capital projects funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

The lowest level that the budget is legally adopted is at the department level for the General Fund, special revenue funds, and enterprise funds, and at the project level for the capital project funds. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, and enterprise funds, and at the project level for the capital project funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The County Manager may transfer up to \$50,000 between departments of the same fund. Such transfers must be reported at the next regular meeting of the Board of County Commissioners.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 – Each department head will transmit to the Budget Officer the departmental budget requests and revenue estimates for the current year.

June 1 – The budget and budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

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

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

B. Encumbrances

As required by North Carolina G.S. 159-26(d), the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

C. Deficit Fund Balance

At year end, the County reported deficit net position in the following funds:

East Lincoln County Water and Sewer Fund	<u>\$ 3,147,693</u>
Workers' Compensation Internal Service Fund	<u>\$ 157,722</u>

Corrective Action Plan. The deficit in the East Lincoln County Water and Sewer Fund will be eliminated with future revenues, transfers, and payment of long-term debt. The fund is generating revenues which will be used to service debt. Operations were consolidated with the County Water and Sewer Fund effective July 1, 2007.

The deficit in the Internal Service Fund will be eliminated with adjustments to future charges.

Note 3. Deposits and Investments

A. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the deferral depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, a collateral pool was created, and all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the carrying amount of the County's deposits with banks was \$6,299,611. Balances with banks equaled \$8,699,932. Of the bank balances, \$503,539 was covered by federal depository insurance, and \$8,196,393 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The total amount of cash on hand and petty cash was \$3,793.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

B. Investments

At June 30, 2013, the County's investments consisted of the following:

<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	\$37,726,909	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	797,384	\$ 797,384	\$ -	\$ -
US Government Agencies	<u>802,433</u>	<u>802,433</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$39,326,726</u>	<u>\$1,599,817</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk. Lincoln County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The County has no policy regarding credit risk. The County's investment in the NC Capital Management Trust Cash Portfolio carried a rating of AAAM by Standard and Poor's as of June 30, 2013. 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 Statute 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 YEAR ENDED JUNE 30, 2013

Note 4. Receivables

A. Detail

Receivables at the government-wide level at June 30, 2013 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,591,895	\$ 2,380,018	\$ 2,889,675	\$ 7,861,588
Other governmental	<u>1,018,035</u>	<u>279,644</u>	<u>66,105</u>	<u>1,363,784</u>
Total receivables	3,609,930	2,659,662	2,955,780	9,225,372
Allowance for doubtful accounts	<u>(937,259)</u>	<u>(1,026,290)</u>	<u>-</u>	<u>(1,963,549)</u>
 Total governmental activities	 <u><u>\$ 2,672,671</u></u>	 <u><u>\$ 1,633,372</u></u>	 <u><u>\$ 2,955,780</u></u>	 <u><u>\$ 7,261,823</u></u>
 Business-Type Activities:				
Solid Waste	\$ 128,997	\$ 187,300	\$ 35,140	\$ 351,437
Water and Sewer	<u>143,463</u>	<u>38,700</u>	<u>60,645</u>	<u>242,808</u>
Total receivables	272,460	226,000	95,785	594,245
Allowance for doubtful accounts	<u>(87,606)</u>	<u>(97,726)</u>	<u>-</u>	<u>(185,332)</u>
 Total business-type activities	 <u><u>\$ 184,854</u></u>	 <u><u>\$ 128,274</u></u>	 <u><u>\$ 95,785</u></u>	 <u><u>\$ 408,913</u></u>

Due from other governments consisted of the following:

Local option sales tax	\$ 2,109,057
Refundable sales tax	331,702
DSS Receivable	546,055
Other governmental agencies	<u>64,751</u>
Total due from other government agencies	<u><u>\$ 3,051,565</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

B. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Taxes receivable, net (General Fund and Special Revenue Fund)	\$ 1,633,372	\$ -
Ambulance receivables, net (General Fund)	221,237	-
Volunteer Fire Departments receivables, net (General Fund)	6,101	-
Health Department receivables, net (General Fund)	81,288	-
Prepaid taxes (General Fund)	-	240,021
Total	<u>\$ 1,941,998</u>	<u>\$ 240,021</u>

C. 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. The amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,722,104	\$ 409,000	2,131,104
2011	1,953,970	288,211	2,242,181
2012	1,980,317	113,868	2,094,185
2013	2,024,469	-	2,024,469
Total	<u>\$ 7,680,860</u>	<u>\$ 811,079</u>	<u>\$ 8,491,939</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
Governmental Activities				
Non-Depreciable Assets:				
Land	\$ 5,645,888	\$ -	\$ -	\$ 5,645,888
Construction in progress	4,758,701	3,095,841	(3,200,454)	4,654,088
Depreciable Assets:				
Buildings	43,605,286	183,602	(162,635)	43,626,253
Other improvements	6,937,850	2,939,110	-	9,876,960
Equipment	8,417,752	1,233,217	(111,597)	9,539,372
Vehicles and other equipment	<u>8,355,781</u>	<u>712,523</u>	<u>(366,588)</u>	<u>8,701,716</u>
Total	<u>77,721,258</u>	<u>8,164,293</u>	<u>(3,841,274)</u>	<u>82,044,277</u>
Less Accumulated Depreciation:				
Buildings	(9,543,520)	(956,275)	-	(10,499,795)
Other improvements	(1,711,113)	(399,473)	-	(2,110,586)
Equipment	(5,158,159)	(716,295)	111,597	(5,762,857)
Vehicles and other equipment	<u>(5,578,529)</u>	<u>(985,341)</u>	<u>328,274</u>	<u>(6,235,596)</u>
Total accumulated depreciation	<u>(21,991,321)</u>	<u>(3,057,384)</u>	<u>439,871</u>	<u>(24,608,834)</u>
Capital assets, net	<u>\$ 55,729,937</u>			<u>\$ 57,435,443</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
Proprietary Capital Assets:				
Solid Waste Fund:				
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	6,417,039	277,759	-	6,694,798
Total	<u>19,426,572</u>	<u>277,759</u>	<u>-</u>	<u>19,704,331</u>
Less Accumulated Depreciation:				
Buildings and structures	(207,970)	(11,933)	-	(219,903)
Improvements	(10,156,973)	(315,249)	-	(10,472,222)
Machinery, equipment, and vehicles	(4,458,584)	(298,312)	-	(4,756,896)
Total accumulated depreciation	<u>(14,823,527)</u>	<u>\$ (625,494)</u>	<u>\$ -</u>	<u>(15,449,021)</u>
Capital assets, net	<u>\$ 4,603,045</u>			<u>\$ 4,255,310</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
Proprietary Capital Assets:				
Water and Sewer Fund:				
Non-Depreciable Assets:				
Land	\$ 773,200	\$ -	\$ -	\$ 773,200
Construction in progress	803,761	2,156,603	(1,285,506)	1,674,858
Depreciable Assets:				
Buildings and structures	47,607,914	380,338	(14,047,984)	33,940,268
Improvements	413,238	173,916	-	587,154
Water lines	37,195,002	840,202	-	38,035,204
Sewer lines	15,551,098	237,660	-	15,788,758
Machinery, equipment, and vehicles	4,192,516	-	(729,153)	3,463,363
Total	<u>106,536,729</u>	<u>3,788,719</u>	<u>(16,062,643)</u>	<u>94,262,805</u>
Less Accumulated Depreciation:				
Buildings and structures	(8,854,599)	(679,461)	4,414,036	(5,120,024)
Improvements	(169,474)	(25,006)	-	(194,480)
Water lines	(11,851,611)	(915,530)	-	(12,767,141)
Sewer lines	(3,186,029)	(433,381)	-	(3,619,410)
Machinery, equipment, and vehicles	(3,412,025)	(118,467)	716,070	(2,814,422)
Total accumulated depreciation	<u>(27,473,738)</u>	<u>\$ (2,171,845)</u>	<u>\$ 5,130,106</u>	<u>(24,515,477)</u>
Capital assets, net	<u>\$ 79,062,991</u>			<u>\$ 69,747,328</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 977,193
Public safety	1,424,927
Economic and physical development	18,217
Transportation	223,999
Human services	117,879
Cultural and recreational	295,169
Total	<u>\$ 3,057,384</u>

Business-Type Activities:

Solid Waste	\$ 625,494
Water and Sewer	2,171,845
Total	<u>\$ 2,797,339</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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.

Construction Commitments

The County has active construction projects as of June 30, 2013. At year-end the outstanding commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Airlie Business Park	\$ 840,457	\$ 3,362,236
Airport Sewer	1,194,346	1,352,979
Airport Authority	115,233	182,249
Communications Phase II	286,811	477,539
Total	<u>\$ 2,436,847</u>	<u>\$ 5,375,003</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note 6. Liabilities

A. Payables

Payables at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Insurance Claims Incurred, But Not Reported</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,342,708	\$ 1,831,094	\$ -	\$ -	\$ 3,173,802
Other governmental	872,650	-	-	-	872,650
Internal Service Fund	<u>195,444</u>	<u>-</u>	<u>639,568</u>	<u>-</u>	<u>835,012</u>
Total governmental activities	<u>\$ 2,410,802</u>	<u>\$ 1,831,094</u>	<u>\$ 639,568</u>	<u>\$ -</u>	<u>\$ 4,881,464</u>
Business-Type Activities:					
Solid Waste	\$ 79,348	\$ 54,715	\$ -	\$ -	\$ 134,063
Water and Sewer	261,614	71,795	-	101,276	434,685
East Lincoln Water and Sewer	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,106</u>	<u>12,106</u>
Total business-type activities	<u>\$ 340,962</u>	<u>\$ 126,510</u>	<u>\$ -</u>	<u>\$ 113,382</u>	<u>\$ 580,854</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

B. Long-Term Debt

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 Fund 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.

The County's general obligation bonds at June 30, 2013 are comprised of the following individual issues:

Governmental Activities:

Governmental Funds:

\$12,360,000 2012A Advance Refunding School serial bonds, due in annual installments ranging from \$105,000 to \$1,200,000 through June 1, 2023; interest rates from 2% to 3%; interest payments due June 1 and December 1	\$ 11,765,000
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\$17,895,000 2012B Advance Refunding School serial bonds, due in annual installments ranging from \$100,000 to \$3,195,000 through June 1, 2024; interest rates from 2% to 4% due June 1 and December 1	17,595,000
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\$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	725,000
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\$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	4,655,000
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\$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	2,400,000
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LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

General Obligation Indebtedness (continued)

Governmental Activities (continued):

Governmental Funds (continued):

\$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)	3,000,000
\$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)	1,000,000
\$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	14,640,000
\$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	7,600,000
\$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	16,690,000
\$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>8,950,000</u>
Total serviced by governmental activities	<u>89,020,000</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Business-Type Activities:

Proprietary Funds:

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 1 550,000

\$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 1,585,000

Total serviced by business-type activities 2,135,000

Total general obligation bonds \$ 91,155,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Installment Purchase Agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchases. Installment purchase contracts at June 30, 2013 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

	\$	1,430,691
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\$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
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\$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

	13,735,000
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\$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

	1,237,500
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\$1,100,000 installment purchase contract for Arlie Business park and water projects; due in semi-annual installments of \$217,880; interest at 2.65%

	<u>1,002,566</u>
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Total governmental activities

	<u>19,405,757</u>
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LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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 15 134,309

\$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 1 205,115

\$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 1 275,521

\$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 1,485,043

\$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 15,750,000

\$2,706,000 installment purchase contract for water projects, due in semi-annual installment of \$217,880 through January 17, 2022; interest at 2.65% 2,466,314

Solid Waste Fund:

\$430,000 contract for landfill equipment, due in monthly installments of \$7,891 through January 27, 2014; interest payments at 3.225% 54,648

Total business-type activities 20,370,950

Total installment purchase contracts \$ 39,776,707

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note Payable.

\$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, 2013 is \$1,000,000.

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

Year Ending June 30	Principal	Interest	Total
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>\$ 1,000,000</u>	<u>\$ 85,750</u>	<u>\$ 1,085,750</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Changes in Long-Term Debt. The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	<u>July 1, 2012</u>	<u>Adjustments</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 96,000,000	\$ -	\$ 6,980,000	\$ 89,020,000	\$ 6,970,000
Premium on long-term debt	2,868,507	-	246,355	2,622,152	246,355
Installment purchases	21,462,915	-	2,057,158	19,405,757	1,578,913
Unfunded pension obligation	598,833	150,371	73,333	675,871	-
Other post-employment benefits	8,211,719	2,653,381	662,655	10,202,445	-
Compensated absences	1,451,175	1,112,717	986,582	1,577,310	158,000
Total	<u>\$ 130,593,149</u>	<u>\$ 3,916,469</u>	<u>\$ 11,006,083</u>	<u>\$ 123,503,535</u>	<u>\$ 8,953,268</u>
Business-Type Activities:					
General obligation bonds	\$ 2,675,000	\$ -	\$ 540,000	\$ 2,135,000	\$ 530,000
State Bond loan	1,250,000	-	250,000	1,000,000	250,000
Installment purchases	21,804,848	-	1,433,898	20,370,950	1,402,755
Compensated absences	148,900	99,476	92,876	155,500	15,600
Other post-employment benefits	1,208,052	361,825	90,362	1,479,515	-
Accrued landfill closure/ post-closure care costs	6,055,950	687,974	-	6,743,924	-
Total	<u>\$ 33,142,750</u>	<u>\$ 1,149,275</u>	<u>\$ 2,407,136</u>	<u>\$ 31,884,889</u>	<u>\$ 2,198,355</u>

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

At June 30, 2013, Lincoln County had a legal debt margin of approximately \$558,000,000.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Future Maturities for Long-Term Indebtedness. The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences and law enforcement officers' unfunded retirement contribution):

	General		Notes Payable		Installment		Total	
	Obligation Bonds				Purchase Agreements			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental								
Activities:								
2014	\$ 6,970,000	\$ 3,179,342	\$ -	\$ -	\$ 1,578,913	\$ 747,706	\$ 8,548,913	\$ 3,927,048
2015	6,965,000	2,924,867	-	-	1,581,582	684,256	8,546,582	3,609,123
2016	6,925,000	2,678,917	-	-	1,451,765	619,911	8,376,765	3,298,828
2017	6,925,000	2,456,167	-	-	1,335,305	555,870	8,260,305	3,012,037
2018	6,835,000	2,239,317	-	-	1,338,193	496,370	8,173,193	2,735,687
2019-2023	33,760,000	7,370,460	-	-	7,787,499	1,654,269	41,547,499	9,024,729
2024-2028	19,565,000	2,233,038	-	-	4,332,500	453,375	23,897,500	2,686,413
2029-2032	1,075,000	48,063	-	-	-	-	1,075,000	48,063
Total	<u>\$ 89,020,000</u>	<u>\$ 23,130,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,405,757</u>	<u>\$ 5,211,757</u>	<u>\$ 108,425,757</u>	<u>\$ 28,341,928</u>
Business-Type								
Activities:								
2014	\$ 530,000	\$ 76,683	\$ 250,000	\$ 34,300	\$ 1,402,755	\$ 490,866	\$ 2,182,755	\$ 601,849
2015	520,000	58,332	250,000	25,725	1,354,672	455,535	2,124,672	539,592
2016	510,000	41,420	250,000	17,150	1,348,967	420,539	2,108,967	479,109
2017	400,000	23,938	250,000	8,575	1,345,158	385,861	1,995,158	418,374
2018	150,000	8,313	-	-	1,352,262	351,408	1,502,262	359,721
2019-2023	25,000	1,188	-	-	6,432,132	1,241,800	6,457,132	1,242,988
2024-2028	-	-	-	-	4,510,004	546,091	4,510,004	546,091
2029-2031	-	-	-	-	2,625,000	65,100	2,625,000	65,100
Total	<u>\$ 2,135,000</u>	<u>\$ 209,874</u>	<u>\$ 1,000,000</u>	<u>\$ 85,750</u>	<u>\$ 20,370,950</u>	<u>\$ 3,957,200</u>	<u>\$ 23,505,950</u>	<u>\$ 4,252,824</u>

Note 7. Pension plan obligations

A. Local Government Employees' Retirement System

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. North Carolina G.S. 128-3 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 YEAR ENDED JUNE 30, 2013

Funding. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engages in law enforcement is 6.98 percent, and for law enforcement officers is 7.05 percent 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, 2013, 2012, and 2011 were \$1,697,179, \$1,401,624, and \$1,314,635, respectively. The contributions made by both the County and employees equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Description. Lincoln County administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual base rate of compensation multiplied by total creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. North Carolina G.S. 143-12D assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the City. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	106
Total	<u>113</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies. 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. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contribution Requirements and Contributions Made. The County is required by North Carolina G.S. 143-12D to provide these retirement benefits and has chosen to fund benefit payments on a pay-as-you-go basis through appropriations in the General Fund operating budget. The County's obligation to contribute to this plan is established by statute and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The current year obligations of \$73,333 were paid by the General Fund for the Separation Allowance.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

The annual required contribution for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00 percent investment rate of return and (b) projected salary increases ranging from 4.25 percent to 7.85 percent per year. The inflation component was 3.00 percent. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

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	\$ 157,695
Interest on net pension obligation	29,942
Adjustment to annual required contribution	<u>(37,266)</u>
Annual pension cost	150,371
Employer contributions made for fiscal year ending June 30, 2013	<u>73,333</u>
Increase (decrease) in net pension obligation	77,038
Net pension obligation:	
Beginning of year - July 1	<u>598,833</u>
End of year - June 30	<u>\$ 675,871</u>

Trend Information. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for years ended June 30, 2011, 2012, and 2013 is as follows:

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 145,446	48.38%	\$ 526,691
6/30/2012	149,551	51.76%	598,833
6/30/2013	150,371	48.77%	675,871

Historical trend information is being developed in the required supplemental financial data sub-section, following the notes to the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Funded Status and Funding Progress. As of December 31, 2012, 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 \$1,316,627. The covered payroll (annual payroll of active employees covered by the plan) was \$4,015,989, and the ratio of the UAAL to the covered payroll was 32.78%.

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, related to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. North Carolina G.S. 135-5 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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.

North Carolina G.S. 143-12E 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. In addition, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$373,148, which consisted of \$203,685 from the County and \$169,463 from the law enforcement officers.

D. Registers of Deeds' Supplemental Pension Fund

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 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 YEAR ENDED JUNE 30, 2013

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 3 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, 2013, the County's required and actual contributions were \$63,668.

Note 8. Death benefit plan

The County provides 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 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 month's salary in a row during the 24 months prior to the employee's death. Effective July 1, 2004, the death benefit payments to beneficiaries must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contribution to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

Note 9. Other Post-employment benefits (OPEB)

Description. The County administers a single-employer defined benefit healthcare plan ("the health plan"), which provides post-retirement healthcare benefits to retirees of the County, provided that they meet any of the retirement options available through the North Carolina Local Governmental Employees' Retirement System (LERS) and have at least 25 years of creditable service with the County. The County pays the same cost of coverage for these benefits as current full-time employees pay. Also, retirees can purchase coverage for their dependents at the County's group rates. The individual cost is currently \$55.57 per month.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Currently, 105 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2013, the County made payments for post-retirement health benefit premiums of \$753,017, which consisted of \$594,215 of employer contributions and \$158,802 of retiree contributions. The County self-funds health and dental coverage for retirees, which is administered by a third party administrator, along with coverage for employees. 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, 2012, the date of the latest actuarial valuation:

	General	Law
	Employees	Enforcement Officers
Retirees and dependents receiving benefits	84	21
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	580	106
Total	<u>664</u>	<u>127</u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board of Commissioners. In addition, the budget for these expenditures is approved, along with other healthcare expenditures as part of the annual budget process. In addition to coverage for employees, the County's members can elect to pay for spouse, dependent or family coverage. For fiscal year 2013, the County chose to fund the plan benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 12.08% of annual covered payroll. For the current year, the County contributed \$753,017, or 3.0% of annual covered payroll. The County self-funds health and dental coverage for all retirees and employees.

Summary of Significant Accounting Policies. The County has chosen to fund OPEB on a pay-as-you-go basis. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting throughout the year and adjusted to full accrual where required for reporting purposes. 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 YEAR ENDED JUNE 30, 2013

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board 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 30 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	\$ 2,638,563	\$ 359,804	\$ 2,998,367
Interest on net OPEB obligation	331,576	45,215	376,791
Adjustments to annual required contribution	(316,758)	(43,194)	(359,952)
Annual OPEB cost (expense)	2,653,381	361,825	3,015,206
Contributions made	(662,655)	(90,362)	(753,017)
Increase (decrease) in net OPEB obligation	1,990,726	271,463	2,262,189
Net OPEB obligation:			
Beginning of year - July 1	8,211,719	1,208,052	9,419,771
End of year - June 30	<u>\$ 10,202,445</u>	<u>\$ 1,479,515</u>	<u>\$ 11,681,960</u>

The County's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 were as follows:

Year Ended June 30	OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
2011	\$ 2,925,716	16.2%	\$ 7,457,340
2012	2,939,170	33.2%	9,419,771
2013	3,015,206	25.0%	11,681,960

Funding Status and Funding Progress. As of December 31, 2012, 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 \$29,492,800. The covered payroll (annual payroll of active employees covered by the plan) was \$24,819,345, and the ratio of the UAAL to the covered payroll was 118.8 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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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 the 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, 2012 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 8.50 to 5.00 percent, and an annual post-Medicare medical trend increase of 6.25 to 5.00 percent. 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, 2012 was 30 years.

As of June 30, 2013, management had decided to continue funding the liability on a pay-as-you-go basis going into the next fiscal year.

Note 10. 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 \$6,743,924 reported as landfill closure and post-closure care liability at June 30, 2013 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 \$5,623,676 to date based on the use of 83.0 percent of Phase I through III's estimated capacity. The C&D portion reported a cumulative amount of \$1,120,248 to date based on the use of 73.0 percent of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$1,576,491 as the remaining estimated capacity is filled. Of this amount, \$1,164,324 is related to the remaining capacity in the sanitary landfill, and \$412,167 is related to the C&D portion. The amounts are based on what it would cost to perform all closure and post-closure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phases I through III in the year 2020 for the sanitary portion and that same year for the C&D portion.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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

Note 11. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and/or 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 through NFIP.

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

Liabilities of the Health Benefits Funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The County's claims that are incurred, but not reported are considered a current liability and are included in accounts payable of the Health Benefits Fund and the Workers' Compensation Fund (the Internal Service Funds). The County has recognized provisions of \$321,174 for claims incurred but not reported in the Health Benefits Fund and \$318,394 for claims incurred, but not reported in the Workers' Compensation Fund. These provisions are estimated based upon analysis of historical claims experience reviewed by the County's third party administrator.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning	\$ 1,319,717	\$ 819,987
Incurred claims	3,734,300	4,924,190
Claim payments	<u>(4,414,449)</u>	<u>(4,424,460)</u>
Unpaid claims, ending	<u>\$ 639,568</u>	<u>\$ 1,319,717</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note 12. Interfund Activity

The transfers to/from other funds at June 30, 2013 consist of the following:

From	To	Amount
Capital Reserve Fund	General Fund	\$ 2,125,383
General Fund	General Capital Projects Fund	1,492,061
Total		<u>\$ 3,617,444</u>

The due to/from other funds at June 30, 2013 consist of the following:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund	\$ 27,485
General Capital Projects Fund	General Fund	1,094,932
Solid Waste Fund	General Fund	16,989
Total		<u>\$ 1,139,406</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the General Fund expects to collect in the subsequent year.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

Note 13. Claims and Judgments

At June 30, 2013, the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot at this time be determined. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

Note 14. Summary Disclosure of Significant Contingencies

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

Special Item – Loss on Disposal of Capital Asset

During the fiscal year ending June 30, 2013, the County disposed of the Forney Creek Wastewater Treatment Plant. The total cost of this asset, including the buildings, infrastructure, improvements, and equipment totaled \$14,777,137. The disposal less accumulated depreciation of \$5,130,106 resulted in a loss on disposal of \$9,647,031.

Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

Note 15. Related Organization

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

A 17-member Advisory Board serves as the Hospital’s liaison with the community and acts as ambassadors for the Hospital within the community. Advisory Board members are nominated by the Board’s Governance and Nominating Committee and are approved by the full Advisory Board.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

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 space needs.

Note 16. Joint Ventures

The County, in conjunction with Gaston, Cleveland, Catawba, Burke, Surry, Yadkin and Iredell Counties, participates in Partners Behavioral Health Management. Partners manages a comprehensive array of services to children, adolescents, and adults with mental health, substance abuse, and developmental disabilities needs. Service delivered is offered by numerous providers throughout the multi-County area. Partners 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, 2013, provided \$369,589 in support of Partners' services. Additionally, the County remitted \$12,702 to Pathways from the alcohol rehabilitation tax. The County does not have an equity interest in Partners; therefore, no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for Partners may be obtained from Partners' administrative offices at 901 South New Hope Road, Gastonia, North Carolina 28054.

The County, in conjunction with the City of Lincolnton, participates in a general aviation airport. Each participating government appoints three members to the six-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence since 1986, but it is not yet self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$58,756 to the Airport during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Airport can be obtained from Lincoln County administrative offices at 115 West Main Street, Lincolnton, NC 28092.

Note 17. 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 dues of \$18,392 to the Council during the fiscal year ended June 30, 2013.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$135,406 for operations for the year ended June 30, 2013.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

The County's Board of Commissioners appoints one of the Lake Norman Commission Board of Directors. The County provided funding of \$22,990 for the year ended June 30, 2013. The County's Board of Commissioners appoints one of the Mountain Island Lake Commission Board of Directors. The County provided funding of \$1,900 for the year ended June 30, 2013.

Note 18. 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.

	<u>Federal</u>	<u>State</u>
Medical Assistance	\$ 54,355,533	\$ 29,988,290
Temporary Assistance to Needy Families	274,731	(55)
Low Income Energy Assistance	558,544	-
Chafee Foster Care Independence Program	39,343	-
Refugee and Entrant Assistance-State Administered Programs	2,896	-
AFDC Family Support Payments & Penalties	(215)	(59)
State/County Domiciliary Care	-	475,401
Special Supplemental Food Program for Women, Infants, and Children	1,198,506	-
IV-E Foster Care	154,312	47,683
IV-E Adoption Subsidy	303,514	378,401
State Foster Home	-	104,563
	<u> </u>	<u> </u>
Totals	<u>\$ 56,887,164</u>	<u>\$ 30,994,224</u>

Note 19. Subsequent Events

Events occurring subsequent to year-end have been evaluated through November 25, 2013. This is the date on which the financial statements were available to be issued.

On November 14, 2013, Lincoln County finalized debt issuances for refunding of 2003 COPS in the amount of \$1,615,000 and refunding of 2006 COPS in the amount of \$7,845,000.

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LINCOLN COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2013

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)
12/31/2007	\$ -	\$ 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%
12/31/2011	-	1,248,101	1,248,101	0.00%	4,003,013	31.18%
12/31/2012	-	1,316,627	1,316,627	0.00%	4,015,989	32.78%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation End of Year
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
2012	154,636	50.06%	598,833
2013	157,695	46.50%	675,871

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	12/31/12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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, 2013

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%
12/31/2012	-	29,492,800	29,492,800	0.00%	24,819,345	118.8%

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%
2012	2,898,226	33.70%
2013	2,998,367	25.11%

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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Amortization factor	17.9837
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	8.50% - 5.00%
Post-Medicare trend rate	6.25% - 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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes	\$ 49,290,106	\$ 49,575,234	\$ 285,128	\$ 49,019,309
Total	49,290,106	49,575,234	285,128	49,019,309
Local Option Sales Taxes:				
Article 39 one percent	4,920,000	5,120,511	200,511	4,942,649
Article 40 one-half of one percent	3,741,000	3,899,945	158,945	3,788,776
Article 42 one-half of one percent	2,696,000	2,827,309	131,309	2,723,887
Article 44 one-half of one percent	-	12,276	12,276	(32,847)
Medicaid hold harmless	-	364,243	364,243	363,256
Total	11,357,000	12,224,284	867,284	11,785,721
Other Taxes and Licenses:				
Real estate transfer tax	475,000	697,046	222,046	534,686
Local occupancy tax and car rental tax	73,000	109,865	36,865	86,481
Utility franchise tax	230,000	233,252	3,252	238,690
Total	778,000	1,040,163	262,163	859,857
Unrestricted Intergovernmental Revenues:				
Beer and wine tax	107,000	289,491	182,491	309,629
Tax refunds - sales and gasoline	201,000	-	(201,000)	170,293
Total	308,000	289,491	(18,509)	479,922
Restricted Intergovernmental Revenues:				
Federal and State grants	10,913,076	10,584,659	(328,417)	10,810,856
Court facilities fees	100,000	111,587	11,587	98,067
ABC revenue	233,000	228,120	(4,880)	204,461
Total	11,246,076	10,924,366	(321,710)	11,113,384
Permits and Fees:				
Inspection Department	661,625	772,433	110,808	677,221
Sheriff Department	282,600	318,262	35,662	240,931
Soil and water conservation	7,000	9,400	2,400	7,250
Fire marshall	4,700	3,405	(1,295)	3,840
Register of Deeds	381,000	449,764	68,764	407,186
Total	1,336,925	1,553,264	216,339	1,336,428

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Rents, concessions, and fees	951,896	833,593	(118,303)	981,031
Ambulance fees	2,955,000	3,394,333	439,333	3,341,363
Animal control	71,000	78,739	7,739	80,421
Jail fees	40,000	44,787	4,787	48,865
Social Services	1,673,227	1,187,043	(486,184)	1,531,478
Health department	1,329,374	1,064,743	(264,631)	1,011,518
Collection fees - special tax districts and City of Lincolnton	228,036	246,361	18,325	252,239
Soil and water conservation	18,400	31,700	13,300	17,200
Total	7,266,933	6,881,299	(385,634)	7,264,115
Investment Earnings	60,000	58,368	(1,632)	70,272
Total	60,000	58,368	(1,632)	70,272
Miscellaneous:				
Sale of property	50,000	37,770	(12,230)	106,682
Contributions	4,000	21,924	17,924	13,990
Other	858,568	898,022	39,454	853,012
Total	912,568	957,716	45,148	973,684
Total revenues	82,555,608	83,504,185	948,577	82,902,692
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	98,953	102,988	(4,035)	99,420
Other operating expenditures	104,294	101,078	3,216	101,487
Total	203,247	204,066	(819)	200,907
Administration and Finance:				
Salaries and employee benefits	990,297	1,019,207	(28,910)	977,012
Other operating expenditures	145,785	153,928	(8,143)	121,001
Overhead allocated to other funds	(280,000)	(272,916)	7,084	(267,828)
Total	856,082	900,219	(29,969)	830,185
Data Processing:				
Salaries and employee benefits	433,246	455,069	(21,823)	403,525
Other operating expenditures	227,838	182,642	45,196	184,682
Total	661,084	637,711	23,373	588,207

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Elections:				
Salaries and employee benefits	330,214	296,968	33,246	275,127
Special compensation	11,000	9,670	1,330	10,463
Other operating expenditures	168,424	136,128	32,296	89,387
Total	509,638	442,766	66,872	374,977
Taxes:				
Salaries and employee benefits	623,290	601,709	21,581	612,966
Other operating expenditures	366,262	337,222	29,040	288,061
Tax mapping	344,138	306,177	37,961	364,512
Tax revaluation	486,097	428,552	57,545	449,676
Total	1,819,787	1,673,660	146,127	1,715,215
Legal:				
Other operating expenditures	135,178	177,198	(42,020)	166,355
Total	135,178	177,198	(42,020)	166,355
Register of Deeds:				
Salaries and employee benefits	454,167	445,202	8,965	443,520
Other operating expenditures	448,059	501,995	(53,936)	400,404
Capital outlay	4,000	-	4,000	-
Total	906,226	947,197	(40,971)	843,924
Central Services:				
Salaries and employee benefits	680,000	703,918	(23,918)	931,427
Other operating expenditures	44,377	36,424	7,953	39,884
Total	724,377	740,342	(15,965)	971,311
Public Buildings:				
Salaries and employee benefits	558,415	566,233	(7,818)	541,973
Other operating expenditures	1,088,137	1,054,316	33,821	938,522
Total	1,646,552	1,620,549	26,003	1,480,495
Court Facilities:				
Other operating expenditures	44,789	35,496	9,293	22,368
Total	44,789	35,496	9,293	22,368
Special Grants:				
Forestry program	64,793	48,865	15,928	52,835
National Guard	2,565	2,565	-	2,850
Lake Norman Marine Commission	22,990	22,990	-	22,990
Lake Norman RPO	2,995	-	2,995	-

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Regional Council of Government	18,784	18,392	392	18,392
West/East Lincoln Rescue Squads	121,595	107,224	14,371	108,671
Miscellaneous grants	61,900	61,900	-	66,650
Airport Authority	58,756	58,756	-	59,290
Arts Council	7,268	7,268	-	8,075
Mainstreet Program	5,700	5,700	-	11,400
Cultural Development Center	29,216	29,216	-	32,462
Chamber of Commerce	14,963	14,963	-	16,625
Mountain Island Commission	1,900	1,900	-	1,900
Total	413,425	379,739	33,686	402,140
Total general government	7,920,385	7,758,943	175,610	7,596,084
Public Safety:				
Sheriff Department:				
Salaries and employee benefits	6,881,066	6,747,234	133,832	6,673,054
Other operating expenditures	1,460,905	1,378,318	82,587	1,167,971
Total	8,341,971	8,125,552	216,419	7,847,217
Jail:				
Salaries and employee benefits	2,025,779	1,963,499	62,280	1,953,275
Other operating expenditures	935,375	851,096	84,279	887,774
Capital outlay	-	-	-	4,915
Total	2,961,154	2,814,595	146,559	2,845,964
Communications:				
Salaries and employee benefits	1,081,478	1,029,721	51,757	1,003,252
Other operating expenditures	195,501	176,534	18,967	170,928
Capital outlay	5,000	4,302	698	-
Total	1,281,979	1,210,557	71,422	1,174,180
Emergency Management:				
Salaries and employee benefits	83,678	71,067	12,611	80,389
Other operating expenditures	96,866	92,221	4,645	132,278
Capital outlay	47,431	25,409	22,022	-
Total	227,975	188,697	39,278	212,667
Emergency Management - Beatties Ford:				
Other operating expenditures	13,400	9,827	3,573	20,432
Total	13,400	9,827	3,573	20,432

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Emergency Management - Special Operations:				
Other operating expenditures	25,000	29,132	(4,132)	-
Total	25,000	29,132	(4,132)	-
Ambulance Services:				
Salaries and employee benefits	4,069,913	4,115,809	(45,896)	3,929,170
Other operating expenditures	1,021,412	1,183,183	(161,771)	1,109,644
Total	5,091,325	5,298,992	(207,667)	5,038,814
Fire:				
Fire Marshall				
Salaries and employee benefits	167,513	163,437	4,076	143,669
Other operating expenditures	30,369	28,170	2,199	29,606
Total	197,882	191,607	6,275	173,275
Assistance to Local Volunteer Fire Departments	134,955	139,721	(4,766)	150,528
Planning and Inspections:				
Salaries and employee benefits	1,121,411	1,068,946	52,465	1,112,901
Other operating expenditures	179,749	170,402	9,347	166,442
Capital outlay	2,997	-	2,997	-
Total	1,304,157	1,239,348	64,809	1,279,343
Medical Examiner:				
Contracted services	42,500	46,412	(3,912)	51,449
Total	42,500	46,412	(3,912)	51,449
Animal Control:				
Salaries and employee benefits	514,305	487,158	27,147	449,938
Other operating expenditures	240,464	310,945	(70,481)	322,411
Total	754,769	798,103	(43,334)	772,349
Total public safety	20,377,067	20,092,543	284,524	19,566,218
Economic and Physical Development:				
Cooperative Extension:				
Salaries and employee benefits	59,124	58,226	898	54,002
Other operating expenditures	32,166	27,765	4,401	24,840
Contracted services	194,100	187,512	6,588	188,360
Total	285,390	273,503	11,887	267,202

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Economic Development Commission/Projects:				
Other operating expenditures	1,291,604	1,236,319	55,285	1,476,360
Total	1,291,604	1,236,319	55,285	1,476,360
Soil and Water Conservation:				
Salaries and employee benefits	217,985	216,083	1,902	213,801
Other operating expenditures	38,929	35,666	3,263	28,838
Total	256,914	251,749	5,165	242,639
Community Development Block Grant:				
Contracted services - CDBG Grant	178,760	62,727	116,033	229,897
Total	178,760	62,727	116,033	229,897
Total economic and physical development	2,012,668	1,824,298	188,370	2,216,098
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	808,883	782,904	25,979	769,225
Special compensation	1,540	1,080	460	420
Other operating expenditures	167,453	211,736	(44,283)	161,651
Total	977,876	995,720	(17,844)	931,296
Immunization:				
Salaries and employee benefits	58,694	58,368	326	57,774
Other operating expenditures	36,385	39,658	(3,273)	27,819
Total	95,079	98,026	(2,947)	85,593
Adult Health:				
Salaries and employee benefits	113,629	116,634	(3,005)	111,987
Other operating expenditures	4,757	4,993	(236)	3,674
Total	118,386	121,627	(3,241)	115,661
BCCP-Health:				
Salaries and employee benefits	8,758	2,969	5,789	-
Other operating expenditures	58,550	48,791	9,759	27,865
Total	67,308	51,760	15,548	27,865
Community Transformation Project:				
Other operating expenditures	-	486	(486)	-
Total	-	486	(486)	-

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Communicable Disease:				
Salaries and employee benefits	60,584	58,860	1,724	59,811
Other operating expenditures	6,640	5,444	1,196	3,641
Total	67,224	64,304	2,920	63,452
Lab:				
Salaries and employee benefits	99,493	98,496	997	98,970
Other operating expenditures	100,135	87,963	12,172	73,751
Total	199,628	186,459	13,169	172,721
Teen Tobacco Use Prevention:				
Salaries and employee benefits	-	-	-	21,089
Other operating expenditures	-	-	-	38,881
Total	-	-	-	59,970
Healthy Carolinians II:				
Other operating expenditures	1,120	-	1,120	2,428
Total	1,120	-	1,120	2,428
Family Planning:				
Salaries and employee benefits	111,381	99,880	11,501	107,303
Other operating expenditures	43,781	35,049	8,732	43,857
Total	155,162	134,929	20,233	151,160
Maternal Health:				
Salaries and employee benefits	112,675	69,151	43,524	88,856
Other operating expenditures	13,121	6,228	6,893	6,596
Total	125,796	75,379	50,417	95,452
Child Health:				
Salaries and employee benefits	117,523	116,191	1,332	115,504
Other operating expenditures	6,357	2,740	3,617	2,386
Total	123,880	118,931	4,949	117,890
Home Health Services:				
Salaries and employee benefits	697,773	691,914	5,859	670,153
Contracted services	260,000	222,588	37,412	172,776
Other operating expenditures	189,278	140,953	48,325	231,917
Total	1,147,051	1,055,455	91,596	1,074,846

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Maternal Care Coordination:				
Salaries and employee benefits	160,690	116,619	44,071	120,614
Other operating expenditures	8,690	6,005	2,685	3,030
Total	169,380	122,624	46,756	123,644
Child Service Coordination:				
Salaries and employee benefits	79,768	123,095	(43,327)	85,228
Other operating expenditures	9,873	7,826	2,047	6,357
Total	89,641	130,921	(41,280)	91,585
School Health:				
Salaries and employee benefits	433,252	397,999	35,253	415,735
Other operating expenditures	30,911	32,958	(2,047)	26,513
Total	464,163	430,957	33,206	442,248
Dental Health:				
Salaries and employee benefits	17,629	17,555	74	17,576
Total	17,629	17,555	74	17,576
Women, Infants, and Children:				
Salaries and employee benefits	255,141	226,653	28,488	238,836
Other operating expenditures	30,427	23,680	6,747	20,830
Total	285,568	250,333	35,235	259,666
Day Care Grant:				
Salaries and employee benefits	50,963	50,866	97	50,317
Other operating expenditures	4,233	3,876	357	3,288
Total	55,196	54,742	454	53,605
Nutrition:				
Salaries and employee benefits	97,650	100,427	(2,777)	95,163
Other operating expenditures	2,030	222	1,808	294
Total	99,680	100,649	(969)	95,457
Environmental Health:				
Salaries and employee benefits	501,282	497,882	3,400	494,019
Other operating expenditures	66,878	58,812	8,066	56,911
Capital outlay	3,000	2,833	167	4,363
Total	571,160	559,527	11,633	555,293

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Health Promotion:				
Salaries and employee benefits	49,563	46,233	3,330	34,185
Other operating expenditures	15,933	8,642	7,291	3,293
Total	65,496	54,875	10,621	37,478
Bioterrorism:				
Salaries and employee benefits	58,336	58,074	262	55,124
Other operating expenditures	11,724	9,677	2,047	8,085
Total	70,060	67,751	2,309	63,209
Contracted Services:				
Salaries and employee benefits	490,682	477,861	12,821	472,259
Other operating expenditures	31,767	37,523	(5,756)	21,368
Total	522,449	515,384	7,065	493,627
Other Health Programs:				
6th grade Health Study Grant	-	290	(290)	-
Susan Komen	61,648	47,197	14,451	50,886
Total	61,648	47,487	14,161	50,886
Total health	5,550,580	5,255,881	294,699	5,182,608
Mental Health:				
Gaston-Lincoln Area Program	373,589	382,291	(8,702)	373,978
Total	373,589	382,291	(8,702)	373,978
Social Services:				
Administration:				
Salaries and employee benefits	817,028	792,327	24,701	784,146
Special compensation	1,200	820	380	900
Other operating expenditures	402,493	370,214	32,279	284,396
Capital outlay	481,163	243,829	237,334	575,287
Total	1,701,884	1,407,190	294,694	1,644,729
Job Boost Employment Program:				
Other operating expenditures	-	-	-	24,795
Total	-	-	-	24,795
Children's Services:				
Salaries and employee benefits	2,161,117	2,073,240	87,877	2,045,924
Foster care	762,801	726,381	36,420	604,154
Other operating expenditures	105,621	64,814	40,807	145,248
Total	3,029,539	2,864,435	165,104	2,795,326

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Adolescent Parenting:				
Salaries and employee benefits	57,443	56,031	1,412	44,819
Other operating expenditures	4,078	2,910	1,168	3,367
Total	61,521	58,941	2,580	48,186
Adult Services:				
Salaries and employee benefits	670,000	648,011	21,989	654,552
Long-term care, SD	543,000	476,671	66,329	536,712
Other operating expenditures	17,136	8,361	8,775	16,905
Total	1,230,136	1,133,043	97,093	1,208,169
State In-Home Care:				
Special compensation	9,249	3,672	5,577	3,853
Total	9,249	3,672	5,577	3,853
Office on Aging - HCCBG:				
Special contracted services	207,915	207,468	447	227,846
Other operating expenditures	6,405	-	6,405	350
Total	214,320	207,468	6,852	228,196
Child Support Enforcement:				
Salaries and employee benefits	502,008	408,188	93,820	489,272
Other operating expenditures	22,130	16,142	5,988	16,513
Total	524,138	424,330	99,808	505,785
CAP - Children:				
Special contracted services	26,674	-	26,674	-
Total	26,674	-	26,674	-
CAP - Disabled Adults:				
Special contracted services	1,143,892	852,482	291,410	1,172,577
Other operating expenditures	127,000	129,845	(2,845)	115,949
Total	1,270,892	982,327	288,565	1,288,526
TANF Program:				
Salaries and employee benefits	298,471	374,947	(76,476)	378,948
Client travel reimbursement	2,500	1,019	1,481	2,631
Other operating expenditures	36,314	4,069	32,245	18,515
Total	337,285	380,035	(42,750)	400,094

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Title XIX Program - Family and Children:				
Salaries and employee benefits	459,949	447,502	12,447	451,187
TANF emergency assistance	5,130	4,766	364	4,466
Other operating expenditures	3,030	1,983	1,047	8,374
Total	468,109	454,251	13,858	464,027
Title XIX Program - Adult:				
Salaries and employee benefits	648,619	584,043	64,576	511,840
Client transportation	425,000	445,313	(20,313)	439,065
Medicaid, SD	6,100	5,628	472	3,971
Other operating expenditures	4,242	3,299	943	8,915
Total	1,083,961	1,038,283	45,678	963,791
Food Stamp Program - Issuance:				
Salaries and employee benefits	540,630	552,776	(12,146)	515,091
Other operating expenditures	607,609	570,383	37,226	531,793
Total	1,148,239	1,123,159	25,080	1,046,884
Food Stamp Program - Fraud:				
Special contracted services	45,942	45,516	426	45,150
Other operating expenditures	778	184	594	178
Total	46,720	45,700	1,020	45,328
Senior's Health Insurance Program				
Other operating expenditures	10,000	9,059	941	-
Total	10,000	9,059	941	-
Total social services	11,162,667	10,131,893	1,030,774	10,667,689
Assistance Programs:				
Blind	3,556	3,556	-	3,579
Daycare Program	2,652,655	2,312,860	339,795	1,898,823
Communities in schools	47,025	47,025	-	52,250
Gaston skills	56,471	55,645	826	44,963
Total	2,759,707	2,419,086	340,621	1,999,615
Veterans Service Office:				
Special contracted services	101,264	99,131	2,133	82,286
Other operating expenditures	22,264	22,061	203	21,252
Total	123,528	121,192	2,336	103,538

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
JCP Administration:				
Other operating expenditures	12,277	10,280	1,997	11,508
Total	12,277	10,280	1,997	11,508
JCP - Gang (ARRA):				
Other operating expenditures	15,000	15,000	-	53,940
Total	15,000	15,000	-	53,940
JCP Pathways MH/SA:				
Other operating expenditures	7,500	6,875	625	7,500
JCP - Communities In Schools:				
Other operating expenditures	27,689	27,689	-	27,689
JCP - Savy Shepherd:				
Other operating expenditures	130,311	163,760	(33,449)	115,832
Total	130,311	163,760	(33,449)	115,832
JCP Mediation:				
Other operating expenditures	25,616	25,616	-	25,616
Total	25,616	25,616	-	25,616
JCP CIS - After School:				
Other operating expenditures	36,566	62,281	(25,715)	44,876
Total	36,566	62,281	(25,715)	44,876
JCP Phoenix Counseling:				
Other operating expenditures	15,000	15,000	-	-
Total	15,000	15,000	-	-
JCP FamiliFirst:				
Other operating expenditures	25,500	25,498	2	25,497
Total	25,500	25,498	2	25,497
Shepherd - Trail Success Equine:				
Salaries and employee benefits	-	-	-	(687)
Other operating expenditures	61,989	30,789	31,200	30,789
Total	61,989	30,789	31,200	30,102
Gaston Family Health Services				
Other operating expenditures	30,000	30,000	-	30,000
Total	30,000	30,000	-	30,000

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Senior Services:				
Salaries and employee benefits	214,930	219,527	(4,597)	218,793
Other operating expenditures	275,611	253,811	21,800	253,901
Total	490,541	473,338	17,203	472,694
Transportation TLC:				
Salaries and employee benefits	787,018	785,080	1,938	710,686
Other operating expenditures	375,864	386,743	(10,879)	375,912
Total	1,162,882	1,171,823	(8,941)	1,086,598
Total human services	22,010,942	20,368,292	1,642,650	20,259,280
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	641,161	601,352	39,809	596,207
Contracted services	13,000	4,747	8,253	8,479
Other operating expenditures	415,708	263,471	152,237	314,041
Total	1,069,869	869,570	200,299	918,727
Recreation - Building and Grounds:				
Salaries and employee benefits	211,525	147,642	63,883	153,112
Other operating expenditures	70,000	51,103	18,897	73,251
Total	281,525	198,745	82,780	226,363
Library:				
Salaries and employee benefits	778,528	655,585	122,943	555,713
Other operating expenditures	415,460	427,165	(11,705)	314,944
Capital outlay	-	618	(618)	451
Total	1,193,988	1,083,368	110,620	871,108
Battle of Ramsour Mill:				
Operating expenses	9,240	8,882	358	8,730
Total	9,240	8,882	358	8,730
Historical Properties:				
Other operating expenditures	3,526	1,262	2,264	1,066
Total	3,526	1,262	2,264	1,066

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Historical Association	28,215	28,215	-	31,350
Total	28,215	28,215	-	31,350
Total cultural and recreational	2,586,363	2,190,042	396,321	2,057,344
Education:				
Public schools - current expense	16,175,429	16,175,429	-	16,036,429
Public schools - capital outlay	1,729,091	1,729,091	-	1,571,011
Community college - current expense	138,800	138,800	-	135,406
Total education	18,043,320	18,043,320	-	17,742,846
Debt Service:				
Principal retirement	9,141,468	9,037,158	104,310	9,116,549
Interest and fees	4,100,651	4,251,585	(150,934)	4,935,755
Total debt service	13,242,119	13,288,743	(46,624)	14,052,304
Total expenditures	86,192,864	83,566,181	2,640,851	83,490,174
Revenues over (under) expenditures	(3,637,256)	(61,996)	3,575,260	(587,482)
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	30,255,000
Advance payments to refunding trustee	-	-	-	(32,763,202)
Premium received from issuance of long-term debt	-	-	-	2,868,507
Transfers out	(1,492,061)	(1,492,061)	-	(4,490,310)
Transfers in	2,125,383	2,125,383	-	4,835,242
Fund balance appropriated	3,003,934	-	(3,003,934)	-
Total other financing sources (uses)	3,637,256	633,322	(3,003,934)	705,237
Net change in fund balance	\$ -	571,326	\$ 571,326	117,755
Fund Balance:				
Beginning of year - July 1		19,225,055		19,107,300
End of year - June 30		\$ 19,796,381		\$ 19,225,055

LINCOLN COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental					
Federal and State grants	\$ 1,735,504	\$ 2,895,086	\$ 1,168,982	\$ 2,849,086	\$ 1,214,982
Investment earnings	13,306	364,772	1,002	360,466	5,308
Contributions and donations	495,100	73,500	55,295	73,500	55,295
Miscellaneous	15,700	447,864	119,271	447,864	119,271
Total revenues	<u>2,259,610</u>	<u>3,781,222</u>	<u>1,344,550</u>	<u>3,730,916</u>	<u>1,394,856</u>
Expenditures:					
Capital outlay					
Land and buildings	5,361,968	5,719,451	2,111,617	5,611,719	2,219,349
Data processing	1,656,863	902,949	594,147	594,245	902,851
Water/Sewer lines	5,331,144	1,566,694	615,843	819,410	1,363,127
Other improvements	449,082	122,902	170,823	119,441	174,284
Contracted services	131,500	-	23,475	-	23,475
Other equipment	2,151,392	3,724,889	1,163,139	3,703,101	1,184,927
Contingency	135,047	-	-	-	-
Total expenditures	<u>15,216,996</u>	<u>12,036,885</u>	<u>4,679,044</u>	<u>10,847,916</u>	<u>5,868,013</u>
Revenues over (under) expenditures	<u>(12,957,386)</u>	<u>(8,255,663)</u>	<u>(3,334,494)</u>	<u>(7,117,000)</u>	<u>(4,473,157)</u>
Other Financing Sources (Uses):					
Long-term debt issued	6,478,950	4,817,462	-	3,717,462	1,100,000
Premium received from issuance of long-term debt	-	5,282	-	5,282	-
Transfer to General Fund	-	(21,300)	-	(21,300)	-
Transfer from General Fund	6,478,436	5,523,383	1,492,061	5,484,720	1,530,724
Total other financing sources (uses)	<u>12,957,386</u>	<u>10,324,827</u>	<u>1,492,061</u>	<u>9,186,164</u>	<u>2,630,724</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,069,164</u>	<u>(1,842,433)</u>	<u>\$ 2,069,164</u>	<u>\$ (1,842,433)</u>
Fund Balance:					
Beginning of year - July 1			2,069,164		
End of year - June 30			<u>\$ 226,731</u>		

LINCOLN COUNTY, NORTH CAROLINA

MAJOR 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, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ 211,875	\$ 393,222	\$ 3,173	\$ 396,395
Total revenues	<u>211,875</u>	<u>393,222</u>	<u>3,173</u>	<u>396,395</u>
Expenditures:				
Education	<u>37,633,995</u>	<u>29,687,130</u>	<u>2,757,951</u>	<u>32,445,081</u>
Total expenditures	<u>37,633,995</u>	<u>29,687,130</u>	<u>2,757,951</u>	<u>32,445,081</u>
Revenues over (under) expenditures	<u>(37,422,120)</u>	<u>(29,293,908)</u>	<u>(2,754,778)</u>	<u>(32,048,686)</u>
Other Financing Sources (Uses):				
Long-term debt issued	39,777,839	39,848,504	-	39,848,504
Bond premium	-	76,694	-	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>37,477,656</u>	<u>-</u>	<u>37,477,656</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,183,748</u>	<u>(2,754,778)</u>	<u>\$ 5,428,970</u>
Fund Balance:				
Beginning of year - July 1			<u>8,183,748</u>	
End of year - June 30			<u>\$ 5,428,970</u>	

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LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Fire Districts Fund</u>	<u>Law Enforcement Fund</u>	<u>Federal Law Enforcement Fund</u>
Assets:			
Cash and cash equivalents	\$ 58,912	\$ 44,673	\$ 23,271
Taxes receivable, net	278,945	-	-
Accounts receivable, net	-	-	-
Due from other governments	-	1,533	659
Total assets	<u>\$ 337,857</u>	<u>\$ 46,206</u>	<u>\$ 23,930</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 58,912	\$ -	\$ -
Total liabilities	<u>58,912</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable taxes	<u>278,945</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	-	1,533	659
Restricted, all other	-	44,673	23,271
Committed	-	-	-
Total fund balances	<u>-</u>	<u>46,206</u>	<u>23,930</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 337,857</u>	<u>\$ 46,206</u>	<u>\$ 23,930</u>

Schedule C-1

Emergency Telephone Systems Fund	Capital Project Fund	
	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ 374,398	\$ 1,613,295	\$ 2,114,549
-	-	278,945
49,503	-	49,503
2,126	-	4,318
<u>\$ 426,027</u>	<u>\$ 1,613,295</u>	<u>\$ 2,447,315</u>
\$ 974	\$ -	\$ 59,886
974	-	59,886
-	-	278,945
51,629	-	53,821
373,424	-	441,368
-	1,613,295	1,613,295
<u>425,053</u>	<u>1,613,295</u>	<u>2,108,484</u>
<u>\$ 426,027</u>	<u>\$ 1,613,295</u>	<u>\$ 2,447,315</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Fire Districts Fund</u>	<u>Law Enforcement Fund</u>	<u>Federal Law Enforcement Fund</u>
Revenues:			
Ad valorem taxes	\$ 6,249,854	\$ -	\$ -
Other taxes and licenses	-	-	-
Restricted intergovernmental revenue	-	29,305	18,448
Miscellaneous	-	3,000	3,562
Investment earnings	-	51	62
Total revenues	<u>6,249,854</u>	<u>32,356</u>	<u>22,072</u>
Expenditures:			
Current:			
Public safety	<u>6,249,854</u>	<u>23,477</u>	<u>13,269</u>
Total expenditures	<u>6,249,854</u>	<u>23,477</u>	<u>13,269</u>
Revenues over (under) expenditures	<u>-</u>	<u>8,879</u>	<u>8,803</u>
Other Financing Sources (Uses):			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	8,879	8,803
Fund Balances:			
Beginning of year - July 1	<u>-</u>	<u>37,327</u>	<u>15,127</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 46,206</u>	<u>\$ 23,930</u>

Schedule C-2

Emergency Telephone Systems Fund	Capital Project Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,249,854
322,090	-	322,090
-	809,283	857,036
-	-	6,562
412	1,336	1,861
<u>322,502</u>	<u>810,619</u>	<u>7,437,403</u>
381,510	-	6,668,110
<u>381,510</u>	<u>-</u>	<u>6,668,110</u>
(59,008)	810,619	769,293
-	(2,125,383)	(2,125,383)
<u>-</u>	<u>(2,125,383)</u>	<u>(2,125,383)</u>
(59,008)	(1,314,764)	(1,356,090)
484,061	2,928,059	3,464,574
<u>\$ 425,053</u>	<u>\$ 1,613,295</u>	<u>\$ 2,108,484</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 6,233,499	\$ 6,249,854	\$ 16,355	\$ 5,944,747
Total revenues	<u>6,233,499</u>	<u>6,249,854</u>	<u>16,355</u>	<u>5,944,747</u>
Expenditures:				
Alexis Fire District	341,929	343,610	(1,681)	343,050
Boger City Fire District	631,859	629,852	2,007	626,268
Crouse Fire District	105,821	110,765	(4,944)	107,501
Denver Fire District	1,929,667	1,926,060	3,607	1,907,281
East Lincoln Fire District	1,611,649	1,605,174	6,475	1,382,487
Howard's Creek Fire District	254,321	258,189	(3,868)	256,373
North 321 Fire District	224,369	230,324	(5,955)	223,617
North Brook Fire District	206,828	211,563	(4,735)	209,570
Pumpkin Center Fire District	450,429	457,148	(6,719)	451,062
South Fork Fire District	242,581	243,462	(881)	241,537
Union Fire District	<u>234,046</u>	<u>233,707</u>	<u>339</u>	<u>196,001</u>
Total expenditures	<u>6,233,499</u>	<u>6,249,854</u>	<u>(16,355)</u>	<u>5,944,747</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 15,000	\$ 29,305	\$ 14,305	\$ 25,429
Investment earnings	25	51	26	24
Miscellaneous	-	3,000	3,000	2,200
Total revenues	<u>15,025</u>	<u>32,356</u>	<u>17,331</u>	<u>27,653</u>
Expenditures:				
Public safety	46,000	23,477	22,523	25,629
Total expenditures	<u>46,000</u>	<u>23,477</u>	<u>22,523</u>	<u>25,629</u>
Revenues over (under) expenditures	<u>(30,975)</u>	<u>8,879</u>	<u>39,854</u>	<u>2,024</u>
Other Financing Sources (Uses):				
Appropriated fund balance	30,975	-	(30,975)	-
Total other financing sources (uses)	<u>30,975</u>	<u>-</u>	<u>(30,975)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>8,879</u>	<u>\$ 8,879</u>	<u>2,024</u>
Fund Balance:				
Beginning of year - July 1		<u>37,327</u>		<u>35,303</u>
End of year - June 30		<u>\$ 46,206</u>		<u>\$ 37,327</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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenue	\$ 10,000	\$ 18,448	\$ 8,448	\$ -
Investment earnings	10	62	52	7
Miscellaneous	-	3,562	3,562	7,368
Total revenues	<u>10,010</u>	<u>22,072</u>	<u>12,062</u>	<u>7,375</u>
Expenditures:				
Public safety	<u>12,000</u>	<u>13,269</u>	<u>(1,269)</u>	<u>16,070</u>
Total expenditures	<u>12,000</u>	<u>13,269</u>	<u>(1,269)</u>	<u>16,070</u>
Revenues over (under) expenditures	<u>(1,990)</u>	<u>8,803</u>	<u>10,793</u>	<u>(8,695)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>1,990</u>	<u>-</u>	<u>(1,990)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,990</u>	<u>-</u>	<u>(1,990)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>8,803</u>	<u>\$ 8,803</u>	<u>(8,695)</u>
Fund Balance:				
Beginning of year - July 1		<u>15,127</u>		<u>23,822</u>
End of year - June 30		<u>\$ 23,930</u>		<u>\$ 15,127</u>

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other Taxes and Licenses:				
911 system subscriber fees	\$ 300,892	\$ 322,090	\$ 21,198	\$ 279,171
Investment earnings	200	412	212	373
Total revenues	<u>301,092</u>	<u>322,502</u>	<u>21,410</u>	<u>279,544</u>
Expenditures:				
Public Safety:				
911 system subscriber fees				
Other operating expenditures	75,000	72,303	2,697	79,203
Telephone	165,000	111,986	53,014	158,218
Capital outlay	<u>238,779</u>	<u>197,221</u>	<u>41,558</u>	<u>138,516</u>
Total expenditures	<u>478,779</u>	<u>381,510</u>	<u>97,269</u>	<u>375,937</u>
Revenues over (under) expenditures	<u>(177,687)</u>	<u>(59,008)</u>	<u>118,679</u>	<u>(96,393)</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	(12,389)
Fund balance appropriated	<u>177,687</u>	-	<u>(177,687)</u>	-
Total other financing sources (uses)	<u>177,687</u>	-	<u>(177,687)</u>	<u>(12,389)</u>
Net change in fund balance	<u>\$ -</u>	<u>(59,008)</u>	<u>\$ (59,008)</u>	<u>(108,782)</u>
Fund Balance:				
Beginning of year - July 1		<u>484,061</u>		<u>592,843</u>
End of year - June 30		<u>\$ 425,053</u>		<u>\$ 484,061</u>

LINCOLN COUNTY, NORTH CAROLINA

CAPITAL PROJECT - CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted Intergovernmental:				
Lottery proceeds	\$ 817,383	\$ 809,283	\$ (8,100)	\$ 820,381
Investment earnings	8,000	1,336	(6,664)	3,214
Total revenues	825,383	810,619	(14,764)	823,595
Revenues over (under) expenditures	825,383	810,619	(14,764)	823,595
Other Financing Sources (Uses):				
Transfers out	(2,125,383)	(2,125,383)	-	(4,822,853)
Transfers in	-	-	-	2,982,959
Appropriated fund balance	1,300,000	-	(1,300,000)	-
Total other financing sources (uses)	(825,383)	(2,125,383)	(1,300,000)	(1,839,894)
Net change in fund balance	\$ -	(1,314,764)	\$ (1,314,764)	(1,016,299)
Fund Balance:				
Beginning of year - July 1		2,928,059		3,944,358
End of year - June 30		\$ 1,613,295		\$ 2,928,059

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Solid waste charges/tipping fees	\$ 630,000	\$ 637,691	\$ 7,691	\$ 755,232
Other	5,000	-	(5,000)	-
Total operating revenues	635,000	637,691	2,691	755,232
Non-Operating Revenues:				
Availability fees	2,659,100	2,692,980	33,880	2,785,844
Tire disposal tax	60,000	96,722	36,722	73,879
Franchise fees	35,000	35,000	-	43,750
Sales and use tax refunds	38,000	-	(38,000)	44,881
Solid waste disposal tax	60,000	46,604	(13,396)	55,824
Federal and State grants	-	33,879	33,879	-
NC electronics management fund distribution	10,000	4,536	(5,464)	6,097
Miscellaneous	-	155	155	-
Investment earnings	9,000	17,301	8,301	8,878
Total non-operating revenues	2,871,100	2,927,177	56,077	3,019,153
Total revenues	3,506,100	3,564,868	58,768	3,774,385
Expenditures:				
Landfill Operations:				
Salaries and employee benefits	1,838,410	1,660,004	178,406	1,695,968
Other operating costs	1,380,699	1,194,443	186,256	1,245,846
Capital outlay	745,249	277,759	467,490	219,402
Debt Service:				
Principal	91,326	91,326	-	88,432
Interest	3,366	3,366	-	6,260
Total expenditures	4,059,050	3,226,898	832,152	3,255,908
Revenues over (under) expenditures	(552,950)	337,970	890,920	518,477

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Long-term debt issued	300,000	-	(300,000)	-
Appropriated fund balance	252,950	-	(252,950)	-
Total other financing sources (uses)	552,950	-	(552,950)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	337,970	\$ 337,970	518,477
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Reconciling items:				
Debt principal		91,326		88,432
Capital outlay added to capital assets		277,759		-
Depreciation		(625,494)		(1,205,462)
(Increase) decrease in other post-employment benefits		(138,558)		(139,169)
(Increase) decrease in landfill closure and and post-closure costs		(687,974)		2,379,689
Total reconciling items		(1,082,941)		1,123,490
Change in net position		\$ (744,971)		\$ 1,641,967

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Water and sewer charges/fees	\$ 7,538,000	\$ 7,342,550	\$ (195,450)	\$ 7,420,732
Water and sewer taps	70,000	78,216	8,216	82,266
Other operating revenues	43,763	59,801	16,038	17,355
Total operating revenues	7,651,763	7,480,567	(171,196)	7,520,353
Non-Operating Revenues:				
Sales and use tax refunds	39,300	-	(39,300)	53,897
Investment income	16,000	21,240	5,240	30,401
Other capital contributions	25,000	346,610	321,610	-
Total non-operating revenues	80,300	367,850	287,550	84,298
Total revenues	7,732,063	7,848,417	116,354	7,604,651
Expenditures:				
Water System:				
Salaries and employee benefits	731,356	701,607	29,749	713,274
Other operating costs	1,166,269	925,293	240,976	1,105,300
Total water system	1,897,625	1,626,900	270,725	1,818,574
Sewer System:				
Salaries and employee benefits	630,299	604,234	26,065	612,202
Other operating costs	566,580	480,237	86,343	501,889
Total sewer system	1,196,879	1,084,471	112,408	1,114,091
Water Treatment Plant:				
Salaries and employee benefits	560,344	509,368	50,976	474,619
Other operating costs	587,505	553,238	34,267	440,431
Total water treatment plant	1,147,849	1,062,606	85,243	915,050
Indian Creek Pumping Station:				
Other operating costs	8,750	8,161	589	8,847
Total Indian Creek pumping station	8,750	8,161	589	8,847
Wastewater Treatment - Killian Creek:				
Salaries and employee benefits	332,454	226,010	106,444	157,777
Other operating costs	406,244	322,236	84,008	378,953
Total wastewater treatment - Killian Creek	738,698	548,246	190,452	536,730
Wastewater Treatment - Forney Creek:				
Salaries and employee benefits	-	105,665	(105,665)	163,394
Other operating costs	27,159	29,261	(2,102)	122,406
Total wastewater treatment - Forney Creek	27,159	134,926	(107,767)	285,800

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Debt Service:				
Principal	1,342,579	1,342,572	7	1,167,886
Interest	524,848	546,546	(21,698)	834,243
Total debt service	1,867,427	1,889,118	(21,691)	2,002,129
 Total expenditures	6,884,387	6,354,428	529,959	6,681,221
 Revenues over (under) expenditures	847,676	1,493,989	646,313	923,430
 Other Financing Sources (Uses):				
Fund balance appropriated	3,785,892	-	(3,785,892)	-
Long-term debt issued	-	-	-	2,706,000
Debt issuance costs	-	-	-	(7,500)
Transfers in (out)	(4,633,568)	(4,633,568)	-	(3,401,000)
Total other financing sources (uses)	(847,676)	(4,633,568)	(3,785,892)	(702,500)
 Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(3,139,579)	\$ (3,139,579)	220,930
 Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:				
Reconciling items:				
Debt principal		1,342,572		1,167,886
Long-term debt issued		-		(2,706,000)
Water and Sewer Capital Fund activity		4,661,819		3,486,134
Water and Sewer Capital Fund expenses not capitalized		(104,469)		(24,443)
Depreciation		(2,171,845)		(2,430,371)
Loss on disposal of capital assets (special item)		(9,647,031)		
(Increase) decrease in other post-employment benefits		(132,905)		(157,680)
Change in accrued interest		11,720		80,123
Total reconciling items		(6,040,139)		(584,351)
Change in net position		\$ (9,179,718)		\$ (363,421)

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, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ 78,841	\$ -	\$ 78,841	\$ -
Investment earnings	-	473,821	11,004	469,527	15,298
Miscellaneous	-	173,044	17,247	173,044	17,247
Total revenues	-	725,706	28,251	721,412	32,545
Expenditures:					
Capital outlay	6,626,454	23,425,209	2,261,072	22,725,915	2,960,366
Contingency	3,046,423	-	-	-	-
Total expenditures	9,672,877	23,425,209	2,261,072	22,725,915	2,960,366
Revenues over (under) expenditures	(9,672,877)	(22,699,503)	(2,232,821)	(22,004,503)	(2,927,821)
Other Financing Sources (Uses):					
Long-term debt issued	1,756,000	17,334,955	-	17,334,955	-
Transfers in (out)	5,328,568	10,283,053	4,633,568	9,588,053	5,328,568
Fund balance appropriated	2,588,309	-	-	-	-
Total other financing sources (uses)	9,672,877	27,618,008	4,633,568	26,923,008	5,328,568
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,918,505	\$ 2,400,747	\$ 4,918,505	\$ 2,400,747

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-Operating Revenues:				
Ad valorem taxes	\$ 896,564	\$ 878,437	\$ (18,127)	\$ 495,073
Investment earnings	200	1,551	1,351	893
Total non-operating revenues	896,764	879,988	(16,776)	495,966
Total revenues	896,764	879,988	(16,776)	495,966
Expenditures:				
Other operating costs	1,200	1,180	20	590
Debt Service:				
Principal	790,000	790,000	-	805,000
Interest	138,233	135,246	2,987	161,844
Total expenditures	929,433	926,426	3,007	967,434
Revenues over (under) expenditures	(32,669)	(46,438)	(13,769)	(471,468)
Other Financing Sources (Uses):				
Fund balance appropriated	32,669	-	(32,669)	-
Total other financing sources (uses)	32,669	-	(32,669)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(46,438)	\$ (46,438)	(471,468)
Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:				
Reconciling items:				
Debt principal		790,000		805,000
Change in net position		\$ 743,562		\$ 333,532

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,565,985	\$ 179,725	\$ 3,745,710
Prepaid items	121,688	10,000	131,688
Total current assets	<u>3,687,673</u>	<u>189,725</u>	<u>3,877,398</u>
Total assets	<u>3,687,673</u>	<u>189,725</u>	<u>3,877,398</u>
Liabilities:			
Current liabilities:			
Accounts payable and other accrued liabilities	487,565	347,447	835,012
Total current liabilities	<u>487,565</u>	<u>347,447</u>	<u>835,012</u>
Total liabilities	<u>487,565</u>	<u>347,447</u>	<u>835,012</u>
Net Position:			
Unrestricted	<u>3,200,108</u>	<u>(157,722)</u>	<u>3,042,386</u>
Total net position	<u>\$ 3,200,108</u>	<u>\$ (157,722)</u>	<u>\$ 3,042,386</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues:			
Contributions from employer	\$ 5,405,176	\$ -	\$ 5,405,176
Contributions from employees	1,080,749	-	1,080,749
Flex account	140,252	-	140,252
Workers' compensation premiums	-	453,795	453,795
Total operating revenues	<u>6,626,177</u>	<u>453,795</u>	<u>7,079,972</u>
Operating Expenses:			
Health, admin and consultant fees	915,914	78,992	994,906
Health and worker' compensation claims	4,284,515	172,204	4,456,719
Flex account	147,438	-	147,438
Total operating expenses	<u>5,347,867</u>	<u>251,196</u>	<u>5,599,063</u>
Operating income (loss)	<u>1,278,310</u>	<u>202,599</u>	<u>1,480,909</u>
Non-Operating Revenues (Expenses):			
Investment earnings	<u>10,736</u>	<u>587</u>	<u>11,323</u>
Total non-operating revenues (expenses)	<u>10,736</u>	<u>587</u>	<u>11,323</u>
Change in net position	1,289,046	203,186	1,492,232
Net Position:			
Beginning of year - July 1	<u>1,911,062</u>	<u>(360,908)</u>	<u>1,550,154</u>
End of year - June 30	<u>\$ 3,200,108</u>	<u>\$ (157,722)</u>	<u>\$ 3,042,386</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Activities:			
Cash received from interfund services	\$ 6,626,177	\$ 453,795	\$ 7,079,972
Cash paid for goods and services	(5,721,506)	(530,098)	(6,251,604)
Net cash provided (used) by operating activities	<u>904,671</u>	<u>(76,303)</u>	<u>828,368</u>
Non-Capital Financing Activities:			
Loans (to) from other funds	<u>67,688</u>	<u>29</u>	<u>67,717</u>
Net cash provided (used) by non-capital financing activities	<u>67,688</u>	<u>29</u>	<u>67,717</u>
Investing Activities:			
Interest on investments	<u>10,736</u>	<u>587</u>	<u>11,323</u>
Net cash provided (used) by investing activities	<u>10,736</u>	<u>587</u>	<u>11,323</u>
Net increase (decrease) in cash and cash equivalents/investments	983,095	(75,687)	907,408
Cash and Cash Equivalents/Investments:			
Beginning of year - July 1	<u>2,582,890</u>	<u>255,412</u>	<u>2,838,302</u>
End of year - June 30	<u>\$ 3,565,985</u>	<u>\$ 179,725</u>	<u>\$ 3,745,710</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,278,310	\$ 202,599	\$ 1,480,909
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Change in assets and liabilities:			
(Increase) decrease in prepaids	(33,938)	-	(33,938)
Increase (decrease) in accounts payable	<u>(339,701)</u>	<u>(278,902)</u>	<u>(618,603)</u>
Total adjustments	<u>(373,639)</u>	<u>(278,902)</u>	<u>(652,541)</u>
Net cash provided (used) by operating activities	<u>\$ 904,671</u>	<u>\$ (76,303)</u>	<u>\$ 828,368</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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions from employer	\$ 5,335,000	\$ 5,405,176	\$ 70,176	\$ 5,402,310
Contributions from employees	1,069,000	1,080,749	11,749	1,073,319
Flex account	150,000	140,252	(9,748)	140,430
Total operating revenues	<u>6,554,000</u>	<u>6,626,177</u>	<u>72,177</u>	<u>6,616,059</u>
Operating Expenditures:				
Health and consultant fees	861,000	915,914	(54,914)	868,427
Health claims	5,148,000	4,242,245	905,755	4,662,143
Patient monitoring	401,000	42,270	358,730	23,320
Flex account	150,000	147,438	2,562	138,000
Total operating expenditures	<u>6,560,000</u>	<u>5,347,867</u>	<u>1,212,133</u>	<u>5,691,890</u>
Operating income (loss)	(6,000)	1,278,310	1,284,310	924,169
Non-Operating Revenues:				
Investment earnings	<u>6,000</u>	<u>10,736</u>	<u>4,736</u>	<u>3,882</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ 1,289,046</u>	<u>\$ 1,289,046</u>	<u>\$ 928,051</u>

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Workers' compensation premiums	\$ 450,000	\$ 453,795	\$ 3,795	\$ 442,849
Total operating revenues	<u>450,000</u>	<u>453,795</u>	<u>3,795</u>	<u>442,849</u>
Operating Expenditures:				
Admin and consultant fees	74,000	78,992	(4,992)	64,747
Workers' compensation claims	<u>377,000</u>	<u>172,204</u>	<u>204,796</u>	<u>883,695</u>
Total operating expenditures	<u>451,000</u>	<u>251,196</u>	<u>199,804</u>	<u>948,442</u>
Operating income (loss)	(1,000)	202,599	203,599	(505,593)
Non-Operating Revenues:				
Investment earnings	<u>1,000</u>	<u>587</u>	<u>(413)</u>	<u>334</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ 203,186</u>	<u>\$ 203,186</u>	<u>\$ (505,259)</u>

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

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

	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	\$ 60,178	\$ 62,994	\$ 2,829	\$ 5,636	\$ 15,088	\$ 313,725	\$ 460,450
Total assets	<u>\$ 60,178</u>	<u>\$ 62,994</u>	<u>\$ 2,829</u>	<u>\$ 5,636</u>	<u>\$ 15,088</u>	<u>\$ 313,725</u>	<u>\$ 460,450</u>
Liabilities:							
Intergovernmental payable	\$ 60,178	\$ 62,994	\$ 2,829	\$ 5,636	\$ 15,088	\$ 313,725	\$ 460,450
Total liabilities	<u>\$ 60,178</u>	<u>\$ 62,994</u>	<u>\$ 2,829</u>	<u>\$ 5,636</u>	<u>\$ 15,088</u>	<u>\$ 313,725</u>	<u>\$ 460,450</u>

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 66,331	\$ 219,594	\$ 225,747	\$ 60,178
Total assets	<u>\$ 66,331</u>	<u>\$ 219,594</u>	<u>\$ 225,747</u>	<u>\$ 60,178</u>
Liabilities:				
Intergovernmental payable	\$ 66,331	\$ 219,594	\$ 225,747	\$ 60,178
Total liabilities	<u>\$ 66,331</u>	<u>\$ 219,594</u>	<u>\$ 225,747</u>	<u>\$ 60,178</u>
Tax Collector Fund:				
Assets:				
Cash and cash equivalents	\$ 63,201	\$ 4,562,436	\$ 4,562,643	\$ 62,994
Total assets	<u>\$ 63,201</u>	<u>\$ 4,562,436</u>	<u>\$ 4,562,643</u>	<u>\$ 62,994</u>
Liabilities:				
Intergovernmental payable	\$ 63,201	\$ 4,562,436	\$ 4,562,643	\$ 62,994
Total liabilities	<u>\$ 63,201</u>	<u>\$ 4,562,436</u>	<u>\$ 4,562,643</u>	<u>\$ 62,994</u>
Register of Deeds SB202 Fund:				
Assets:				
Cash and cash equivalents	\$ 5,090	\$ 63,668	\$ 63,122	\$ 5,636
Total assets	<u>\$ 5,090</u>	<u>\$ 63,668</u>	<u>\$ 63,122</u>	<u>\$ 5,636</u>
Liabilities:				
Intergovernmental payable	\$ 5,090	\$ 63,668	\$ 63,122	\$ 5,636
Total liabilities	<u>\$ 5,090</u>	<u>\$ 63,668</u>	<u>\$ 63,122</u>	<u>\$ 5,636</u>
HB 1779 Interest Fund:				
Assets:				
Cash and cash equivalents	\$ 3,028	\$ 45,873	\$ 46,072	\$ 2,829
Total assets	<u>\$ 3,028</u>	<u>\$ 45,873</u>	<u>\$ 46,072</u>	<u>\$ 2,829</u>
Liabilities:				
Intergovernmental payable	\$ 3,028	\$ 45,873	\$ 46,072	\$ 2,829
Total liabilities	<u>\$ 3,028</u>	<u>\$ 45,873</u>	<u>\$ 46,072</u>	<u>\$ 2,829</u>

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 16,466	\$ 223,406	\$ 224,784	\$ 15,088
Total assets	<u>\$ 16,466</u>	<u>\$ 223,406</u>	<u>\$ 224,784</u>	<u>\$ 15,088</u>
Liabilities:				
Intergovernmental payable	\$ 16,466	\$ 223,406	\$ 224,784	\$ 15,088
Total liabilities	<u>\$ 16,466</u>	<u>\$ 223,406</u>	<u>\$ 224,784</u>	<u>\$ 15,088</u>
Miscellaneous Fund:				
Assets:				
Cash and cash equivalents	\$ 270,905	\$ 532,896	\$ 490,076	\$ 313,725
Total assets	<u>\$ 270,905</u>	<u>\$ 532,896</u>	<u>\$ 490,076</u>	<u>\$ 313,725</u>
Liabilities:				
Intergovernmental payable	\$ 270,905	\$ 532,896	\$ 490,076	\$ 313,725
Total liabilities	<u>\$ 270,905</u>	<u>\$ 532,896</u>	<u>\$ 490,076</u>	<u>\$ 313,725</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 425,021	\$ 5,647,873	\$ 5,612,444	\$ 460,450
Total assets	<u>\$ 425,021</u>	<u>\$ 5,647,873</u>	<u>\$ 5,612,444</u>	<u>\$ 460,450</u>
Liabilities:				
Intergovernmental payable	\$ 425,021	\$ 5,647,873	\$ 5,612,444	\$ 460,450
Total liabilities	<u>\$ 425,021</u>	<u>\$ 5,647,873</u>	<u>\$ 5,612,444</u>	<u>\$ 460,450</u>

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2013

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 50,138,659	\$ 48,908,152	\$ 1,230,507
2011-2012	1,123,903.00	-	742,641	381,260
2010-2011	315,305	-	119,649	195,656
2009-2010	174,901	-	63,250	111,651
2008-2009	128,063	-	25,206	102,857
2007-2008	101,859	-	11,935	89,924
2006-2007	85,991	-	12,029	73,962
2005-2006	74,378	-	10,152	64,226
2004-2005	62,179	-	7,269	54,910
2003-2004	87,725	-	12,660	75,065
2002-2003	<u>61,176</u>	<u>-</u>	<u>61,176</u>	<u>-</u>
Total	<u>\$ 2,215,480</u>	<u>\$ 50,138,659</u>	<u>\$ 49,974,119</u>	2,380,018

Less: Allowance for uncollectible ad valorem taxes receivable:

General Fund (1,025,591)**Ad Valorem Taxes Receivable, Net**General Fund \$ 1,354,427**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund \$ 49,575,234

Reconciling items:

Interest and penalties (293,450)

Discoveries related to prior years (28,626)

Abatements related to prior years 20,841

2% Discount allowed 586,576

Taxes written off 61,176

Miscellaneous adjustments 52,368Total collections and credits \$ 49,974,119

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 8,346,992,809	\$ 0.598	\$ 49,915,017	\$ 46,067,339	\$ 3,847,678
Late list penalties	-		66,240	66,240	-
Total original levy	<u>8,346,992,809</u>		<u>49,981,257</u>	<u>46,133,579</u>	<u>3,847,678</u>
Discoveries:					
Current year taxes	44,178,098		260,209	202,973	57,236
Prior year taxes	<u>4,452,508</u>		<u>28,626</u>	-	<u>28,626</u>
Total discoveries	<u>48,630,606</u>		<u>288,835</u>	<u>202,973</u>	<u>85,862</u>
Abatements and Discounts	<u>(22,314,601)</u>		<u>(131,433)</u>	<u>(52,979)</u>	<u>(78,454)</u>
Total property valuation	<u>\$ 8,373,308,814</u>				
Net Levy			50,138,659	46,283,573	3,855,086
Uncollected taxes at June 30, 2013			<u>1,230,507</u>	<u>811,342</u>	<u>419,165</u>
Current Year's Taxes Collected			<u>\$ 48,908,152</u>	<u>\$ 45,472,231</u>	<u>\$ 3,435,921</u>
Current Levy Collection Percentage			<u>97.55%</u>	<u>98.25%</u>	<u>89.13%</u>

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013

Secondary Market Disclosures:**Assessed Valuation:**

Assessment Ratio (1)	<u>100.00%</u>
Real property	\$ 6,825,633,196
Personal property	572,370,853
Public service companies	348,054,638
Registered vehicles	<u>627,250,127</u>
Total assessed valuation	<u>\$ 8,373,308,814</u>
Tax rate per \$100 (2)	<u>\$ 0.598</u>
Levy (includes discoveries, releases, and abatements)	<u>\$ 50,138,659</u>
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	<u>\$ 6,328,900</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, 2013****Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)		<u>100%</u>
Real property	\$	2,355,748,978
Personal property		96,907,488
Public service companies		5,092,265
Registered vehicles		<u>152,816,498</u>
Total Assessed Valuation	\$	<u><u>2,610,565,229</u></u>
Tax Rate per \$100 (2)	\$	<u><u>0.0355</u></u>
Levy (includes discoveries, releases, and abatements)	\$	<u><u>926,751</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 late list penalties.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 17,058,349	\$ 18,771,801	\$ 19,783,230	\$ 19,429,598	\$ 23,939,226	\$ 20,388,761	\$ 25,451,479	\$ 50,294,495	\$ 52,215,432	\$ 54,900,961
Restricted	-	-	-	-	-	-	-	-	13,918,975	14,386,979
Unrestricted	(35,499,299)	(36,676,975)	(63,149,458)	(75,109,725)	(76,836,707)	(72,813,944)	(84,710,471)	(87,582,889)	(104,678,297)	(102,811,082)
Total governmental activities net position	<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>	<u>(38,543,890)</u>	<u>(33,523,142)</u>
Business-type activities										
Net investment in capital assets	\$ 33,701,064	\$ 36,885,842	\$ 41,920,528	\$ 49,158,040	\$ 54,035,788	\$ 59,892,883	\$ 59,902,755	\$ 61,285,375	\$ 57,936,188	\$ 50,496,688
Unrestricted	10,536,352	12,404,362	9,621,361	11,470,000	11,997,461	7,016,581	6,288,801	3,629,961	8,595,720	6,854,093
Total business-type activities net position	<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>	<u>\$ 66,531,908</u>	<u>\$ 57,350,781</u>
Primary government										
Net investment in capital assets	50,759,413	55,657,643	61,703,758	68,587,638	77,975,014	80,281,644	85,354,234	111,579,870	110,151,620	105,397,649
Restricted	(24,962,947)	(24,272,613)	(53,528,097)	(63,639,725)	(64,839,246)	(65,797,363)	(78,421,670)	(83,952,928)	(96,082,577)	(95,956,989)
Total primary government net position	<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>	<u>\$ 27,988,018</u>	<u>\$ 23,827,639</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government										
Public safety	\$ 5,979,916	\$ 7,104,402	\$ 8,021,461	\$ 8,792,178	\$ 7,838,749	\$ 14,596,135	\$ 15,587,341	\$ 10,434,240	\$ 15,226,309	\$ 14,220,070
Environmental protection	14,518,385	16,173,103	17,514,812	20,408,731	23,430,338	23,753,716	24,480,904	24,782,004	24,982,363	25,701,983
Economic and physical development	671,799	1,266,878	1,138,483	1,456,144	1,892,385	3,326,492	2,135,200	2,120,590	2,201,122	1,808,417
Human services	855,719	17,870,817	19,037,216	20,527,745	21,226,794	19,029,439	18,392,778	19,559,449	18,298,851	18,773,508
Culture and recreation	17,349,741	1,584,772	1,614,685	1,607,435	1,691,147	1,882,197	2,004,323	2,218,417	2,209,728	2,380,555
Education	1,450,828	22,437,377	49,001,212	34,525,949	20,859,917	23,989,368	30,238,363	23,306,217	20,731,065	20,801,271
Interest on long term debt	18,665,458	3,340,655	4,047,733	5,045,424	4,907,325	5,258,614	5,408,907	6,604,596	8,423,957	4,251,585
Total governmental activities	3,373,137	69,882,498	100,466,854	92,363,606	81,846,656	91,835,961	98,247,816	89,025,513	92,073,395	87,937,389
Business-type activities:										
Landfill	1,076,654	2,735,135	3,429,851	3,546,096	5,345,843	5,880,066	4,594,260	5,038,688	2,087,537	4,309,839
Water and Sewer	3,017,433	3,166,677	3,547,451	3,651,448	6,526,756	7,437,335	6,864,685	7,194,130	7,999,309	7,409,355
East Lincoln County water and sewer	2,688,491	2,142,314	2,214,001	2,242,434	263,982	240,057	215,190	199,921	162,434	136,426
Total business activities	6,782,578	8,044,126	9,191,303	9,439,978	12,136,581	13,557,458	11,674,135	12,432,739	10,249,280	11,855,620
Total primary government expenses	69,647,561	77,926,624	109,658,157	101,803,584	93,983,236	105,393,419	109,921,951	101,458,252	102,322,675	99,793,009
Program Revenues										
Governmental activities										
Charges for services:										
General government	2,732,965	895,388	926,068	1,048,260	1,114,334	1,645,146	1,478,645	1,471,098	1,590,384	1,569,745
Public safety	2,099,257	3,493,321	3,782,402	4,068,481	4,536,817	4,566,789	4,294,060	5,133,736	4,424,537	4,665,583
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Human services	3,310,684	4,065,761	3,971,525	4,818,526	3,881,436	3,888,397	4,175,651	3,679,433	3,118,534	2,753,487
Culture and recreation	24	127,405	140,744	124,266	2,100	2,950	2,517	1,047	21,337	20,134
Operating grants and contributions:										
General government	153,133	325,191	877,850	730,421	1,033,216	933,098	884,019	1,022,821	965,069	1,031,533
Public safety	17,385	131,689	508,995	602,610	364,292	393,051	736,783	711,154	755,636	677,364
Economic and physical development	-	-	137,198	4,000	4,000	410,726	4,850	15,120	260,283	112,909
Environmental protection	-	-	-	-	-	-	-	-	-	-
Human services	6,977,362	7,871,944	7,253,373	7,786,889	8,252,407	9,093,058	9,084,230	10,646,933	10,034,395	9,960,365
Education	-	691,737	886,900	1,481,317	1,219,535	1,334,250	1,821,162	942,883	820,381	116,456

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital grants and contributions:										
General government	23,494	100,838	23,212	-	132,720	993,870	1,444,381	20,583,014	508,081	1,288,253
Public safety	133,950	-	-	-	-	-	-	-	-	55,295
Economic and physical development	504,554	-	-	-	-	-	-	-	-	-
Human services	-	-	-	162,635	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	809,283
Total governmental activities program revenues	15,952,808	17,703,274	18,508,267	20,827,405	20,540,857	23,261,335	23,926,298	44,207,239	22,498,637	23,060,407
Business-type activities:										
Landfill	2,736,183	2,793,556	2,711,745	2,818,251	2,926,931	2,994,637	2,987,950	3,208,740	3,720,626	3,547,567
Charge for service - Water and Sewer	4,674,117	5,036,157	5,765,962	7,061,869	9,150,036	7,564,083	6,951,482	7,288,758	7,524,847	7,493,520
Charge for service - East Lincoln Sewer District	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	78,841	346,610
Capital grants and contributions - Sewer District	233,985	477,480	677,198	1,142,295	-	-	-	-	-	-
Total business-type activities program revenues	13,398,752	10,948,160	9,460,346	13,236,624	15,528,795	12,532,615	10,445,312	10,637,411	11,324,314	11,387,697
Total primary government program revenues	29,351,560	28,651,434	27,968,613	34,064,029	36,067,652	35,793,950	34,371,610	54,844,650	33,822,951	34,448,104
Net (Expense)/Revenue										
Governmental activities	(46,912,175)	(52,179,224)	(81,958,587)	(71,536,201)	(61,305,798)	(68,574,825)	(74,321,518)	(44,818,274)	(69,574,757)	(64,876,982)
Business-type activities	6,616,174	2,904,034	2,950,788	6,614,897	3,390,214	(1,024,843)	(1,228,823)	(1,795,328)	1,075,034	(467,923)
Total primary government net (expense)/revenue	(40,296,001)	(49,275,190)	(79,007,799)	(64,921,304)	(57,915,584)	(69,599,668)	(75,550,341)	(46,613,602)	(68,499,723)	(65,344,905)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	31,778,884	36,774,263	38,185,874	40,282,791	43,830,954	53,625,181	54,718,453	54,568,588	54,905,801	56,026,606
Local option sales tax	11,818,791	13,184,746	14,312,428	15,791,771	16,360,401	13,803,138	10,913,165	10,369,667	11,785,721	12,224,284
Utility franchise tax	173,696	180,808	186,985	274,422	318,899	321,802	273,740	231,349	238,690	233,252
Real estate transfer tax	693,074	850,318	1,155,158	1,146,496	1,005,843	514,599	531,807	387,864	534,686	697,046
Other taxes and licenses	421,983	525,573	445,617	476,624	494,670	746,779	646,101	639,076	365,652	431,955
Unrestricted intergovernmental	378,105	427,161	446,783	462,986	472,872	456,991	294,812	500,722	479,922	289,491
Investment earnings	165,874	772,131	2,016,573	2,624,428	1,604,805	662,836	109,631	91,606	87,795	75,727
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	(251,884)	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	(1,837,216)	-	(1,084,403)	-	-	(79,006)	(80,631)
Total governmental activities:	45,430,407	52,715,000	56,497,534	59,222,302	64,088,444	69,046,923	67,487,709	66,788,872	68,319,261	69,897,730

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Property taxes	1,604,298	1,806,680	1,547,152	1,701,604	1,302,839	557,775	472,991	487,936	495,073	878,437
Other taxes and licenses	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	-	-	-	-	-	-	-	-
Investment earnings	113,335	342,074	704,796	769,650	712,156	258,880	37,924	31,172	46,465	55,390
Transfers	-	-	251,884	-	-	1,084,403	-	-	-	-
Gain (loss) on disposal of capital asset	-	-	-	-	-	-	-	-	-	(9,647,031)
Total business-type activities	1,717,633	2,148,754	2,503,832	2,471,254	2,014,995	1,901,058	510,915	519,108	541,538	(8,713,204)
Total primary government	47,148,040	54,863,754	59,001,366	61,693,556	66,103,439	70,947,981	67,998,624	67,307,980	68,860,799	61,184,526
Change in Net Position										
Governmental activities	(1,481,768)	535,776	(25,461,053)	(12,313,899)	2,782,646	472,298	(6,833,809)	21,970,598	(1,255,496)	5,020,748
Prior period adjustment	-	281,085	-	-	-	-	-	-	-	-
Business-type activities	8,333,807	5,052,788	5,454,620	9,086,151	5,405,209	876,215	(717,908)	(1,276,220)	1,616,572	(9,181,127)
Prior period adjustment	-	(400,000)	(3,202,935)	-	-	-	-	-	-	-
Total primary government	\$ 6,852,039	\$ 5,469,649	\$ (23,209,368)	\$ (3,227,748)	\$ 8,187,855	\$ 1,348,513	\$ (7,551,717)	\$ 20,694,378	\$ 361,076	\$ (4,160,379)

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

	Fiscal Year							Fiscal Year		
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved for:										
State statute	\$ 6,207,162	\$ 6,300,551	\$ 6,142,499	\$ 7,325,570	\$ 6,184,221	\$ 4,642,450	\$ 4,923,594	\$ 412,743	\$ 588,275	\$ 616,277
Unreserved										
Undesignated	10,808,036	14,040,465	12,218,849	11,136,446	10,239,759	15,686,057	15,256,358	4,425,101	4,642,158	5,380,254
								46,046	48,767	50,322
Total General Fund	\$ 17,015,198	\$ 20,341,016	\$ 18,361,348	\$ 18,462,016	\$ 16,423,980	\$ 20,328,507	\$ 20,179,952	2,881,150	2,050,429	2,105,045
								11,342,260	11,895,426	11,644,483
								\$ 19,107,300	\$ 19,225,055	\$ 19,796,381
All Other Governmental Funds										
Reserved for:										
State statute	\$ 738,349	\$ 472,524	\$ 546,305	\$ 614,753	\$ 625,717	\$ 545,926	\$ 499,044			
Unreserved, reported in:										
Capital projects funds	1,422,207	9,473,672	30,550,999	11,406,471	4,431,429	13,070,660	10,666,888	\$ 495,726	\$ 690,235	\$ 53,821
Special revenue funds	681,614	1,443,006	1,918,943	3,529,121	4,449,812	6,458,680	6,384,275	603,986	338,169	441,368
								3,496,614	2,436,170	1,613,295
Total all other governmental funds	\$ 2,842,170	\$ 11,389,202	\$ 33,016,247	\$ 15,550,345	\$ 9,506,958	\$ 20,075,266	\$ 17,550,207	\$ 4,596,326	\$ 3,464,574	\$ 2,108,484
Capital project funds										
Restricted										
Stabilization for State statute								540,662	15,898	3,032,244
Restricted, all other								1,523,768	821,143	821,523
Committed								1,225,391	1,232,123	-
Unassigned								-	-	(3,627,036)
Total capital project funds								\$ 3,289,821	\$ 2,069,164	\$ 226,731
Special revenue funds										
Restricted								11,368,364	8,183,748	5,428,970
Restricted, all other								(201,780)	-	-
Unassigned								\$ 11,166,584	\$ 8,183,748	\$ 5,428,970
Total special revenue funds								\$ 11,166,584	\$ 8,183,748	\$ 5,428,970

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Ad valorem taxes	\$ 31,720,911	\$ 36,512,355	\$ 38,564,953	\$ 40,273,413	\$ 43,831,868	\$ 53,306,067	\$ 54,655,457	\$ 54,810,341	\$ 49,019,309	\$ 55,825,088
Local option sales taxes	11,181,791	13,184,746	14,312,428	15,791,771	16,360,401	13,803,138	10,913,165	10,369,667	11,785,721	12,224,284
Other taxes and licenses	1,288,753	1,556,699	1,787,760	1,897,542	1,819,412	1,583,180	1,451,648	1,258,289	859,857	1,362,253
Unrestricted intergovernmental revenues	378,105	427,161	446,783	462,986	472,872	456,991	294,812	500,722	479,922	289,491
Restricted intergovernmental revenues	7,720,774	8,887,514	9,334,631	10,005,953	10,005,506	12,071,547	13,135,650	12,693,675	11,113,384	12,950,384
Permits and fees	1,546,249	1,722,771	1,816,283	2,262,340	2,250,774	1,460,117	1,280,703	1,143,681	1,336,428	1,553,264
Sales, service, and rents	6,423,416	6,853,660	7,004,456	7,797,193	7,176,094	7,911,950	8,016,111	7,971,588	7,264,115	6,881,299
Investment earnings	165,874	772,131	2,016,573	2,624,428	1,604,805	658,773	107,649	88,420	973,684	1,138,844
Miscellaneous	262,369	436,690	528,126	903,261	1,007,343	1,102,712	880,474	1,139,064	70,272	64,404
Total revenues	61,325,242	70,352,727	75,811,993	82,018,887	84,529,075	92,354,475	90,735,669	89,975,447	82,902,692	92,289,311
Expenditures										
General government	5,587,042	6,689,600	7,180,315	7,115,181	6,973,330	6,680,816	6,805,984	7,288,803	7,596,084	7,758,943
Public safety	14,107,357	16,243,710	17,291,813	19,948,102	22,973,155	24,414,534	25,211,834	25,839,073	19,566,218	26,760,663
Environmental protection	563,632	-	-	-	-	-	-	-	-	-
Economic and physical development	855,719	1,284,830	1,121,760	1,456,413	1,891,301	2,560,826	2,141,124	2,130,806	2,216,098	1,824,298
Human services	16,392,974	17,592,440	18,751,492	20,233,571	21,030,957	19,932,951	19,486,941	20,796,790	20,259,280	20,368,292
Cultural and recreational	1,352,872	1,429,794	1,518,568	1,487,686	1,567,316	1,828,106	1,991,265	2,076,511	2,057,344	2,190,042
Education	12,681,353	13,464,100	14,375,502	15,671,351	17,109,628	17,742,846	18,421,240	18,421,240	17,742,846	18,043,320
Capital outlay	7,012,641	10,810,331	36,797,703	21,698,635	8,523,119	12,481,380	15,117,985	8,452,355	-	7,436,995
Debt service:										
Principal	3,601,883	4,658,421	5,724,576	6,727,757	7,743,368	7,872,139	8,770,711	8,970,483	9,116,549	9,037,158
Interest	3,387,510	3,319,690	4,021,663	5,045,425	4,907,326	5,258,614	5,408,907	6,604,596	4,935,755	4,251,585
Total Expenditures	65,542,983	75,492,916	106,783,392	99,384,121	92,719,500	98,772,212	103,355,991	100,580,637	83,490,174	97,671,286
Excess of revenues over (under) expenditures	(4,217,741)	(5,140,189)	(30,971,399)	(17,365,234)	(8,190,425)	(6,417,737)	(12,620,322)	(10,605,190)	(587,482)	(5,381,975)
Other Financing Sources (Uses)										
Transfers in	10,771,009	6,550,828	21,737,558	21,816,295	22,881,375	13,131,113	9,451,904	10,679,484	4,835,242	3,617,444
Transfers out	(10,771,009)	(6,550,828)	(21,989,442)	(21,816,295)	(22,881,375)	(13,235,823)	(9,451,904)	(10,679,484)	(4,490,310)	(3,617,444)
Bonds and installment financing issued	-	17,000,000	60,220,000	-	109,002	20,990,000	28,027,000	27,005,000	30,255,000	-
Bond premium	-	34,005	76,730	-	-	5,282	204,331	1,330,062	2,868,507	-
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)	(32,763,202)	-
Debt issuance costs	(87,730)	-	-	-	-	-	-	-	-	-
Miscellaneous other financing uses	-	(20,966)	(26,070)	-	-	-	-	-	-	-
Total other financing sources (uses)	(344,321)	17,013,039	50,618,776	-	109,002	20,890,572	9,946,708	11,035,062	705,237	-
Net change in fund balances	\$ (4,562,062)	\$ 11,872,850	\$ 19,647,377	\$ (17,365,234)	\$ (8,081,423)	\$ 14,472,835	\$ (2,673,614)	\$ 429,872	\$ 117,755	\$ (5,381,975)
Debt service as a percentage of non-capital expenditures	10.88%	10.97%	9.35%	12.12%	14.46%	13.99%	14.12%	15.84%	20.03%	

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

Fiscal Year	Residential Property	Real Property		Less (1) Tax Exempt Real Property	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
		Commercial Property	Industrial Property		Registered Vehicles	Other					
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%
2012 (5)	6,042,292,471	769,901,024	340,175,570	402,679,047	608,812,906	548,502,912	335,237,971	8,242,243,807	0.598	8,353,343,273	98.67%
2013	6,069,684,351	789,290,541	336,637,941	409,512,321	627,250,127	572,370,853	348,054,638	8,333,756,130	0.598	7,982,525,029	104.40%

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.

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

	Year Taxes Are Payable									
	2004	2005(1)	2006	2007	2008	2009(1)	2010	2011	2012	2013
Lincoln County	0.6200	0.6200	0.6100	0.6100	0.6100	0.5700	0.5700	0.5700	.59800	.59800
<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	0.1300	0.1100	0.1100	0.0750	0.0200	.0175	.0175	.0290	0.0355
<u>Fire Districts (4)</u>										
Alexis	0.0500	0.0500	0.0650	0.0850	0.1450	0.1142	0.1050	0.1100	0.1100	0.1100
Boger City	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0750	0.0925	0.0925
Crouse	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.0609	0.0609
Denver	0.0500	0.0450	0.0500	0.0790	0.1150	0.0981	0.09675	0.09675	0.1099	0.1099
East Lincoln	0.0500	0.0450	0.0600	0.0650	0.0650	0.0606	0.0606	0.0606	0.0680	0.0785
Howards Creek	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.1000	0.1000	0.1050	0.105
North Brook	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.035
North 321	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.035	0.0350	0.06
Pumpkin Center	0.0500	0.0500	0.0500	0.0650	0.1000	0.0951	0.0951	0.0951	0.0951	0.0951
South Fork	0.0500	0.0500	0.0500	0.0500	0.0500	0.0776	0.0910	0.091	0.0910	0.091
Union	0.0500	0.0500	0.0500	0.0650	0.0650	0.0750	0.0750	0.075	0.0750	0.09

Notes:

- (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

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

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp.	Utility	\$ 249,359,460	1	2.94%	\$ 286,260,751	1	6.06%
The Timken Company	Bearing manufacturer	81,369,812	2	0.96%	79,710,977	2	1.69%
Julius Blum, Inc.	Furniture hardware manufacturer	68,504,259	3	0.81%	44,450,485	3	0.94%
Cataler North America Corp.	Auto parts manufacturer	62,556,206	4	0.74%			
Wal-Mart Stores East LP	Retail	33,341,993	5	0.39%			
Rutherford Electric Membership	Utility	31,378,113	6	0.37%	21,638,396	5	0.46%
TKC LIV LLC	Real estate/mfg	28,166,436	7	0.33%			
Actavis Mid Atlantic	Pharmaceuticals	24,855,768	8	0.29%			
Bellsouth Corp.	Utility	24,120,875	9	0.20%	32,726,148	4	0.69%
TKC CXXVIII LLC	Real estate/mfg	16,774,555	10	0.20%			
Vermont American Corp.	Tool manufacturer				19,598,267	6	0.41%
Mohican Mills, Inc.	Textile manufacturer				16,271,099	7	0.34%
Cochrane Furniture Co., Inc.	Furniture manufacturer				12,770,423	8	0.27%
Carolina Centers, LLC	Real estate				9,343,223	9	0.20%
McMurray Fabrics	Manufacturing				7,768,316	10	0.16%
Totals		<u>\$ 620,427,477</u>		7.56%	<u>\$ 530,538,085</u>		11.23%

Source: Lincoln County Tax Department

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

Fiscal Year	Taxes Levied for the		Collected within the			Collections in Subsequent Years	Total Collections to Date									
	Fiscal Year (Original Levy)	Adjustments	Fiscal Year of the Levy		Percentage of Original Levy		Amount	Percentage of Adjusted Levy								
			Total Adjusted Levy	Amount												
2004	\$	29,507,590	\$	155,770	\$	29,663,360	\$	28,841,912	\$	746,383	\$	29,588,295	99.75%	\$	75,065	
2005		34,643,901		49,123		34,693,024		33,537,294		1,100,820		34,638,114	99.84%		54,910	
2006		35,554,969		(14,335)		35,540,634		34,697,002		779,405		35,476,407	99.82%		64,227	
2007		37,196,591		154,642		37,351,233		36,499,544		777,727		37,277,271	99.80%		73,962	
2008		39,495,597		260,891		39,756,488		38,884,020		782,544		39,666,564	99.77%		89,924	
2009		48,397,102		144,571		48,541,673		47,330,210		1,108,606		48,438,816	99.79%		102,857	
2010		48,978,334		323,666		49,302,000		48,202,295		988,054		49,190,349	99.77%		111,651	
2011		49,168,763		152,177		49,320,940		48,295,770		829,514		49,125,284	99.60%		195,656	
2012		49,318,299		19,177		49,337,476		48,213,572		742,642		48,956,214	99.23%		381,262	
2013		49,575,234		563,425		50,138,659		48,908,152		-		48,908,152	97.55%		1,230,507	
															\$	2,380,021

Source: Lincoln County Tax Department

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

Fiscal Year	Governmental Activities				Business-type Activities							Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases		General Obligation Bonds	State		Installment Loans	Total Primary Government	Per Capita (1)		
						Clean Water Loan						
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	5.53%	
2012	96,000,000	21,462,915			2,675,000	1,250,000	21,804,848	143,192,763		1,812	4.95%	
2013	89,020,000	19,405,757			2,135,000	1,000,000	20,370,950	131,931,707	*	*	*	

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 2012 personal income not available to calculate fiscal year 2013.

* Information not yet available.

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

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds		Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	\$					
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	4.09%	1.22%	1,316
2012	98,675,000		98,675,000	4.01%	1.19%	1,248
2013	91,155,000		91,155,000	*	1.14%	*

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

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

(2) See Table 5 for property value data.

* Information not yet available.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value of Property	\$ 4,772,772	\$ 5,627,935	\$ 5,811,431	\$ 6,114,992	\$ 6,509,962	\$ 8,490,268	\$ 8,634,483	\$ 8,644,971	\$ 8,242,244	\$ 8,333,756
Debt Limit, 8% of Assessed Value (Statutory Limitation)	381,822	450,235	464,914	489,199	520,797	679,221	690,759	691,598	659,380	666,700
Amount of Debt Applicable to Limit										
Gross debt	82,865	92,985	139,051	130,124	120,202	131,832	150,082	149,585	143,193	131,932
Debt outstanding for water and sewer purposes	18,339	16,118	17,088	14,888	12,601	11,113	26,317	25,085	25,730	23,506
Total net debt applicable to limit	64,526	76,867	121,963	115,235	107,601	120,719	123,765	124,499	117,463	108,426
Legal debt margin	\$ 317,296	\$ 373,367	\$ 342,952	\$ 373,964	\$ 413,196	\$ 558,503	\$ 566,994	\$ 567,098	\$ 541,917	\$ 558,275
Total net debt applicable to the limit as a percentage of debt limit	16.90%	17.07%	26.23%	23.56%	20.66%	17.77%	17.92%	18.00%	17.81%	16.26%

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.

Table 12
Lincoln County
Direct and Overlapping Governmental Activities Debt
As of June, 2013

<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)	\$ -	100.00%	\$ -
Direct - Lincoln County			89,020,000
Total direct and overlapping debt			\$ 89,020,000

(1) Source: City of Lincolnton Finance Department

Table 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)
2004	68,118	\$ 1,590,737	\$ 23,635	11,274	7.10%	21,277
2005	69,532	1,681,231	24,692	11,480	6.10%	22,710
2006	70,914	1,868,000	28,591	11,666	5.70%	30,578
2007	73,107	2,044,532	30,303	12,056	5.00%	31,356
2008	74,405	2,215,799	32,418	12,193	4.80%	34,693
2009	74,552	2,459,872	32,912	11,792	7.50%	24,536
2010	75,718	2,537,929	33,375	11,984	13.60%	13,921
2011	80,134	2,589,120	33,029	11,790	12.70%	13,121
2012	79,026	2,901,233	36,580	11,509	10.50%	13,149
2013	79,512	*	*	*	8.80%	13,219

* 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.

- (1) <http://www.osbm.state.nc.us>
- (2) <http://www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1&isuri=1&acrdh=5>
- (4) http://www.ncesc1.com/pmi/rates/PressReleases/County/NR_June2012CountyRateRelease_M.pdf

Table 14
Lincoln County
Principal Employers
Current Year and Nine Years Ago

	2013			2004		
	Employer	Product or Service	Employees	Rank	Percentage of Total County Employment	Employees
	Lincoln County Schools	Education	1,600	1	4.24%	1,386
	Lincoln County Government	County government	750	2	1.99%	482
	The Timken Company	Tapered roller bearings	750	3	1.99%	639
	Wal-Mart Stores, Inc.	Discount stores	730	4	1.94%	315
	Lincoln Medical Center	Medical care	720	5	1.91%	467
	RSI Home Products	Vanities and marble counter tops	570	6	1.51%	500
	Julius Blum, Inc.	Cabinet and furniture hardware	370	7	0.98%	410
	Actavis Corp.	Pharmaceuticals	330	8	0.88%	190
	Lowes	Home improvements	270	9	0.72%	125
	Mohican Mills	Lace and tricot goods	240	10	0.64%	500
	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
	McMurray Fabrics, Inc.	Specialty fabrics	190	14	0.50%	100
	Robert Bosch Tool Corporation	Tools manufacturer and distributor	180	15	0.48%	476
	VT LeeBoy, Inc.	Asphalt paving equipment	175	16	0.46%	140

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

Table 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	11.0	11.5	10.5	11.0	12.0	13.0	13.2	13.2	13.2	13.2
Management information systems	6.0	5.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	8.0
Elections	3.0	3.0	2.0	3.0	3.0	3.5	3.75	3.75	3.8	3.8
Tax	21.5	22.5	22.5	20.0	24.5	26.0	27.8	24.75	24.0	25.0
Register of Deeds	10.5	10.0	9.5	9.5	9.5	8.5	8.4	8.0	8.0	8.0
Public buildings	15.5	16.5	17.5	17.5	17.5	14.5	14.5	13.4	13.4	13.4
Public safety										
Sheriff	84.0	91.0	103.0	100.0	117.0	128.0	128.0	126.14	128.0	128.0
Communications	17.5	21.5	22.0	22.0	21.5	24.0	21.4	22.5	22.5	22.5
Jail	35.0	35.5	40.5	41.0	41.0	42.5	43.4	43.4	43.4	43.4
Emergency management	3.0	3.0	4.0	6.0	6.0	4.0	2.0	2.0	2.0	2.0
Ambulance services	(1) 52.5	58.0	61.5	64.0	65.0	81.0	82.0	76.25	76.3	76.3
Fire marshal	(2) 1.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0
Building and land development	16.0	16.0	20.0	23.0	24.0	20.0	18.0	18.0	18.0	18.0
Animal control	5.0	6.0	6.5	7.0	7.0	10.0	11.0	10.75	11.0	11.0
Economic and physical development										
Sanitation	7.0	0.0	0.0	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	1.6	1.6	1.6	1.6
Soil and water conservation	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Human services										
Health	65.5	69.5	67.5	72.0	75.0	85.0	81.5	78.4	78.4	78.4
Social services	95.0	99.0	106.0	111.0	111.0	122.0	121.7	121.7	121.7	121.7
Veterans service	1.0	1.0	1.0	1.5	1.5	1.5	1.0	1.0	1.0	2.0
Juvenile crime prevention	1.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5
Office on aging	(4) 7.0	8.5	12.0	6.0	5.5	6.5	6.5	6.5	6.5	5.5
Transportation				10.5	11.5	14.0	17.5	22.37	22.4	22.4

Table 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cultural and recreational										
Recreation	16.0	17.0	18.0	11.0	15.0	26.5	30.6	29.7	29.7	29.7
Library	15.5	16.5	16.0	14.0	17.5	17.5	17.3	16.33	16.4	16.4
Historical coordinator	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Water/sewer (business activity)										
Water and Sewer Fund	(5)	25.0	27.0	28.0	34.0	42.0	43.0	42.6	42.6	42.6
East Lincoln Sewer District	(5)	7.0	7.0	8.0	8.0	0.0	0.0	0.0	0.0	0.0
Landfill	(3)	24.5	29.5	30.5	39.0	41.0	48.0	43.6	43.6	43.6
Total	<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>	<u>741.9</u>	<u>744.0</u>

Source: County Personnel Office

Note: This table 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 table 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

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Management information systems										
Work orders	2,562	3,168	3,259	3,889	3,804	3,798	4,870	5,571	5,604	5,679
Elections										
Registered voters	41,174	42,923	43,955	44,471	47,306	49,218	49,899	49,959	53,240	51,728
Votes cast in general elections (votes odd years city even county wide)	30,207	189	18,700	877	36,066	1,421	n/a	23,427	36,892	1,943
Tax										
Number of land records created	996	930	1,081	959	936	1,144	126	140	250	n/a
Number of ownership transfers - real estate/mfg. homes	6,066	5,947	6,499	7,114	6,679	6,118	2,411	4,293	3,995	n/a
Number of tax bills created - real/personal	60,153	62,476	65,243	67,167	66,168	69,202	68,330	68,499	68,400	n/a
Number of tax bills created - registered vehicles	80,864	83,135	89,016	85,666	89,394	89,224	87,540	85,796	84,814	n/a
Register of Deeds										
Total documents recorded	23,171	20,125	21,414	20,645	19,179	15,066	13,427	12,042	n/a	14,589
Deeds recorded	4,130	4,252	4,714	4,489	3,905	2,706	2,666	2,382	n/a	2,747
Marriage licenses issued	422	473	492	484	488	471	505	514	n/a	497
Births occurring	* 466	375	455	481	485	523	424	346	n/a	413
Deaths occurring	* 486	443	475	472	518	486	474	452	n/a	494
Certified copies issued	5,119	5,220	5,211	5,935	5,344	5,300	4,991	4,759	n/a	4,929
Public safety										
Arrests	* 2,053	2,154	2,869	3,618	3,285	3,213	2,928	2,975	3,979	4,205
Civil papers served	* 9,205	9,404	11,058	11,753	13,036	13,255	13,715	12,311	12,586	12,591
Jail bookings	4,246	6,150	4,805	3,750	3,942	3,622	3,516	3,584	3,773	4,198
Average daily jail population	76	100	117	112	110	125	123	134	133	136
Communications total calls	* 63,261	49,261	81,234	87,361	106,576	110,305	93,074	89,575	94,480	76,336
Building permits issued	* 2,179	2,396	2,512	2,560	1,795	1,884	2,238	3,035	3,019	n/a
Building inspections conducted	* 22,710	30,578	31,356	34,693	24,536	13,921	13,121	13,131	13,149	13,219
Emergency medical calls answered	8,164	8,889	9,635	12,020	14,331	14,394	15,367	16,002	16,763	18,679
Emergency patients transported	5,002	5,089	5,436	7,194	7,249	7,868	7,994	8,143	8,213	8,718
Number of firemen and officers	400	400	400	450	476	500	500	500	450	564
Number of fire calls answered	1,800	1,900	1,900	2,486	2,955	3,000	3,000	3,000	6,348	7,300
Number of fire marshal inspections	350	300	450	400	1,250	1,300	1,300	1,300	1,750	2,000
Animals entering shelter	3,105	3,262	3,512	3,240	3,969	2,611	4,779	4,235	4,163	3,883
Animals euthanized	2,866	2,824	2,772	2,445	2,577	1,555	2,601	2,485	2,271	2,107
Economic and physical development										
Cooperative extension client contacts	22,744	25,069	25,099	31,950	33,984	50,055	49,206	69,149	63,688	73,990
Soil and water conservation	2,372	2,320	2,435	2,700	2,673	3,183	3,634	3,658	3,750	3,713
Clients assisted	295,000	253,463	581,611	226,815	284,656	443,203	233,644	176,714	346,154	496,530
Funds land owners received from Federal and State programs										

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Human services										
Health Department patient visits										
Adult health	705	895	1,007	4,108	4,972	4,922	4,091	3,790	2,684	2,568
Child health	280	249	236	1,189	1,219	1,514	1,160	1,115	1,083	1,075
Family planning	1,099	1,075	1,025	4,586	4,932	5,892	6,842	4,836	4,723	3,935
Immunizations/flu	3,460	4,611	4,372	4,719	2,961	3,362	5,076	2,285	1,144	1,014
Maternal health	732	718	506	2,012	1,296	1,831	1,851	1,125	374	750
Primary care	4,182	6,394	6,109	7,192	7,251	7,231	7,225	6,052	5,899	4,172
Sexually transmitted diseases	287	225	228	1,619	2,178	2,588	3,054	2,748	2,562	1,924
Tuberculosis	155	131	203	236	626	602	652	324	477	494
Case management (child service & maternity care) (discontinued 3/11)	2,421	2,216	2,342	2,946	1,972	2,398	2,005	1,748	-	-
Lab services (in-house)	17,513	12,663	12,786	12,750	12,375	12,452	9,898	10,895	9,536	8,153
Lab services (referred)	4,750	4,748	4,224	4,679	5,063	4,797	4,116	4,356	4,030	3,863
WIC (women infants and children)	14,605	20,074	20,684	22,749	23,269	24,715	24,180	24,345	24,490	24,864
Home health (unduplicated patients)	357	445	358	396	379	525	406	365	504	567
Environmental health										
Food and lodging permits	40	64	96	100	62	70	71	68	77	39
Food, lodging, and institutional inspections					782	796	834	859	1,257	802
Sewage system permits	972	756	780	834	841	377	302	273	349	317
Sewage system finals	597	543	464	491	375	271	208	164	213	168
Water samples	126	134	220	165	250	344	294	258	308	284
New well permits (began 7/1/07)					189	145	96	102	137	68
Wells inspected (water for sampling)	54	66	80	45	123	177	120	-	-	-
New well sitings (discontinued 7/1/07)	380	406	540	524	-	-	-	-	-	-
Swimming pools	30	25	35	30	31	37	25	31	31	27
Lead investigations	1	2	-	1	1	2	-	-	-	-
Complaint investigations					62	118	121	56	175	75
Social Services cases (may contain duplicates)										
Child and adult protective services	90	85	116	133	126	108	108	116	109	97
Children in foster care	44	58	71	109	97	76	53	56	62	78
Work first cases	188	182	167	161	150	160	133	128	121	119
NC health choice cases	557	623	566	617	626	666	756	826	817	866
Medicaid cases	5,769	6,244	6,814	7,104	7,437	8,027	8,952	8,966	9,098	9,163
Food stamp cases	1,861	2,186	2,568	2,732	2,487	3,657	4,372	5,244	5,654	4,922
Child support cases	2,542	2,516	2,599	2,733	2,809	2,823	2,863	2,765	2,920	2,919

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transportation clients served	-	-	280	524	632	667	2,444	2,900	3,810	2,966
Transportation trips provided	-	-	-	-	-	38,507	38,506	40,367	46,883	49,938
Cultural and recreational										
Recreation (shelter and facility reservations)								816	896	1,157
Library volumes in collection	106,855	109,413	128,856	126,319	133,498	134,854	137,971	148,408	142,853	144,907
Library circulation	304,599	321,761	315,578	325,699	329,072	323,544	326,429	308,342	280,413	285,669
Water/sewer (business activity)										
Number of water customers	7,756	8,075	8,657	9,169	9,583	9,585	9,584	9,730	9,901	10,165
Average daily water production	2,200,000	2,300,000	2,460,000	2,640,000	2,402,250	2,296,000	2,910,000	2,800,000	2,620,000	2,790,000
Number of sewer customers	2,234	2,502	2,879	3,220	3,538	3,660	3,699	3,812	3,843	4,027
Average daily sewage treatment	463,000	523,000	548,000	617,750	610,333	700,000	729,000	780,000	880,000	825,000
Landfill										
Tons of waste sanitary landfill	45,558	52,013	45,435	45,091	44,680	45,508	48,496	46,692	43,093	38,766
Tons of waste demolition landfill	16,337	16,097	10,351	10,787	7,809	11,264	12,796	16,131	18,282	12,342
Tons of recyclables	1,337	1,424	1,440	1,678	1,870	1,848	2,175	2,187	2,048	2,423
Tons of whitegoods	1,508	1,583	1,502	1,872	1,184	968	1,023	800	1,125	1,411
Tons of tires	1,117	1,310	1,267	1,678	1,371	1,185	1,281	1,209	1,280	1,064

* Reported on calendar year basis

Source: Various County Departments

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Buildings	20	22	22	22	22	22	22	24	24	25
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	53	53	53	67	71	77	77	77	77	77
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	3	3	3	3	3	5	6	7	7	7
Emergency medical apparatus	20	18	17	18	20	22	23	23	24	24
Fire department stations	11	11	11	11	13	15	15	15	16	17
Economic and physical development										
Human services										
Number of transportation vehicles	18	14	12	12	13	12	15	18	19	19
Cultural and recreational										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	2	2	2	2	2	4	4	4	5	5
Undeveloped	1	2	2	2	2	1	1	1	1	1
Park acreage:										
Developed	37	37	37	37	37	115	115	115	149	149
Undeveloped	54	54	54	54	54	116	116	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	260	265	270	279	285	300	315	336	313	313
Number of wastewater plants	1	1	1	1	1	1	2	2	2	1
Miles of sanitary sewer	75	78	82	86	90	100	155	155	171	171
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

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