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LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS JUNE 30, 2005

	Governmental Activities	Business Type Activities	Total Primary Government
Assets:			
Cash and cash equivalents	\$ 33,125,702	\$ 17,979,284	\$ 51,104,986
Taxes receivable (net)	1,720,367	243,749	1,964,116
Accounts receivable (net)	604,257	192,931	797,188
Due from other governments	3,414,762	85,785	3,500,547
Internal balances	1,092,144	(1,092,144)	-
Inventories	-	-	-
Cash and cash equivalents-restricted	-	-	-
Other assets	-	464,146	464,146
Capital assets, nondepreciable	3,321,527	2,386,383	5,707,910
Capital assets- depreciable, net	23,493,666	49,751,981	73,245,647
Total assets	\$ 66,772,425	\$ 70,012,115	\$ 136,784,540
Liabilities:			
Accounts payable and other accrued liabilities	\$ 5,979,213	\$ 329,710	\$ 6,308,923
Unearned revenue	527,434	-	527,434
Customer deposits	-	77,976	77,976
Long-term Liabilities:			
Premium on long term debt, net	-	233,198	233,198
Due in less than one year	5,466,733	2,189,267	7,656,000
Due in more than one year	72,704,219	17,891,760	90,595,979
Total liabilities	84,677,599	20,721,911	105,399,510
Net Assets:			
Net assets, capital net of debt	18,771,801	36,885,842	55,657,643
Unrestricted	(36,676,975)	12,404,362	(24,272,613)
Total net assets	\$ (17,905,174)	\$ 49,290,204	\$ 31,385,030

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

Exhibit A

Component Units	
Lincoln County ABC Board	Lincolnton- Lincoln County Airport Authority
\$ 42,023	\$ 904,872
-	-
-	72,366
-	263,157
-	-
155,825	19,166
-	129,332
-	-
181,213	2,067,030
514,580	3,833,345
<hr/> \$ 893,641	<hr/> \$ 7,289,268
 \$ 72,939	 \$ 455,467
-	-
-	-
-	-
18,223	53,852
815,025	741,431
<hr/> 906,187	<hr/> 1,250,750
 63,545	 5,105,092
(76,091)	<hr/> 933,426
<hr/> \$ (12,546)	<hr/> \$ 6,038,518

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities:				
General government	\$ 7,104,402	\$ 895,388	\$ 325,191	\$ 100,838
Public safety	16,173,103	3,493,321	131,689	-
Environmental protection	104,494	-	-	-
Economic and physical development	1,266,878	-	-	-
Human services	17,870,817	4,065,761	7,871,944	-
Cultural and recreational	1,584,772	127,405	-	-
Education	22,437,377	-	691,737	-
Debt Service:				
Interest and fees	3,340,656	-	-	-
Total governmental activities	69,882,498	8,581,875	9,020,561	100,838
Business-Type Activities:				
Landfill	2,735,135	2,793,556	-	-
Water and Sewer	3,166,677	5,036,157	-	553,730
East Lincoln County water and sewer	2,142,314	2,087,237	-	477,480
Total business type activities	8,044,126	9,916,950	-	1,031,210
Total primary government	\$ 77,926,624	\$ 18,498,825	\$ 9,020,561	\$ 1,132,048
Component Unit:				
Lincoln County ABC Authority	\$ 1,179,675	\$ 1,188,997	\$ -	\$ -
Lincolnton-Lincoln County Airport Authority	888,279	501,648	129,332	436,688
Total component unit	\$ 2,067,954	\$ 1,690,645	\$ 129,332	\$ 436,688
General Revenues:				
Ad valorem taxes				
Local option sales tax				
Utility franchise tax				
Real estate transfer tax				
Other taxes and licences				
Unrestricted intergovernmental				
Investment earnings				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Prior period adjustment				
Beginning net assets, restated				
Net assets - ending				

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			Component Units		
Primary Government			Lincolnton-		
Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincoln County Airport Authority	
\$ (5,782,985)	\$ (5,782,985)	\$ (5,782,985)	-	\$ -	-
(12,548,093)	-	(12,548,093)	-	-	-
(104,494)	-	(104,494)	-	-	-
(1,266,878)	-	(1,266,878)	-	-	-
(5,933,112)	-	(5,933,112)	-	-	-
(1,457,367)	-	(1,457,367)	-	-	-
(21,745,640)	-	(21,745,640)	-	-	-
<u>(3,340,656)</u>	<u>-</u>	<u>(3,340,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(52,179,224)</u>	<u>-</u>	<u>(52,179,224)</u>	<u>-</u>	<u>-</u>	<u>-</u>
- 58,421	58,421	58,421	-	-	-
- 2,423,210	2,423,210	2,423,210	-	-	-
- 422,403	422,403	422,403	-	-	-
- 2,904,034	2,904,034	2,904,034	-	-	-
<u>(52,179,224)</u>	<u>2,904,034</u>	<u>(49,275,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	9,322	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,322</u>	<u>179,389</u>	<u>179,389</u>
36,774,263	1,806,680	38,580,943	-	-	-
13,184,746	-	13,184,746	-	-	-
180,808	-	180,808	-	-	-
850,318	-	850,318	-	-	-
525,573	-	525,573	-	-	-
427,161	-	427,161	-	-	-
772,131	342,074	1,114,205	49	8,960	
<u>52,715,000</u>	<u>2,148,754</u>	<u>54,863,754</u>	<u>49</u>	<u>8,960</u>	
535,776	5,052,788	5,588,564	9,371	188,349	
(18,722,035)	44,637,416	25,915,381	(21,917)	5,850,169	
281,085	(400,000)	(118,915)	-	-	
<u>(18,440,950)</u>	<u>44,237,416</u>	<u>25,796,466</u>	<u>(21,917)</u>	<u>5,850,169</u>	
\$ (17,905,174)	\$ 49,290,204	\$ 31,385,030	\$ (12,546)	\$ 6,038,518	

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 17,903,605	\$ 12,571,536	\$ 2,650,561	\$ 33,125,702
Taxes receivable (net)	1,589,014	-	131,353	1,720,367
Accounts receivable (net)	604,257	-	-	604,257
Due from other governments	3,370,019	-	44,743	3,414,762
Due from other funds	2,326,275	-	472,524	2,798,799
Total assets	<u>\$ 25,793,170</u>	<u>\$ 12,571,536</u>	<u>\$ 3,299,181</u>	<u>\$ 41,663,887</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,667,892	\$ 4,225,341	\$ 85,980	\$ 5,979,213
Due to other funds	1,667,814	-	38,841	1,706,655
Deferred revenue	2,116,448	-	131,353	2,247,801
Total liabilities	<u>5,452,154</u>	<u>4,225,341</u>	<u>256,174</u>	<u>9,933,669</u>
Fund Balances:				
Reserved:				
State statute	6,300,551	-	472,524	6,773,075
Unreserved	14,040,465	-	-	14,040,465
Reported in Nonmajor:				
Capital project funds	-	8,346,195	1,127,477	9,473,672
Special revenue funds	-	-	1,443,006	1,443,006
Total fund balances	<u>20,341,016</u>	<u>8,346,195</u>	<u>3,043,007</u>	<u>31,730,218</u>
Total liabilities and fund balances	<u>\$ 25,793,170</u>	<u>\$ 12,571,536</u>	<u>\$ 3,299,181</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				26,815,193
Long-term liabilities, unfunded pension obligations, and compensated absences are not due and payable in the current period and therefore not reported in the funds.				(78,170,952)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year end.				<u>1,720,367</u>
Net assets of governmental activities, per Exhibit A				<u>\$ (17,905,174)</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, 2005

	General	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 34,346,552	\$ -	\$ 2,165,803	\$ 36,512,355
Local option sales taxes	13,184,746	-	-	13,184,746
Other taxes and licenses	1,093,528	-	463,171	1,556,699
Unrestricted intergovernmental revenues	427,161	-	-	427,161
Restricted intergovernmental revenues	7,994,510	-	893,004	8,887,514
Permits and fees	1,722,771	-	-	1,722,771
Sales, service and rents	6,853,660	-	-	6,853,660
Miscellaneous	419,675	-	16,015	435,690
Investment earnings	427,347	276,313	68,471	772,131
Total revenues	<u>66,469,950</u>	<u>276,313</u>	<u>3,606,464</u>	<u>70,352,727</u>
Expenditures:				
Current:				
General government	6,689,600	-	-	6,689,600
Public safety	13,122,155	-	3,121,555	16,243,710
Environmental protection	-	-	-	-
Economic and physical development	1,284,830	-	-	1,284,830
Human services	17,592,440	-	-	17,592,440
Cultural and recreational	1,429,794	-	-	1,429,794
Education	13,464,100	-	-	13,464,100
Capital outlay	-	8,973,277	1,837,054	10,810,331
Debt Service:				
Principal repayments	4,658,421	-	-	4,658,421
Interest	3,319,690	-	-	3,319,690
Total expenditures	<u>61,561,030</u>	<u>8,973,277</u>	<u>4,958,609</u>	<u>75,492,916</u>
Revenues over (under) expenditures	4,908,920	(8,696,964)	(1,352,145)	(5,140,189)
Other Financing Sources (Uses):				
Bond premium	-	34,005	-	34,005
Miscellaneous other financing uses	(20,966)	-	-	(20,966)
Long-term debt issued	-	17,000,000	-	17,000,000
Transfers out	(8,112,964)	-	1,562,136	(6,550,828)
Transfers in	6,550,828	-	-	6,550,828
Total other financing sources (uses)	<u>(1,583,102)</u>	<u>17,034,005</u>	<u>1,562,136</u>	<u>17,013,039</u>
Net change in fund balances	3,325,818	8,337,041	209,991	11,872,850
Fund balance, beginning of year	<u>17,015,198</u>	<u>9,154</u>	<u>2,833,016</u>	<u>19,857,368</u>
Fund balance, end of year	\$ 20,341,016	\$ 8,346,195	\$ 3,043,007	\$ 31,730,218

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 OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total government funds	\$ 11,872,850
Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,780,665
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(1,672,319)
The sale of capital assets is reported as a revenue in the governmental fund statements without subtracting the net book value of the capital assets sold.	(230,366)
Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(135,383)
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	261,908
Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.	4,658,421
The issuance of long-term debt (e.g. bonds, leases) and the refunding of long term debt provide current financial resources to governmental funds. The repayment of refunded long term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reported in the statement of activities.	<u>(17,000,000)</u>
Change in net assets of governmental activities	<u>\$ 535,776</u>

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

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 33,354,042	\$ 33,414,042	\$ 34,346,552	\$ 932,510
Local option sales taxes	12,455,000	12,455,000	13,184,746	729,746
Other taxes and licenses	809,000	809,000	1,093,528	284,528
Unrestricted intergovernmental revenues	368,000	372,000	427,161	55,161
Restricted intergovernmental revenues	7,413,220	8,035,491	7,994,510	(40,981)
Permits and fees	1,486,746	1,486,746	1,722,771	236,025
Sales, service and rents	6,923,138	7,240,313	6,853,660	(386,653)
Miscellaneous	94,229	266,519	419,675	153,156
Investment earnings	150,000	189,070	427,347	238,277
Total revenues	<u>63,053,375</u>	<u>64,268,181</u>	<u>66,469,950</u>	<u>2,201,769</u>
Expenditures:				
Current:				
General government	6,780,229	7,254,025	6,689,600	564,425
Public safety	13,205,356	13,845,719	13,122,155	723,564
Economic and physical development	1,335,281	1,345,049	1,284,830	60,219
Human services	19,402,419	20,015,212	17,592,440	2,422,772
Cultural and recreational	1,600,908	1,725,199	1,429,794	295,405
Education	13,464,100	13,464,100	13,464,100	-
Debt Service:				
Principal	5,669,238	5,180,773	4,658,421	522,352
Interest and fees	<u>3,227,364</u>	<u>3,648,000</u>	<u>3,319,690</u>	<u>328,310</u>
Total expenditures	<u>64,684,895</u>	<u>66,478,077</u>	<u>61,561,030</u>	<u>4,917,047</u>
Revenues over (under) expenditures	(1,631,520)	(2,209,896)	4,908,920	7,118,816
Other Financing Sources (Uses):				
Miscellaneous other financing uses	(20,000)	(20,000)	(20,966)	(966)
Transfers out	(8,071,021)	(8,380,468)	(8,112,964)	267,504
Transfers in	7,860,457	7,860,457	6,550,828	(1,309,629)
Fund balance appropriated	<u>1,862,084</u>	<u>2,749,907</u>	<u>-</u>	<u>(2,749,907)</u>
Total other financing sources (uses)	<u>1,631,520</u>	<u>2,209,896</u>	<u>(1,583,102)</u>	<u>(3,792,998)</u>
Net change in fund balances	\$ -	\$ -	\$ 3,325,818	\$ 3,325,818
Fund balance, beginning of year				<u>17,015,198</u>
Fund balance, end of year				<u>\$ 20,341,016</u>

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Enterprise Funds				Total	
	Landfill Fund	Water and Sewer Fund	Water and Sewer District Fund	East Lincoln County		
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 11,351,478	\$ 2,691,142	\$ 3,936,664	\$ 17,979,284		
Taxes receivable (net)	132,945	-	110,804	243,749		
Accounts receivable (net)	121,424	57,206	14,301	192,931		
Due from other governments	13,721	62,146	9,918	85,785		
Due from other funds	-	-	195,335	195,335		
Other assets	-	444,147	19,999	464,146		
Total current assets	11,619,568	3,254,641	4,287,021	19,161,230		
Capital Assets:						
Non-depreciable capital assets	831,414	999,521	555,448	2,386,383		
Depreciable capital assets, net of accumulated	1,936,683	27,344,467	20,470,831	49,751,981		
Total noncurrent assets	2,768,097	28,343,988	21,026,279	52,138,364		
Total assets	\$ 14,387,665	\$ 31,598,629	\$ 25,313,300	\$ 71,299,594		
Liabilities:						
Current Liabilities:						
Accounts payable and other accrued liabilities	\$ 115,354	\$ 114,691	\$ 99,665	\$ 329,710		
Due to other funds	320	1,287,159	-	1,287,479		
Customer deposits	-	77,976	-	77,976		
Current portion of compensated absences	3,000	6,000	1,000	10,000		
Current portion of long-term debt	-	1,314,267	865,000	2,179,267		
Total current liabilities	118,674	2,800,093	965,665	3,884,432		
Noncurrent Liabilities:						
Accrued landfill closure/postclosure care costs	3,857,250	-	-	3,857,250		
Premium on long-term debt, net	-	233,198	-	233,198		
Compensated absences	30,363	55,141	10,751	96,255		
Long-term debt	-	5,023,255	8,915,000	13,938,255		
Total noncurrent liabilities	3,887,613	5,311,594	8,925,751	18,124,958		
Total liabilities	4,006,287	8,111,687	9,891,416	22,009,390		
Net Assets:						
Invested in capital assets, net of related debt	2,768,097	22,006,466	12,111,279	36,885,842		
Unrestricted	7,613,281	1,480,476	3,310,605	12,404,362		
Total net assets	\$ 10,381,378	\$ 23,486,942	\$ 15,421,884	\$ 49,290,204		

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Enterprise Funds			
	East Lincoln County			
	Landfill Fund	Water and Sewer Fund	Water and Sewer District Fund	Total
Operating Revenues:				
Charges for services	\$ 626,678	\$ 4,743,440	\$ 1,098,947	\$ 6,469,065
Water and sewer taps	-	236,211	954,278	1,190,489
Other operating revenue	16,945	56,506	34,012	107,463
Total operating revenues	<u>643,623</u>	<u>5,036,157</u>	<u>2,087,237</u>	<u>7,767,017</u>
Operating Expenses:				
Water treatment and distribution	-	2,045,201	-	2,045,201
Pumping station	-	52,088	-	52,088
Landfill operations	1,533,881	-	-	1,533,881
Water and sewer district	-	-	1,141,767	1,141,767
Landfill closure and postclosure costs	499,104	-	-	499,104
Depreciation	686,887	828,022	637,403	2,152,312
Total operating expenses	<u>2,719,872</u>	<u>2,925,311</u>	<u>1,779,170</u>	<u>7,424,353</u>
Operating income (loss)	(2,076,249)	2,110,846	308,067	342,664
Nonoperating Revenues (Expenses):				
Ad valorem taxes	-	-	1,806,680	1,806,680
Availability fee	2,058,212	-	-	2,058,212
Investment earnings	204,374	66,825	70,875	342,074
White goods disposal tax	26,215	-	-	26,215
Tire disposal tax	65,506	-	-	65,506
Sales and use tax refund	(15,263)	51,058	-	35,795
Interest and fees	-	(292,424)	(363,144)	(655,568)
Total nonoperating revenues (expenses)	<u>2,339,044</u>	<u>(174,541)</u>	<u>1,514,411</u>	<u>3,678,914</u>
Income (loss) before transfers and contributions	262,795	1,936,305	1,822,478	4,021,578
Capital contribution	-	553,730	477,480	1,031,210
Change in net assets	262,795	2,490,035	2,299,958	5,052,788
Net assets - beginning (as previously stated)	10,118,583	21,396,907	13,121,926	44,637,416
Prior period adjustment	-	(400,000)	-	(400,000)
Net assets - beginning (restated)	<u>10,118,583</u>	<u>20,996,907</u>	<u>13,121,926</u>	<u>44,237,416</u>
Net assets - ending	<u>\$ 10,381,378</u>	<u>\$ 23,486,942</u>	<u>\$ 15,421,884</u>	<u>\$ 49,290,204</u>

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Enterprise Funds			
	Landfill Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total
Operating Activities:				
Cash received from customers	\$ 664,217	\$ 5,125,895	\$ 1,990,847	\$ 7,780,959
Cash received from other operating revenues	16,945	56,506	34,012	107,463
Cash paid for goods and services	(352,334)	(1,255,385)	(569,791)	(2,177,510)
Cash paid on behalf of employees	(1,127,383)	(887,578)	(578,544)	(2,593,505)
Net cash provided by (used in) operating activities	(798,555)	3,039,438	876,524	3,117,407
Noncapital Financing Activities:				
Ad valorem taxes	-	-	1,806,680	1,806,680
Availability fees	2,058,212	-	-	2,058,212
White goods disposal tax	26,215	-	-	26,215
Tire disposal tax	65,506	-	-	65,506
Loans from (to) other funds	320	(1,586,101)	40,825	(1,544,956)
Sales and use tax refunds	(15,263)	51,058	-	35,795
Net cash provided (used) by noncapital financing activities	2,134,990	(1,535,043)	1,847,505	2,447,452
Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(604,333)	(1,124,072)	(360,895)	(2,089,300)
Debt principal paid	-	(1,356,580)	(865,000)	(2,221,580)
Capital contributions	-	-	5,000	5,000
Interest and fees paid	-	(350,723)	(363,144)	(713,867)
Net cash provided (used) by capital and related financing activities	(604,333)	(2,831,375)	(1,584,039)	(5,019,747)
Investing Activities:				
Interest on investments	204,374	66,825	70,875	342,074
Net cash provided (used) in investing activities	204,374	66,825	70,875	342,074
Net increase in cash and cash equivalents/investments	936,476	(1,260,155)	1,210,865	887,186
Cash and Cash Equivalents/Investments:				
Beginning of year	10,415,002	3,951,297	2,725,799	17,092,098
End of year	\$ 11,351,478	\$ 2,691,142	\$ 3,936,664	\$ 17,979,284

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Enterprise Funds				Total
	Landfill Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:					
Operating income (loss)	\$ (2,076,249)	\$ 2,110,846	\$ 308,067		\$ 342,664
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	686,887	828,022	637,403		2,152,312
Change in Assets and Liabilities:					
(Increase) decrease in receivables	(10,039)	51,205	(94,067)		(52,901)
(Increase) decrease in due from other governments	47,578	11,946	24,655		84,179
(Increase) decrease in other assets	-	83,093	7,034		90,127
Increase (decrease) in accounts payable	59,411	(32,209)	(9,002)		18,200
Increase (decrease) in customer deposits	-	(19,613)	-		(19,613)
Increase (decrease) in landfill closure/postclosure care cost	499,104	-	-		499,104
Increase (decrease) in compensated absences payable	(5,247)	6,148	2,434		3,335
Total adjustments	1,277,694	928,592	568,457		2,774,743
Net cash provided by (used in) operating activities	\$ (798,555)	\$ 3,039,438	\$ 876,524		\$ 3,117,407
Noncash Investing, Capital, and Financing Activities:					
Donated depreciable assets, net of accumulated depreciation	\$ -	\$ 553,730	\$ 472,480		\$ 1,026,210

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

LINCOLN COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET ASSETS**
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 502,774
Total assets	<u>\$ 502,774</u>
 Liabilities:	
Intergovernmental payable	\$ 502,774
Total liabilities	<u>\$ 502,774</u>

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Units

Blended Component Unit

The East Lincoln County Water and Sewer District Fund (the "District") exists to provide and maintain a water 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 Units

Lincoln County ABC Board

The members of the governing body of the Lincoln County ABC Board (the "ABC Board") are appointed by the County. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from Huggins & Co. P.O Box 680668 Charlotte, NC 28216

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Lincolnton-Lincoln County Airport Authority

The Lincolnton-Lincoln County Airport Authority (the “Airport Authority”) is a public body created under the laws of the State of North Carolina. The County provides a significant level of support to the Airport Authority through an operating subsidy, an operating lease, capital grants and support services. Those support services include the County’s finance officer acting in a similar capacity for the Airport Authority. The Airport Authority, which has a June 30 year end, is presented as if it were a proprietary fund. Complete financial statements for the Airport Authority may be obtained at 115 West Main Street, Lincolnton, NC 28092.

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.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment 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 except those that are required to be accounted for in another fund.

Schools Capital Project Fund – This fund is used to account for the construction and renovation of public schools.

The County reports the following nonmajor governmental funds:

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

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

The County reports all of its enterprise funds as major:

Lincoln County has the following Enterprise Funds: the Landfill Fund, the Water and Sewer Fund and the East Lincoln County Water and Sewer Fund. In addition, the Water and Sewer Capital Fund is consolidated with the Water and Sewer Fund. The East Lincoln County Water and Sewer Capital Projects Fund is consolidated with the East Lincoln County 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.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

The County reports the following fund types:

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 three Agency Funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for a municipality within the County; and the Miscellaneous Fund, which accounts for monies deposited with various other organizations.

C. Measurement Focus and Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Lincoln County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, 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 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. For motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the County's operations during the 2006 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue (excluding the Capital Reserve Fund), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Capital Reserve Fund, which is a special revenue fund type. Project ordinances are adopted for the Water and Sewer Capital Fund and the East Lincoln County Water and Sewer Capital Projects Fund, which are enterprise fund capital projects. A project ordinance is also adopted for the General Capital Projects Fund and the School Capital Projects Fund, which are governmental fund capital projects. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for the general fund, the departmental level for the special revenue and enterprise funds and at the object level for the capital project funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital projects fund in accordance with the project ordinance adopted for the reserve. The County Manager is authorized by the budget ordinance to transfer appropriations between departments within a fund up to \$20,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$20,000 must be approved by the governing board. During the year, some amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2004. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Allowances for Doubtful Accounts

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

5. Capital Assets

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

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

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

6. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

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

7. Compensated Absences

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

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

8. Net Assets / Fund Balances

Net Assets

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

Unreserved:

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2005-2006 budget ordinance.

Unreserved fund balance had the following designations at June 30, 2005:

Designated For Subsequent Year's Expenditures:

General Fund \$ 3,565,254

Special Revenue Fund:

Emergency Telephone Fund \$ 150,000

Enterprise Funds:

Landfill Fund \$ 3,207,375

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

F. 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.

G. Other

Use of Estimates

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

2. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the County, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. 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 does not have policies regarding custodial credit risk for deposits.

At June 30, 2005 the County's deposits had a carrying amount of \$9,005,500 and a bank balance of \$13,861,990. Of the bank balance, \$220,343 was covered by federal depository insurance, and \$13,641,647 by collateral held under the Pooling Method.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

2. Investments

At June 30, 2005 the County's investment balances were as follows:

Investment Type	Fair Value	Less Than 6 Months	
	6-12 Months		
NC Capital Management Trust- Cash Portfolio	\$ 38,907,667	n/a	n/a
NC Capital Management Trust- Term Portfolio	665,219	-	665,219
US Government Agencies	<u>3,029,374</u>	<u>1,791,992</u>	<u>1,237,382</u>
 Total investments	 <u>\$ 42,602,260</u>	 <u>\$ 1,791,992</u>	 <u>\$ 1,902,601</u>

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on specifically managing credit risk. As of June 30, 2005, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2005. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Government Agencies are rated AAA by Standard & Poor's.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments were in the following securities:

Investment	Percentage of Total Investments
US Government Agencies	
Federal Home Loan Bank	7.1%

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

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

Year Levied	Tax	Interest	Total
2002	\$ 687,541	\$ 163,291	\$ 850,832
2003	762,609	112,485	875,094
2004	728,292	41,877	770,169
2005	<u>1,178,987</u>	<u>-</u>	<u>1,178,987</u>
Total	<u>\$ 3,357,429</u>	<u>\$ 317,653</u>	<u>\$ 3,675,082</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

4. Receivables

Receivables at Exhibit A at June 30, 2005 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 811,789	\$ 2,092,014	\$ 3,370,019	\$ 6,273,822
Other Governmental	- -	131,353	44,743	176,096
Total receivables	<u>811,789</u>	<u>2,223,367</u>	<u>3,414,762</u>	<u>6,449,918</u>
Allowance for doubtful accounts	(207,532)	(503,000)	-	(710,532)
Total governmental activities	<u><u>604,257</u></u>	<u><u>1,720,367</u></u>	<u><u>3,414,762</u></u>	<u><u>5,739,386</u></u>
Business-type Activities:				
Solid Waste	\$ 121,424	\$ 173,488	\$ 13,721	\$ 308,633
Water and Sewer	112,507	139,456	72,064	324,027
Total receivables	<u>233,931</u>	<u>312,944</u>	<u>85,785</u>	<u>632,660</u>
Allowance for doubtful accounts	(41,000)	(69,195)	-	(110,195)
Total business-type activities	<u><u>192,931</u></u>	<u><u>243,749</u></u>	<u><u>85,785</u></u>	<u><u>522,465</u></u>

Due from other governments consisted of the following:

Local option sales tax	\$ 2,297,342
Sales tax refund	298,262
Other Governmental agencies	\$ 904,943

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

5. Capital Assets

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

	<u>June 30, 2004</u>	<u>Prior Period Adjustments</u>	<u>Beginning Balance as Restated</u>		<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2005</u>
			<u>June 30, 2004</u>	<u>Restated</u>			
By Asset Type:							
Nondepreciable Assets:							
Land	\$ 1,825,919	\$ 281,085	\$ 2,107,004	\$ -	\$ (189,337)	\$ 1,917,667	
Construction in progress	24,991	-	24,991	1,529,210	(150,341)		1,403,860
Depreciable Assets:							
Buildings	20,917,851	-	20,917,851	-	-		20,917,851
Other improvements	3,940,579	-	3,940,579	226,694	-		4,167,273
Equipment	6,618,255	-	6,618,255	506,265	(6,310)		7,118,210
Vehicles and other equipment	4,975,632	-	4,975,632	668,837	(455,043)		5,189,426
	<u>38,303,227</u>	<u>281,085</u>	<u>38,584,312</u>	<u>2,931,006</u>	<u>(801,031)</u>		<u>40,714,287</u>
Less Accumulated Depreciation:							
Buildings	(5,411,731)	-	(5,411,731)	(383,021)	-		(5,794,752)
Other improvements	(610,318)	-	(610,318)	(196,528)	-		(806,846)
Equipment	(3,845,765)	-	(3,845,765)	(440,813)	3,606		(4,282,972)
Vehicles and other equipment	(2,779,285)	-	(2,779,285)	(651,957)	416,718		(3,014,524)
Total accumulated depreciation	<u>(12,647,099)</u>	<u>-</u>	<u>(12,647,099)</u>	<u>\$ (1,672,319)</u>	<u>\$ 420,324</u>		<u>(13,899,094)</u>
Capital assets, net	<u>\$ 25,656,128</u>	<u>\$ 281,085</u>	<u>\$ 25,937,213</u>				<u>\$ 26,815,193</u>

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

Governmental Activities:

General government	\$ 387,166
Public safety	721,619
Environmental protection	104,494
Economic and physical development	1,933
Human services	311,341
Cultural and recreational	145,766
Total	<u>\$ 1,672,319</u>

Business-type Activities:

Landfill	\$ 686,887
Water and Sewer	828,022
East Lincoln County Water and Sewer	<u>637,403</u>
Total	<u>\$ 2,152,312</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

6. Proprietary Capital Assets

The capital assets of the Landfill Fund at June 30, 2005 are as follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2005</u>
By Asset Type:				
Nondepreciable Assets:				
Land	\$ 224,808	\$ 145,942	\$ -	\$ 370,750
Construction in progress	128,831	331,833	-	460,664
Depreciable Assets:				
Buildings and structures	531,543	-	-	531,543
Improvements	4,901,158	-	-	4,901,158
Machinery, equipment and vehicles	<u>2,971,527</u>	<u>126,558</u>	<u>(68,895)</u>	<u>3,029,190</u>
	<u>8,757,867</u>	<u>604,333</u>	<u>(68,895)</u>	<u>9,293,305</u>
Less Accumulated Depreciation:				
Buildings and structures	(96,196)	(10,631)	-	(106,827)
Improvements	(3,920,927)	(490,115)	-	(4,411,042)
Machinery, equipment and vehicles	<u>(1,890,093)</u>	<u>(186,141)</u>	<u>68,895</u>	<u>(2,007,339)</u>
Total accumulated depreciation	<u>(5,907,216)</u>	<u>\$ (686,887)</u>	<u>\$ 68,895</u>	<u>\$ (6,525,208)</u>
Capital assets, net	<u>\$ 2,850,651</u>			<u>\$ 2,768,097</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

The capital assets of the Water and Sewer Fund at June 30, 2005 are as follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2005</u>
By Asset Type:				
Nondepreciable Assets:				
Construction in progress	\$ 3,059,187	\$ 1,055,647	\$ (3,115,313)	\$ 999,521
Depreciable Assets:				
Buildings and structures	7,580,837	-	-	7,580,837
Improvements	84,300	13,535	-	97,835
Water lines	24,072,372	3,669,043	-	27,741,415
Machinery, equipment and vehicles	<u>1,935,315</u>	<u>54,890</u>	<u>(45,591)</u>	<u>1,944,614</u>
	<u>36,732,011</u>	<u>4,793,115</u>	<u>(3,160,904)</u>	<u>38,364,222</u>
Less Accumulated Depreciation:				
Buildings and structures	(1,825,785)	(151,553)	-	(1,977,338)
Improvements	(60,633)	(4,259)	-	(64,892)
Water lines	(5,743,667)	(571,819)	-	(6,315,486)
Machinery, equipment and vehicles	<u>(1,607,718)</u>	<u>(100,391)</u>	<u>45,591</u>	<u>(1,662,518)</u>
Total accumulated depreciation	<u>(9,237,803)</u>	<u>\$ (828,022)</u>	<u>\$ 45,591</u>	<u>(10,020,234)</u>
Capital assets, net	<u>\$ 27,494,208</u>			<u>\$ 28,343,988</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

The capital assets of the East Lincoln County Water and Sewer Fund at June 30, 2005 are as follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2005</u>
By Asset Type:				
Nondepreciable Assets:				
Land	\$ 280,000	\$ -	\$ -	\$ 280,000
Construction in progress	23,652	251,796	-	275,448
Depreciable Assets:				
Buildings and structures	16,444,093	-	-	16,444,093
Improvements	118,169	-	-	118,169
Water lines	6,057,387	472,480	-	6,529,867
Machinery, equipment and vehicles	1,639,542	109,099	(2,000)	1,746,641
	<u>24,562,843</u>	<u>833,375</u>	<u>(2,000)</u>	<u>25,394,218</u>
Less Accumulated Depreciation:				
Buildings and structures	(2,537,737)	(329,666)	-	(2,867,403)
Improvements	(16,328)	(5,908)	-	(22,236)
Water lines	(639,054)	(159,214)	-	(798,268)
Machinery, equipment and vehicles	(539,417)	(142,615)	2,000	(680,032)
Total accumulated depreciation	<u>(3,732,536)</u>	<u>\$ (637,403)</u>	<u>\$ 2,000</u>	<u>\$ (4,367,939)</u>
Capital assets, net	<u>\$ 20,830,307</u>			<u>\$ 21,026,279</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

B. Liabilities

1. Payables

Payables at Exhibit A at June 30, 2005 were as follows:

	Salaries and		Accrued Interest	Other	Total
	Vendors	Benefits			
Governmental Activities:					
General	\$ 1,210,937	\$ 450,589	\$ -	\$ 6,366	\$ 1,667,892
Other Governmental	<u>4,311,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,311,321</u>
Total governmental activities	<u>\$ 5,522,258</u>	<u>\$ 450,589</u>	<u>\$ -</u>	<u>\$ 6,366</u>	<u>\$ 5,979,213</u>
Business-type Activities:					
Solid Waste	\$ 103,239	\$ 11,567	\$ -	\$ 548	\$ 115,354
Water and Sewer	<u>140,389</u>	<u>17,317</u>	<u>56,650</u>	<u>-</u>	<u>214,356</u>
Total business-type activities	<u>\$ 243,628</u>	<u>\$ 28,884</u>	<u>\$ 56,650</u>	<u>\$ 548</u>	<u>\$ 329,710</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

2. Pension Plan Obligation

Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of Lincoln County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$806,556, \$760,195, and \$707,258, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description

Lincoln County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan does not issue a separate stand-alone financial report.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2004, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	77
Total	81

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2004 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both item (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

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

Employer annual required contribution	\$ 66,622
Interest on net pension obligation	21,532
Adjustment to annual required contribution	(16,661)
Annual pension cost	71,493
Employer contributions made for fiscal year ending 6/30/05	28,229
Increase (decrease) in net pension obligation	43,264
Net pension obligation July 1	296,992
Net pension obligation June 30	\$ 340,256

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Three-Year Trend Information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 60,937	18.21%	\$ 246,495
6/30/2004	66,340	23.88%	296,992
6/30/2005	\$ 71,493	39.48%	340,256

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2005 were \$156,129, which consisted of \$132,978 from the County and \$23,151 from the law enforcement officers.

Registers of Deeds' Supplemental Pension Fund

Plan Description

Lincoln County contributes to the Registers of Deeds' Supplemental Pension Fund (“Fund”), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven- percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2005, the County's required and actual contributions were \$24,849.

Other Post employment Benefits

According to a County resolution, Lincoln County provides post-retirement health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 55 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2005, the County made payments for postretirement health benefit premiums of \$209,675. The County obtains health care coverage through private insurers.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2005, the County made contributions to the State for death benefits of \$18,762. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.11% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

3. Closure and Postclosure Care Costs - Landfill Facility

The County's new landfill consists of Phases I through VIII. Cells have been constructed in Phase I and II and accordingly, it is the only section that has accepted solid waste. State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,857,250 reported as landfill closure and postclosure care liability at June 30, 2005 represents a cumulative amount reported to-date based on the use of 80 percent of Phase I and II estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$428,583 as the remaining estimated capacity of Phase I and II is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The County expects to close Phase I and II in the year 2006. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

4. Deferred / Unearned Revenues

The balance in deferred revenues on the fund statements at June 30, 2005 is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ 527,434	\$ 527,434
Taxes receivable, net (General)	1,589,014	-
Taxes receivable, net (Special Revenue)	131,353	-
	<u>\$ 2,247,801</u>	<u>\$ 527,434</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three 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 \$150 million for any one occurrence, general liability coverage of \$2 million per occurrence, workers' compensation coverage up to statutory limits, and hospitalization insurance for employees. 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, \$150 million each occurrence subject to the pool retention of aggregate annual losses in excess of \$100,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation. 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.

6. Claims and Judgments

At June 30, 2005, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

General Obligation Indebtedness

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

The County's general obligation bonds at June 30, 2005 are comprised of the following individual issues:

Governmental Activities:

Governmental Funds

\$4,000,000 1996 School Building bonds due in annual installments of \$100,000 to \$400,000 through April 23, 2014; interest rates from 5.00% to 5.20%; interest payments due June 1 and December 1	\$ 2,500,000
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\$3,100,000 1997 School Building bonds due in annual installments of \$100,000 to \$500,000 through April 15, 2014; interest rates from 4.75% to 5.30%; interest payments due June 1 and December 1	2,100,000
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\$3,000,000 1998 School Building bonds due in annual installments of \$125,000 to \$400,000 through June 1, 2017; interest rates from 4.20% to 4.40%; interest payments due June 1 and December 1	2,250,000
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\$8,510,000 1999 School Refunding bonds due in annual installments of \$285,000 to \$955,000 through June 1, 2013; interest rates from 3.50% to 4.30%; interest payments due June 1 and December 1	6,325,000
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LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

General Obligation Indebtedness (continued)

Governmental Activities:

Governmental Funds

\$7,500,000 2000 School Building bonds due in annual installments of \$250,000 to \$1,000,000 through June 1, 2018; interest rates from 5.00% to 5.20%; interest payments due June 1 and December 1	6,500,000
\$19,500,000 2002 School Building bonds due in annual installments of \$600,000 to \$2,400,000 through June 1, 2020; interest rates from 4.25% to 4.75%; interest payments due June 1 and December 1	17,700,000
\$9,000,000 2002A School Building bonds due in annual installments of \$400,000 to \$1,050,000 through June 1, 2021; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1	8,200,000
\$200,000 2003A County Facility Refunding bonds due in annual installments of \$25,000 to \$100,000 through June 1, 2006; interest rate of 2.00%; interest payments due June 1 and December 1	100,000
\$5,107,034 2004 School Refunding bonds due in annual installments of \$370,751 to \$996,854 through June 1, 2011; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1	4,110,180
\$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	<u>17,000,000</u>
Total serviced by governmental activities	<u>66,785,180</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

General Obligation Indebtedness (continued)

Proprietary Funds

Water and Sewer Fund

\$1,590,000 2003A Water Refunding bonds due in annual installments of \$65,000 to \$220,000 through June 1, 2012; interest rates from 2.00% to 3.25%; interest payments due June 1 and December 1 1,165,000

\$5,292,966 2004 Water Refunding bonds due in annual installments of \$384,249 to \$1,033,146 through June 1, 2011; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1 4,259,820

East Lincoln County Water and Sewer District

\$2,475,000 1996 Sanitary Sewer bonds due in annual installments of \$275,000 through June 1, 2006 call date; interest rate 5.20%; interest payments due June 1 and December 1 275,000

\$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 1,150,000

\$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 5,355,000

Total serviced by business-type activities 12,204,820

Total general obligation bonds \$ 78,990,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

General Obligation Indebtedness (continued)

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

Governmental Activities:

Governmental Funds

	Principal	Interest	Total
2006	\$ 4,040,024	\$ 2,930,365	\$ 6,970,389
2007	4,012,927	2,771,308	6,784,235
2008	3,978,373	2,612,166	6,590,539
2009	3,972,622	2,453,781	6,426,403
2010	3,950,483	2,286,950	6,237,433
2011-2015	19,780,751	8,874,118	28,654,869
2016-2020	19,875,000	4,307,040	24,182,040
2021-2023	<u>7,175,000</u>	<u>555,189</u>	<u>7,730,189</u>
	<u><u>\$ 66,785,180</u></u>	<u><u>\$ 26,790,917</u></u>	<u><u>\$ 93,576,097</u></u>

Business-type Activities:

Water and Sewer Fund

	Principal	Interest	Total
2006	\$ 1,194,976	\$ 205,699	\$ 1,400,675
2007	1,162,073	162,481	1,324,554
2008	1,131,627	119,798	1,251,425
2009	742,378	77,308	819,686
2010	574,517	44,239	618,756
2011-2012	<u>619,249</u>	<u>25,121</u>	<u>644,370</u>
	<u><u>\$ 5,424,820</u></u>	<u><u>\$ 634,646</u></u>	<u><u>\$ 6,059,466</u></u>

Business-type Activities:

East Lincoln County Water and Sewer District

	Principal	Interest	Total
2006	\$ 615,000	\$ 215,295	\$ 830,295
2007	615,000	192,245	807,245
2008	595,000	177,995	772,995
2009	585,000	162,733	747,733
2010	575,000	146,240	721,240
2011-2015	2,710,000	473,852	3,183,852
2016-2019	<u>1,085,000</u>	<u>74,859</u>	<u>1,159,859</u>
	<u><u>\$ 6,780,000</u></u>	<u><u>\$ 1,443,219</u></u>	<u><u>\$ 8,223,219</u></u>
Total general obligation bonds	<u><u>\$ 78,990,000</u></u>	<u><u>\$ 28,868,782</u></u>	<u><u>\$ 107,858,782</u></u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

\$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, 2005 is \$3,000,000.

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

Business-type Activities:

East Lincoln Water and Sewer District

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 250,000	\$ 102,900	\$ 352,900
2007	250,000	94,325	344,325
2008	250,000	85,750	335,750
2009	250,000	77,175	327,175
2010	250,000	68,600	318,600
2011-2015	1,250,000	214,375	1,464,375
2016-2017	500,000	25,725	525,725
	<u>\$ 3,000,000</u>	<u>\$ 668,850</u>	<u>\$ 3,668,850</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Installment Purchases

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchases. Installment purchase contracts at June 30, 2005 are comprised of the following individual agreements:

Governmental Activities:

General Fund:

\$600,000 contract for construction of economic development sewer line due in semi-annual installments of \$30,000 plus interest at 4.69% through May 11, 2011	\$ 360,000
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\$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	<u>9,722,297</u>
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Total governmental activities	<u>10,082,297</u>
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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	<u>912,702</u>
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Total installment purchase contracts	<u>\$ 10,994,999</u>
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LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

The future minimum payments as of June 30, 2005 for the installment purchase contracts are as follows:

**Governmental Activities:
Governmental Funds**

	Principal	Interest	Total
2006	\$ 1,330,709	\$ 392,590	\$ 1,723,299
2007	1,326,138	364,362	1,690,500
2008	1,362,702	305,028	1,667,730
2009	1,394,702	243,593	1,638,295
2010	1,431,269	183,802	1,615,071
2011-2015	2,628,844	384,956	3,013,800
2016-2018	607,933	45,709	653,642
	<u>\$ 10,082,297</u>	<u>\$ 1,920,040</u>	<u>\$ 12,002,337</u>

**Business-type Activities:
Water and Sewer Fund**

	Principal	Interest	Total
2006	\$ 119,300	\$ 35,336	\$ 154,636
2007	118,862	32,950	151,812
2008	122,295	27,645	149,940
2009	125,298	22,141	147,439
2010	128,731	16,793	145,524
2011-2015	241,156	35,940	277,096
2016-2018	57,060	4,291	61,351
	<u>\$ 912,702</u>	<u>\$ 175,096</u>	<u>\$ 1,087,798</u>
Total installment purchase contracts	<u>\$ 10,994,999</u>	<u>\$ 2,095,136</u>	<u>\$ 13,090,135</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

A summary of changes in long-term obligations follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2005</u>	Current Portion
Governmental Activities:					
General obligations bonds	\$ 53,122,034	\$ 17,000,000	\$ 3,336,854	\$ 66,785,180	\$ 4,040,024
Installment purchases	11,403,864	-	1,321,567	10,082,297	1,330,709
Unfunded pension obligation	296,992	43,264	-	340,256	-
Compensated absences	871,100	671,531	579,412	963,219	96,000
Total	<u>\$ 65,693,990</u>	<u>\$ 17,714,795</u>	<u>\$ 5,237,833</u>	<u>\$ 78,170,952</u>	<u>\$ 5,466,733</u>
Business-Type Activities:					
General obligation bonds	\$ 14,057,966	\$ -	\$ 1,853,146	\$ 12,204,820	\$ 1,809,967
State Bond loan	3,250,000	-	250,000	3,000,000	250,000
Installment purchases	1,031,136	-	118,434	912,702	119,300
Compensated absences	102,920	61,177	57,842	106,255	10,000
Accrued landfill closure/ postclosure care costs	<u>3,358,146</u>	<u>499,104</u>	<u>-</u>	<u>3,857,250</u>	<u>-</u>
Total	<u>\$ 21,800,168</u>	<u>\$ 560,281</u>	<u>\$ 2,279,422</u>	<u>\$ 20,081,027</u>	<u>\$ 2,189,267</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2005 Lincoln County had a legal debt margin of \$373,367,310.

Conduit Debt Obligations

Lincoln County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$2,175,000.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

C. Interfund Balances and Activity

Due To / Due From:	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,326,275	\$ -
Enterprise (Water and Sewer) Fund	-	2,287,114
Enterprise (Landfill) Fund	-	320
Special Revenue (Emergency Telephone) Fund	-	38,841
General Fund	-	1,667,814
Special Revenue (Capital Reserve) Fund	427,349	-
Special Revenue (Emergency Telephone) Fund	45,175	-
Enterprise (Water and Sewer) Fund	1,195,290	-
Enterprise (E. Lincoln Water and Sewer) Fund	195,335	-
Enterprise (Water and Sewer) Fund	-	<u>195,335</u>
Totals	<u>\$ 4,189,424</u>	<u>\$ 4,189,424</u>

Amounts were due to the allocation of activity between the governmental and business-type activities.

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From / To Other Funds:			
Special Revenue (Capital Reserve) Fund	\$ 6,550,828	\$ -	Debt service transfer
General Fund	-	6,550,828	
General Fund	6,704,953	-	Local option sales tax transfer
Special Revenue (Capital Reserve) Fund	-	6,704,953	
General Fund	1,408,011	-	Resources for construction
Capital Project (General Capital) Fund	-	<u>1,408,011</u>	
Total transfers - intrafund	<u>\$ 14,663,792</u>	<u>\$ 14,663,792</u>	

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

3. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

4. Related Organization

Lincoln Medical Center, Inc.

Lincoln Medical Center, Inc. is a public hospital operated by a not-for-profit corporation. The County confirms the appointment of the board of trustees for the hospital; however, the County is not financially accountable for the hospital. The County has also issued revenue bonds for improvement of the hospital's facilities. The proceeds of the bonds were used to renovate existing hospital facilities, construct additional hospital facilities and purchase medical equipment. Since a reorganization of the hospital as a 501 c (3) organization, sufficient funds have been placed with an escrow agent to retire the existing revenue bonds as they become due. As part of the reorganization, the hospital obtained additional financing in order to renovate existing hospital facilities and to construct an addition to the hospital. If the hospital should default on the bonds, the County could assume operation of the hospital or contact with another party to manage the hospital. The County is in no way obligated for any debt issued by the hospital.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

5. Joint Venture

The County, in conjunction with Gaston and Cleveland Counties, participates in the Gaston/Lincoln/Cleveland Mental Health, Development Disabilities, and Substance Abuse Authority (dba Pathways). Pathways is governed by a 16-member board of directors (5 from Gaston County, 5 from Lincoln County and 6 from Cleveland County). The board of commissioners of each county appoints one of its own members to the Authority's board. Each of those board members in turn appoints the additional members of the Pathways' board and these appointees, in consultation with the other commissioners, appoint the balance of the members from his/her respective county. Pathways manages a comprehensive array of services to children, adolescents, and adults with mental health, substance abuse, and developmental disabilities needs. Service delivered is offered by numerous providers throughout the three county area. Pathways receives the majority of its financial support through State and Federal sources, as well as direct payments by clients and insurers for services rendered. The County has an ongoing financial responsibility to supplement these funds and for the year ended June 30, 2005 provided \$279,980 in support of Pathways' services. Additionally, the County remitted \$11,781 to Pathways from alcohol rehabilitation tax. The County does not have an equity interest in Pathways; therefore, no equity interest has been reflected in the financial statements at June 30, 2005. Complete financial statements for Pathways may be obtained from Pathways' administrative offices at 901 South New Hope Road, Gastonia, N.C. 28054.

6. Jointly Governed Organization

The County, in conjunction with seven other counties and fifty municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$16,650 to the Council during the fiscal year ended June 30, 2005.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$88,089 for the year ended June 30, 2005.

The County's Board of Commissioners appoints one of the Lake Norman Commission Board of Directors. The County provided funding of \$18,258 for the year ended June 30, 2005.

The County's Board of Commissioners appoints one of the Mountain Island Lake Commission Board of Directors. The County provided funding of \$1,618 for the year ended June 30, 2005.

7. Benefit Payments Issued by the State

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

	Federal	State
Food Stamp Program	\$ 5,305,585	\$ -
Medical Assistance	38,274,091	18,460,351
Temporary Assistance to Needy Families	507,182	-
Low Income Energy Assistance	88,540	-
State/County Domiciliary Care	-	491,074
Special Supplemental Food Program for Women, Infants, and Children	866,657	-
IV-E Foster Care	72,888	26,646
IV-E Adoption Subsidy	154,844	44,627
CWS Adoption Subsidy	-	155,965
State Foster Home	-	19,742
 Totals	 <u>\$ 45,269,787</u>	 <u>\$ 19,198,405</u>

8. Subsequent Events

In July 2005, installment financing was obtained in the amount of \$780,000 to replace emergency communications and law enforcement computer equipment. The financing is to be repaid over 59 months at an interest rate of 3.21%

In July 2005, \$2 million of Qualified Academy Bonds (QZAB) were issued to finance school construction. The bonds bear no interest since the issuer is allowed a federal tax credit.

On May 4, 2004 voters authorized the issuance of up to \$47 million in school bonds to be used for the construction of a new elementary school, a new middle school, the expansion of three existing high schools, and the extension of water service to an existing school. In October 2005 \$28 million in school bonds were issued at a true interest cost of 4.21%.

9. Prior Period Adjustments

During the year, the County determined that certain capital assets used in governmental activities, with a net book value of \$281,085, were not recorded on the books in prior years. The error was corrected by restating (increasing) beginning net assets.

During the year, the County discovered that a \$400,000 accounts receivable recorded in the prior year in the Water and Sewer Fund for anticipated grant revenue would not be received. The error was corrected by restating (decreasing) beginning net assets.

LINCOLN COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
YEAR ENDED JUNE 30, 2005

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percent of Covered Payroll ((B-A)/C)
12/31/1995	-	\$ 109,306	\$ 109,306	0.00%	\$ 1,030,551	10.61%
12/31/1996	-	125,704	125,704	0.00%	1,183,370	10.62%
12/31/1997	-	166,937	166,937	0.00%	1,638,279	10.19%
12/31/1998	-	191,447	191,447	0.00%	1,813,610	10.56%
12/31/1999	-	220,986	220,986	0.00%	1,802,673	12.26%
12/31/2000*	-	398,302	398,302	0.00%	1,849,314	21.54%
12/31/2001	-	447,581	447,581	0.00%	1,992,579	22.46%
12/31/2002	-	475,846	475,846	0.00%	2,262,143	21.04%
12/31/2003	-	513,461	513,461	0.00%	2,352,389	21.83%
12/31/2004	-	588,436	588,436	0.00%	2,478,805	23.74%

*Reflects Changes in Actuarial Assumptions

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation End of Year
2000	33,926	0.00%	107,735
2001	37,089	0.00%	144,824
2002	56,002	7.45%	196,655
2003	60,937	18.21%	246,495
2004	66,340	23.88%	296,992
2005	71,493	39.48%	340,256

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	12/31/2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	7.25%
Projected salary increases*	5.9% - 9.8%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Revenues:				
Ad Valorem Taxes:				
Total	\$ 33,414,042	\$ 34,346,552	\$ 932,510	\$ 29,813,860
	<u>33,414,042</u>	<u>34,346,552</u>	<u>932,510</u>	<u>29,813,860</u>
Local Option Sales Taxes:				
Article 39 one percent	4,550,000	5,198,706	648,706	4,419,565
Article 40 one-half of one percent	2,850,000	2,809,677	(40,323)	2,633,017
Article 42 one-half of one percent	2,830,000	2,792,072	(37,928)	2,613,032
Article 44 one-half of one percent	2,225,000	2,384,291	159,291	2,153,177
Total	<u>12,455,000</u>	<u>13,184,746</u>	<u>729,746</u>	<u>11,818,791</u>
Other Taxes and Licenses:				
Real estate transfer tax	575,000	850,318	275,318	693,074
Local occupancy tax	59,000	62,402	3,402	59,797
Utility franchise tax	175,000	180,808	5,808	173,696
Total	<u>809,000</u>	<u>1,093,528</u>	<u>284,528</u>	<u>926,567</u>
Unrestricted Intergovernmental Revenues:				
Beer and wine tax	247,000	264,064	17,064	250,749
Tax refunds - sales and gasoline	125,000	163,097	38,097	127,356
Total	<u>372,000</u>	<u>427,161</u>	<u>55,161</u>	<u>378,105</u>
Restricted Intergovernmental Revenues:				
Federal and state grants	7,931,491	7,871,944	(59,547)	6,977,362
Court facilities fees	90,000	107,321	17,321	92,490
ABC revenue	14,000	15,245	1,245	17,385
Total	<u>8,035,491</u>	<u>7,994,510</u>	<u>(40,981)</u>	<u>7,087,237</u>
Permits and Fees:				
Inspection department	1,012,246	1,160,197	147,951	958,425
Sheriff department	27,000	76,160	49,160	55,456
Register of Deeds	447,500	486,414	38,914	532,368
Total	<u>1,486,746</u>	<u>1,722,771</u>	<u>236,025</u>	<u>1,546,249</u>

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Sales and Services:				
Rents, concessions and fees	803,405	895,858	92,453	850,346
Ambulance fees	1,906,175	1,881,490	(24,685)	1,832,160
Animal control	15,000	14,202	(798)	17,298
Jail fees	45,000	111,597	66,597	139,968
Social Services	2,771,664	2,355,673	(415,991)	1,928,319
Health department	1,423,178	1,261,067	(162,111)	1,382,365
Collection fees - special tax districts and City of Lincolnton	215,068	232,154	17,086	218,561
Bioterrorism	60,823	101,619	40,796	23,847
Officer fees	-	-	-	30,528
Arts Council	-	-	-	24
Total	7,240,313	6,853,660	(386,653)	6,423,416
Investment Earnings	189,070	427,347	238,277	132,146
Miscellaneous:				
Sale of property	197,290	220,788	23,498	173,265
Contributions	7,029	50,187	43,158	10,695
Other	62,200	148,700	86,500	60,643
Total	266,519	419,675	153,156	244,603
Total revenues	64,268,181	66,469,950	2,201,769	58,370,974
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	74,906	71,353	3,553	73,999
Other operating expenditures	99,406	92,820	6,586	112,174
Total	174,312	164,173	10,139	186,173
Administration and Finance:				
Salaries and employee benefits	575,811	560,159	15,652	527,085
Other operating expenditures	148,419	136,381	12,038	136,208
Capital outlay	4,000	-	4,000	3,020
Total	728,230	696,540	31,690	666,313
Data Processing:				
Salaries and employee benefits	274,975	265,079	9,896	250,185
Other operating expenditures	147,088	131,436	15,652	137,536
Capital outlay	-	-	-	5,947
Total	422,063	396,515	25,548	393,668

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual
Elections:				
Salaries and employee benefits	251,552	234,041	17,511	160,487
Special compensation	11,200	10,700	500	9,400
Other operating expenditures	123,319	80,754	42,565	80,383
Capital outlay	19,494	13,947	5,547	2,157
Total	405,565	339,442	66,123	252,427
Taxes:				
Salaries and employee benefits	467,011	457,405	9,606	429,298
Other operating expenditures	318,963	276,917	42,046	284,818
Tax mapping	389,925	377,041	12,884	294,999
Tax revaluation	333,506	295,747	37,759	278,200
Capital outlay	51,610	45,007	6,603	38,327
Total	1,561,015	1,452,117	108,898	1,325,642
Legal:				
Other operating expenditures	115,030	109,092	5,938	70,315
Total	115,030	109,092	5,938	70,315
Register of Deeds:				
Salaries and employee benefits	505,326	402,108	103,218	420,149
Other operating expenditures	467,731	517,159	(49,428)	456,288
Capital outlay	136,495	26,254	110,241	43,991
Total	1,109,552	945,521	164,031	920,428
Central Services:				
Salaries and employee benefits	209,300	208,812	488	183,729
Other operating expenditures	46,700	125,384	(78,684)	(14,778)
Capital outlay	21,000	-	21,000	-
Total	277,000	334,196	(57,196)	168,951
Public Buildings:				
Salaries and employee benefits	545,814	529,902	15,912	506,222
Other operating expenditures	810,510	680,115	130,395	621,159
Capital outlay	45,750	45,749	1	1,391
Total	1,402,074	1,255,766	146,308	1,128,772
Court Facilities:				
Other operating expenditures	171,150	251,631	(80,481)	14,697
Capital outlay	381,104	306,389	74,715	8,574
Total	552,254	558,020	(5,766)	23,271

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Special Grants:				
Mass transit	40,572	-	40,572	-
Forestry program	50,499	40,873	9,626	38,555
National Guard	3,425	3,425	-	2,925
Lake Norman Marine Commission	18,258	18,258	-	18,432
Lake Norman RPO	3,100	-	3,100	3,071
Regional Council of Government	16,650	16,650	-	13,394
West/East Lincoln Rescue Squads	159,600	152,472	7,128	158,198
Miscellaneous grants	60,000	59,714	286	66,997
Airport Authority	67,683	67,683	-	65,329
Council on Aging	26,050	18,050	8,000	23,088
Arts Council	7,800	7,800	-	7,800
Mainstreet Program	11,700	11,700	-	11,700
Cultural Development Center	24,375	24,375	-	24,375
Chamber of Commerce	15,600	15,600	-	15,600
Mountain Island Commission	1,618	1,618	-	1,618
Total	506,930	438,218	68,712	451,082
Total general government	7,254,025	6,689,600	564,425	5,587,042
Public Safety:				
Sheriff department				
Salaries and employee benefits	4,064,999	3,917,076	147,923	3,557,903
Other operating expenditures	934,876	876,025	58,851	641,600
Capital outlay	340,003	319,857	20,146	374,475
Total	5,339,878	5,112,958	226,920	4,573,978
Jail:				
Salaries and employee benefits	1,536,662	1,398,635	138,027	1,262,728
Other operating expenditures	818,696	710,220	108,476	632,620
Capital outlay	27,100	-	27,100	4,875
Total	2,382,458	2,108,855	273,603	1,900,223
Communications:				
Salaries and employee benefits	750,783	662,338	88,445	532,298
Other operating expenditures	45,445	(2,407)	47,852	7,171
Capital outlay	-	38,841	(38,841)	-
Total	796,228	698,772	97,456	539,469
Emergency Management:				
Salaries and employee benefits	99,659	98,374	1,285	95,232
Other operating expenditures	39,739	50,965	(11,226)	83,442
Capital outlay	225,971	196,954	29,017	105,961
Total	365,369	346,293	19,076	284,635

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Ambulance Services:				
Salaries and employee benefits	2,500,934	2,503,892	(2,958)	2,047,199
Other operating expenditures	830,125	800,060	30,065	704,913
Capital outlay	-	-	-	4,872
Total	3,331,059	3,303,952	27,107	2,756,984
Fire:				
Fire Marshall				
Salaries and employee benefits	94,607	91,117	3,490	88,639
Other operating expenditures	26,619	20,941	5,678	24,107
Capital outlay	30,210	28,947	1,263	976
Total	151,436	141,005	10,431	113,722
Assistance to local volunteer fire departments	85,800	81,101	4,699	73,769
Building and Land Development:				
Salaries and employee benefits	816,387	781,461	34,926	751,565
Other operating expenditures	145,248	147,617	(2,369)	149,516
Capital outlay	50,611	50,591	20	10,364
Total	1,012,246	979,669	32,577	911,445
Medical Examiner:				
Contracted Services	52,415	42,918	9,497	33,681
Total	52,415	42,918	9,497	33,681
Non-Department Expenditures:				
Animal control				
Salaries and employee benefits	201,471	201,218	253	173,371
Other operating expenditures	110,359	90,227	20,132	59,633
Capital outlay	17,000	15,187	1,813	-
Total	328,830	306,632	22,198	233,004
Total public safety	13,845,719	13,122,155	723,564	11,420,910
Environmental Protection:				
Sanitation				
Salaries and employee benefits	-	-	-	420,318
Other operating expenditures	-	-	-	143,314
Total	-	-	-	563,632
Total environmental protection	-	-	-	563,632

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Prior Year Actual
			Prior Year	
Economic and Physical Development:				
Agriculture extension				
Salaries and employee benefits	47,677	40,385	7,292	43,478
Other operating expenditures	192,857	32,816	160,041	30,017
Contracted services	-	144,466	(144,466)	133,956
Total	240,534	217,667	22,867	207,451
Economic Development Commission/Projects:				
Other operating expenditures	583,336	580,673	2,663	532,184
Total	583,336	580,673	2,663	532,184
Soil and Water Conservation:				
Salaries and employee benefits	86,025	84,817	1,208	81,741
Other operating expenditures	15,813	14,044	1,769	14,088
Capital outlay	15,603	15,602	1	-
Total	117,441	114,463	2,978	95,829
Planning:				
Other operating expenditures	3,738	3,704	34	10,261
Total	3,738	3,704	34	10,261
Other Economic Development:				
Contracted services	400,000	368,323	31,677	9,994
Total	400,000	368,323	31,677	9,994
Total economic and physical development	1,345,049	1,284,830	60,219	855,719
Human Services:				
Health				
Administration				
Salaries and employee benefits	450,412	454,693	(4,281)	438,641
Special compensation	1,320	870	450	860
Other operating expenditures	175,538	156,074	19,464	178,915
Total	627,270	611,637	15,633	618,416
Immunization:				
Salaries and employee benefits	42,218	41,451	767	40,046
Other operating expenditures	42,827	24,237	18,590	44,485
Capital outlay	-	-	-	4,178
Total	85,045	65,688	19,357	88,709

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual
				Prior Year
Criminal Justice Discretionary:				
Adult Health:				
Salaries and employee benefits	88,906	87,638	1,268	84,447
Other operating expenditures	4,940	1,839	3,101	1,186
Total	93,846	89,477	4,369	85,633
BCCP-Health:				
Salaries and employee benefits	13,618	13,164	454	12,294
Other operating expenditures	22,820	42,309	(19,489)	17,451
Total	36,438	55,473	(19,035)	29,745
Wise Woman:				
Salaries and employee benefits	13,555	13,163	392	12,293
Other operating expenditures	1,424	628	796	23
Total	14,979	13,791	1,188	12,316
Communicable Disease:				
Salaries and employee benefits	46,106	36,251	9,855	43,825
Other operating expenditures	6,660	4,806	1,854	5,412
Total	52,766	41,057	11,709	49,237
Lab:				
Salaries and employee benefits	81,869	81,800	69	78,695
Other operating expenditures	63,290	65,869	(2,579)	59,708
Total	145,159	147,669	(2,510)	138,403
Dental Indigent Funds:				
Other operating expenditures	-	-	-	9,800
Total	-	-	-	9,800
Family Planning:				
Salaries and employee benefits	71,357	58,278	13,079	63,110
Other operating expenditures	44,685	28,104	16,581	36,703
Total	116,042	86,382	29,660	99,813
Maternal Health:				
Salaries and employee benefits	144,652	141,587	3,065	136,713
Other operating expenditures	98,135	59,570	38,565	28,441
Capital outlay	28,764	4,930	23,834	36,367
Total	271,551	206,087	65,464	201,521

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual
Child Health:				
Salaries and employee benefits	91,687	79,635	12,052	87,050
Other operating expenditures	17,323	6,472	10,851	15,527
Total	109,010	86,107	22,903	102,577
Home Health Services:				
Salaries and employee benefits	775,403	641,951	133,452	668,229
Contracted services	156,214	133,512	22,702	165,672
Other operating expenditures	239,439	196,801	42,638	200,390
Capital outlay	-	-	-	5,119
Total	1,171,056	972,264	198,792	1,039,410
Child Asthma:				
Operating expenditures	-	(263)	263	3,254
Total	-	(263)	263	3,254
Healthy Carolinians:				
Other operating expenditures	-	180	(180)	(1,219)
Total	-	180	(180)	(1,219)
Maternity Outreach Worker:				
Other operating expenditures	-	-	-	250
Total	-	-	-	250
Maternal Care Coordination:				
Salaries and employee benefits	123,356	119,786	3,570	103,687
Other operating expenditures	7,324	3,072	4,252	4,243
Total	130,680	122,858	7,822	107,930
Child Service Coordination:				
Salaries and employee benefits	113,379	89,650	23,729	115,367
Other operating expenditures	10,072	5,092	4,980	4,633
Total	123,451	94,742	28,709	120,000
School Health:				
Salaries and employee benefits	178,836	179,504	(668)	185,764
Other operating expenditures	18,303	17,955	348	11,348
Total	197,139	197,459	(320)	197,112
Dental Health:				
Other operating expenditures	-	-	-	1,947
Total	-	-	-	1,947

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual
Women, Infants, and Children:				Prior Year
Salaries and employee benefits	128,930	100,541	28,389	102,492
Other operating expenditures	18,802	19,311	(509)	14,889
Capital outlay	2,523	2,522	1	-
Total	150,255	122,374	27,881	117,381
Day Care Grant:				
Salaries and employee benefits	42,208	42,666	(458)	36,938
Other operating expenditures	4,906	4,284	622	3,887
Total	47,114	46,950	164	40,825
Nutrition:				
Salaries and employee benefits	56,637	56,811	(174)	54,962
Other operating expenditures	5,142	5,431	(289)	3,658
Total	61,779	62,242	(463)	58,620
Environmental Health:				
Salaries and employee benefits	353,322	352,203	1,119	342,505
Other operating expenditures	57,805	51,540	6,265	39,311
Capital Outlay	27,932	27,931	1	4,397
Total	439,059	431,674	7,385	386,213
School Health:				
Salaries and employee benefits	88,114	34,077	54,037	-
Other operating expenditures	10,516	6,352	4,164	-
Total	98,630	40,429	58,201	-
Health Promotion:				
Salaries and employee benefits	42,460	41,936	524	41,202
Other operating expenditures	4,848	5,297	(449)	3,780
Total	47,308	47,233	75	44,982
Other Health Programs:				
Healthy Task Coordinator	-	-	-	6,015
Helping Hands clinic	-	-	-	7,060
6th grade Health Study Grant	-	-	-	5,240
CCHI- Nutrition Initiative	-	(8)	8	1,797
Susan Komen	41,745	13,251	28,494	-
Safe Kids Initiative	-	-	-	5,926
Total	41,745	13,243	28,502	26,038
Total health	4,060,322	3,554,753	505,569	3,578,913

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Actual
			Prior Year	Prior Year
Mental Health:				
Gaston-Lincoln Area program	291,880	291,760	120	287,679
Social Services:				
Administration:				
Salaries and employee benefits	555,992	493,324	62,668	429,860
Special compensation	1,200	1,020	180	1,020
Other operating expenditures	196,643	185,736	10,907	168,262
Capital outlay	155,029	144,703	10,326	93,818
Total	908,864	824,783	84,081	692,960
Children's Services:				
Salaries and employee benefits	1,324,985	1,312,122	12,863	1,120,141
Foster care	487,600	419,527	68,073	400,411
Legal retainer fee	70,000	63,293	6,707	68,226
Other operating expenditures	175,902	113,766	62,136	97,248
Total	2,058,487	1,908,708	149,779	1,686,026
Family Preservation:				
Salaries and employee benefits	43,492	43,612	(120)	41,275
Other operating expenditures	6,940	3,821	3,119	3,628
Total	50,432	47,433	2,999	44,903
Adult Services:				
Salaries and employee benefits	346,579	329,888	16,691	344,919
Long term care, SD	524,081	491,074	33,007	508,322
Other operating expenditures	12,888	11,903	985	16,862
Total	883,548	832,865	50,683	870,103
State In-Home Care:				
Special compensation	9,249	6,866	2,383	8,440
Total	9,249	6,866	2,383	8,440
Office on Aging - HCCBG:				
Special contracted services	152,854	143,757	9,097	150,688
Total	152,854	143,757	9,097	150,688
Child Support Enforcement:				
Salaries and employee benefits	388,993	388,481	512	373,008
Legal retainer fees	26,000	27,395	(1,395)	19,829
Other operating expenditures	25,970	18,346	7,624	16,936
Total	440,963	434,222	6,741	409,773

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance	Actual
			Over / Under	
CAP - Children:				
Special contracted services	6,126	-	6,126	-
Total	6,126	-	6,126	-
CAP - Disabled adults:				
Special contracted services	2,170,305	1,883,725	286,580	1,746,379
Other operating expenditures	68,100	64,046	4,054	55,981
Total	2,238,405	1,947,771	290,634	1,802,360
Work First:				
Salaries and employee benefits	275,491	270,993	4,498	281,744
Client travel reimbursement	5,500	4,698	802	6,589
Other operating expenditures	51,957	34,025	17,932	21,531
Total	332,948	309,716	23,232	309,864
TANF Program:				
Salaries and employee benefits	349,526	343,131	6,395	334,378
TANF emergency assistance	80,000	78,787	1,213	99,918
Other operating expenditures	7,493	7,141	352	6,043
Total	437,019	429,059	7,960	440,339
Title XIX Program:				
Salaries and employee benefits	284,231	276,239	7,992	264,741
Client transportation	520,000	558,797	(38,797)	412,755
Medicaid, SD	3,591,313	2,578,364	1,012,949	2,295,043
Other operating expenditures	8,266	7,283	983	7,041
Total	4,403,810	3,420,683	983,127	2,979,580
Food Stamp Program - Issuance:				
Salaries and employee benefits	319,363	319,634	(271)	302,374
Other operating expenditures	77,742	76,505	1,237	66,111
Total	397,105	396,139	966	368,485
Food Stamp Program - Fraud:				
Special contracted services	35,636	35,647	(11)	32,755
Other operating expenditures	1,220	542	678	519
Total	36,856	36,189	667	33,274
Emergency Assistance:				
Other operating expenditures	36,436	36,433	3	59,795
Total	36,436	36,433	3	59,795
Total Social Services	12,393,102	10,774,624	1,618,478	9,856,590

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance Over / Under	Prior Year Actual
			Prior Year Actual	
Assistance Programs:				
Blind	6,929	8,079	(1,150)	7,023
Day care program	2,036,715	1,959,652	77,063	1,749,433
Communities in schools	48,750	48,750	-	48,750
Gaston skills	34,125	34,125	-	34,125
Total	<u>2,126,519</u>	<u>2,050,606</u>	<u>75,913</u>	<u>1,839,331</u>
Veterans Service Office:				
Special contracted services	48,902	48,317	585	47,194
Other operating expenditures	4,840	2,280	2,560	2,595
Capital outlay	1,017	1,017	-	1,909
Total	<u>54,759</u>	<u>51,614</u>	<u>3,145</u>	<u>51,698</u>
Community Based Alternatives:				
Juvenile Crime Prevention	-	(5)	5	5
Other operating expenditures	15,140	4,971	10,169	4,688
Capital outlay	-	1,739	(1,739)	-
Total	<u>15,140</u>	<u>6,705</u>	<u>8,435</u>	<u>4,693</u>
Companion Programs:				
Salaries and employee benefits	31,827	18,492	13,335	21,550
Other operating expenditures	1,894	2,830	(936)	969
Total	<u>33,721</u>	<u>21,322</u>	<u>12,399</u>	<u>22,519</u>
JCP Pathways MH/SA:				
Other operating expenditures	8,294	8,294	-	4,129
JCP - Communities In Schools:				
Other operating expenditures	14,000	18,328	(4,328)	-
Restitution - Community:				
Salaries and employee benefits	580	373	207	6,712
Other operating expenditures	2,056	2,006	50	4,944
Total	<u>2,636</u>	<u>2,379</u>	<u>257</u>	<u>11,656</u>
Mediation				
	7,000	3,498	3,502	6,000
Governors One-on-One:				
Salaries and employee benefits	20,863	18,492	2,371	21,550
	<u>20,863</u>	<u>18,492</u>	<u>2,371</u>	<u>21,550</u>
Lincoln Recovery				
	-	-	-	2,190

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2005****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Final Budget	Actual	Variance	Actual
			Over / Under	
Group Homes:				
Salaries and employee benefits	10,551	10,551	-	5,665
Other operating expenditures	79,057	84,396	(5,339)	54,010
Total	89,608	94,947	(5,339)	59,675
Office on Aging:				
Salaries and employee benefits	270,308	220,158	50,150	149,441
Other operating expenditures	184,727	147,945	36,782	113,971
Capital outlay	10,500	20	10,480	64,139
Total	465,535	368,123	97,412	327,551
Bioterrorism:				
Salaries and employee benefits	46,829	31,485	15,344	-
Other operating expenditures	18,073	5,995	12,078	7,740
Capital outlay	-	-	-	52,887
Total	64,902	37,480	27,422	60,627
Contracted Services:				
Salaries and employee benefits	90,686	65,512	25,174	49,032
Other operating expenditures	276,245	224,003	52,242	209,141
Total	366,931	289,515	77,416	258,173
Total human services	20,015,212	17,592,440	2,422,772	16,392,974
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	476,563	422,002	54,561	383,771
Contracted services	19,000	11,217	7,783	9,393
Other operating expenditures	183,856	156,027	27,829	145,192
Capital outlay	162,157	50,772	111,385	57,554
Total	841,576	640,018	201,558	595,910
Library:				
Salaries and employee benefits	475,462	459,569	15,893	440,843
Other operating expenditures	157,733	134,762	22,971	130,097
Books and magazines	81,910	81,585	325	81,864
Capital outlay	37,482	16,332	21,150	7,215
Total	752,587	692,248	60,339	660,019
Battle of Ramsour Mill:				
Operating expenses	10,000	9,138	862	5,299

LINCOLN COUNTY, NORTH CAROLINA

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GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Historical Properties:				
Other operating expenditures	34,744	4,605	30,139	10,995
Historical Association:	32,350	32,350	-	26,850
Historical Coordinator:				
Salaries and employee benefits	42,244	42,784	(540)	41,284
Other operating expenditures	11,698	8,651	3,047	12,515
Total	53,942	51,435	2,507	53,799
Total cultural and recreational	1,725,199	1,429,794	295,405	1,352,872
Education:				
Public schools - current expense	12,436,011	12,436,011	-	11,657,011
Public schools - capital outlay	940,000	940,000	-	940,000
Community college - current expense	88,089	88,089	-	84,342
Total education	13,464,100	13,464,100	-	12,681,353
Debt Service:				
Principal retirement	5,180,773	4,658,421	522,352	3,601,883
Interest and fees	3,648,000	3,319,690	328,310	3,387,510
Total debt service	8,828,773	7,978,111	850,662	6,989,393
Total expenditures	66,478,077	61,561,030	4,917,047	55,843,895
Revenues over (under) expenditures	(2,209,896)	4,908,920	7,118,816	2,527,079
Other Financing Sources (Uses):				
Advance refunding of long-term debt	-	-	-	17,506,757
Advance refunding payments to trustee	-	-	-	(17,763,348)
Miscellaneous other financing uses	(20,000)	(20,966)	(966)	(87,730)
Transfers out	(8,380,468)	(8,112,964)	267,504	(9,985,734)
Transfers in	7,860,457	6,550,828	(1,309,629)	8,071,009
Fund balance appropriated	2,749,907	-	(2,749,907)	-
Total other financing sources (uses)	2,209,896	(1,583,102)	(3,792,998)	(2,259,046)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	3,325,818	\$ 3,325,818	268,033
Fund balance, beginning of year		17,015,198		16,747,165
Fund balance, end of year		\$ 20,341,016		\$ 17,015,198

LINCOLN COUNTY, NORTH CAROLINA

CAPITAL PROJECT FUND
SCHOOL CAPITAL PROJECTS FUND - MAJOR FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 250,000	\$ -	\$ 276,313	\$ 276,313
Expenditures:				
Education	17,284,000	-	8,973,277	8,973,277
Revenues over (under) expenditures	(17,034,000)	-	(8,696,964)	(8,696,964)
Other Financing Sources (Uses):				
Long-term debt issued	17,000,000	-	17,000,000	17,000,000
Bond premium	34,000	-	34,005	34,005
Transfer from General Fund	-	9,154	-	9,154
Total other financing sources (uses)	17,034,000	9,154	17,034,005	17,043,159
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ 9,154	8,337,041	\$ 8,346,195
Fund balance, beginning of year			9,154	
Fund balance, end of year			\$ 8,346,195	

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LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Capital Reserve Fund	Fire Districts Fund	Law Enforcement Fund
Assets:			
Cash and cash equivalents	\$ 1,289,847	\$ 44,778	\$ 36,557
Taxes receivable, net	-	131,353	-
Due from other governments	-	-	-
Due from other funds	427,349	-	-
Total assets	<u>\$ 1,717,196</u>	<u>\$ 176,131</u>	<u>\$ 36,557</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and other accrued liabilities	\$ -	\$ 44,778	\$ -
Due to other funds	-	-	-
Deferred revenue	-	131,353	-
Total liabilities	<u>-</u>	<u>176,131</u>	<u>-</u>
Fund Balances:			
Reserved:			
State statute	427,349	-	-
Undesignated	1,289,847	-	36,557
Total fund balances	<u>1,717,196</u>	<u>-</u>	<u>36,557</u>
Total liabilities and fund balances	<u>\$ 1,717,196</u>	<u>\$ 176,131</u>	<u>\$ 36,557</u>

Schedule C-1

Federal Law Enforcement Fund	Emergency Telephone Systems Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 11,500	\$ 143,943	\$ 1,123,936	\$ 2,650,561
-	-	-	131,353
-	-	44,743	44,743
-	45,175	-	472,524
\$ 11,500	\$ 189,118	\$ 1,168,679	\$ 3,299,181
\$ -	\$ -	\$ 41,202	\$ 85,980
-	38,841	-	38,841
-	-	-	131,353
-	38,841	41,202	256,174
-	45,175	-	472,524
11,500	105,102	1,127,477	2,570,483
11,500	150,277	1,127,477	3,043,007
\$ 11,500	\$ 189,118	\$ 1,168,679	\$ 3,299,181

LINCOLN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Capital Reserve Fund	Fire Districts Fund	Law Enforcement Fund
Revenues:			
Ad valorem taxes	\$ -	\$ 2,165,803	\$ -
Other taxes and licenses	-	-	-
Restricted intergovernmental revenue	691,737	-	4,248
Miscellaneous	-	-	1,600
Investment earnings	46,515	-	899
Total revenues	<u>738,252</u>	<u>2,165,803</u>	<u>6,747</u>
Expenditures:			
Current:			
Public Safety	-	2,165,803	40,091
Capital outlay - general	-	-	-
Total expenditures	<u>-</u>	<u>2,165,803</u>	<u>40,091</u>
Revenues over (under) expenditures	738,252	-	(33,344)
Other Financing Sources (Uses):			
Transfers from (to) General Fund	<u>154,125</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>154,125</u>	<u>-</u>	<u>-</u>
Net change in fund balances	892,377	-	(33,344)
Fund balance - beginning	<u>824,819</u>	<u>-</u>	<u>69,901</u>
Fund balance - ending	<u>\$ 1,717,196</u>	<u>\$ -</u>	<u>\$ 36,557</u>

Schedule C-2

Federal Law Enforcement Fund	Emergency Telephone Systems Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,165,803
-	463,171	-	463,171
-	97,019	100,000	893,004
-	13,577	838	16,015
234	5,953	14,870	68,471
<u>234</u>	<u>579,720</u>	<u>115,708</u>	<u>3,606,464</u>
1,096	914,565	-	3,121,555
<u>-</u>	<u>-</u>	<u>1,837,054</u>	<u>1,837,054</u>
<u>1,096</u>	<u>914,565</u>	<u>1,837,054</u>	<u>4,958,609</u>
(862)	(334,845)	(1,721,346)	(1,352,145)
<u>-</u>	<u>-</u>	<u>1,408,011</u>	<u>1,562,136</u>
<u>-</u>	<u>-</u>	<u>1,408,011</u>	<u>1,562,136</u>
(862)	(334,845)	(313,335)	209,991
<u>12,362</u>	<u>485,122</u>	<u>1,440,812</u>	<u>2,833,016</u>
<u>\$ 11,500</u>	<u>\$ 150,277</u>	<u>\$ 1,127,477</u>	<u>\$ 3,043,007</u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	2005		2004	
	Budget	Actual	Variance Over / Under	Actual Prior Year
Revenues:				
Restricted intergovernmental				
Public School Building Capital Fund	\$ 468,000	\$ 691,737	\$ 223,737	\$ 504,554
Investment earnings	20,000	46,515	26,515	6,930
Total revenues	488,000	738,252	250,252	511,484
Revenues over (under) expenditures	488,000	738,252	250,252	511,484
Other Financing Sources (Uses):				
Transfer from (to) General Fund	(488,000)	154,125	642,125	(362,414)
Revenues and other financing sources over (under) expenditures and other uses	\$ -	892,377	\$ 892,377	149,070
Fund balance, beginning of year		824,819		675,749
Fund balance, end of year		\$ 1,717,196		\$ 824,819

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	2005		2004	
	Budget	Actual	Variance Over / Under	Actual Prior Year
Revenues:				
Ad valorem taxes	\$ 2,246,170	\$ 2,165,803	\$ (80,367)	\$ 1,907,051
Expenditures:				
Alexis Fire District	117,014	109,620	7,394	91,320
Boger City Fire District	292,839	284,453	8,386	249,927
Crouse Fire District	79,762	74,170	5,592	66,896
Denver Fire District	454,552	446,944	7,608	402,398
East Lincoln Fire District	548,735	540,127	8,608	495,740
High Shoals Fire District	500	20	480	108
Howard's Creek Fire District	101,472	93,097	8,375	77,597
Hughes Pond Fire District	500	38	462	59
North 321 Fire District	133,261	127,424	5,837	109,223
North Brook Fire District	141,449	132,728	8,721	113,763
Pumpkin Center Fire District	153,014	146,282	6,732	120,706
South Fork Fire District	115,723	109,104	6,619	95,883
Union Fire District	107,349	101,796	5,553	83,431
Total expenditures	<u>2,246,170</u>	<u>2,165,803</u>	<u>80,367</u>	<u>1,907,051</u>
Revenues over (under) expenditures	\$ <u> </u>	<u> </u>	\$ <u> </u>	<u> </u>
Fund balance, beginning of year	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, end of year	\$ <u> </u>	<u> </u>	\$ <u> </u>	<u> </u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	2005			2004	
	Budget	Actual	Variance Over / Under	Actual	Prior Year
Revenues:					
Restricted intergovernmental	\$ 5,000	\$ 4,248	\$ (752)	\$ 6,661	
Investment earnings	300	899	599	918	
Miscellaneous	-	1,600	1,600	-	
Total revenues	<u>5,300</u>	<u>6,747</u>	<u>1,447</u>	<u>7,579</u>	
Expenditures:					
Public Safety	<u>40,300</u>	<u>40,091</u>	<u>209</u>	<u>63,382</u>	
Revenues over expenditures	(35,000)	(33,344)	1,656	(55,803)	
Other Financing Sources (Uses):					
Fund balance appropriated	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	
Total other financing sources (uses)	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(33,344)</u>	<u>\$ (33,344)</u>	<u>(55,803)</u>	
Fund balance, beginning of year		<u>69,901</u>		<u>125,704</u>	
Fund balance, end of year	<u>\$ 36,557</u>			<u>\$ 69,901</u>	

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - FEDERAL LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	2005		Variance Over / Under	2004	
	Budget	Actual		Actual	Prior Year
Revenues:					
Investment earnings	\$ -	\$ 234	\$ 234	\$ 102	
Miscellaneous					4,967
Total revenues					5,069
Expenditures:					
Public Safety	2,000	1,096	904		1,334
Revenues over (under) expenditures	(2,000)	(862)	1,138		3,735
Other Financing Sources (Uses):					
Appropriated fund balance	2,000	-	(2,000)		-
Total other financing sources (uses)	2,000	-	(2,000)		-
Revenues and other financing sources over (under) expenditures and other uses	\$ -	(862)	\$ (862)		3,735
Fund balance, beginning of year		12,362			8,627
Fund balance, end of year		\$ 11,500			\$ 12,362

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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	2005		Variance Over / Under	2004		
	Budget	Actual		Actual	Actual	
Revenues:						
Other Taxes and Licenses:						
911 system subscriber fees	\$ 484,842	\$ 463,171	\$ (21,671)	\$ 362,186		
Restricted Intergovernmental:						
Wireless 911 funds	100,000	97,019	(2,981)	122,322		
Investment earnings	10,000	5,953	(4,047)	6,706		
Miscellaneous	-	13,577	13,577	-		
Total revenues	<u>594,842</u>	<u>579,720</u>	<u>(15,122)</u>	<u>491,214</u>		
Expenditures:						
Public Safety:						
911 system subscriber fees	116,815	113,752	3,063	101,595		
Salaries and employee benefits	94,655	143,989	(49,334)	148,347		
Other operating expenditures	259,200	258,675	525	225,137		
Telephone	439,172	398,149	41,023	239,601		
Capital outlay						
Total expenditures	<u>909,842</u>	<u>914,565</u>	<u>(4,723)</u>	<u>714,680</u>		
Revenues over (under) expenditures	(315,000)	(334,845)	(19,845)	(223,466)		
Other Financing Sources (Uses):						
Fund balance appropriated	315,000	-	(315,000)	-		
Total other financing sources (uses)	<u>315,000</u>	<u>-</u>	<u>(315,000)</u>	<u>-</u>		
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ (334,845)	\$ (334,845)	\$ (223,466)		
Fund balance, beginning of year		485,122		708,588		
Fund balance, end of year	\$ 150,277			\$ 485,122		

LINCOLN COUNTY, NORTH CAROLINA

Schedule C-8

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, 2005

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental				
Federal and State grants	\$ 100,000	\$ -	\$ 100,000	\$ 100,000
Investment earnings	2,000	-	14,870	14,870
Miscellaneous	142,638	-	838	838
Total revenues	244,638	-	115,708	115,708
Expenditures:				
Capital outlay				
Land and buildings	1,435,847	29,081	512,952	542,033
Data Processing	995,834	-	795,139	795,139
Water/Sewer lines	2,780,596	-	480,567	480,567
Other improvements	89,636	-	16,667	16,667
Other equipment	256,641	-	31,729	31,729
Total expenditures	5,558,554	29,081	1,837,054	1,866,135
Revenues over (under) expenditures	(5,313,916)	(29,081)	(1,721,346)	(1,750,427)
Other Financing Sources (Uses):				
Long-term debt issued	2,869,862	-	-	-
Transfer from (to) General Fund	1,408,011	924,020	1,408,011	2,332,031
Fund balance appropriated	1,036,043	-	-	-
Total other financing sources (uses)	5,313,916	924,020	1,408,011	2,332,031
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ 894,939	\$ (313,335)	\$ 581,604
Fund balance, beginning of year			1,440,812	
Fund balance, end of year			\$ 1,127,477	

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	2005		Variance Over / Under	2004		
	Budget	Actual		Actual	Actual	
Revenues:						
Operating Revenues:						
Solid waste charges/tipping fees	\$ 490,000	\$ 626,678	\$ 136,678	\$ 652,122		
Other	4,800	16,945	12,145	5,250		
Total operating revenues	<u>494,800</u>	<u>643,623</u>	<u>148,823</u>	<u>657,372</u>		
Nonoperating Revenues:						
Availability fees	2,148,625	2,058,212	(90,413)	1,991,180		
White goods disposal tax	26,000	26,215	215	24,699		
Tire disposal tax	45,000	65,506	20,506	62,932		
Sales and use tax refunds	20,000	(15,263)	(35,263)	58,607		
Federal and State grants	-	-	-	15,758		
Investment earnings	75,000	204,374	129,374	74,484		
Total nonoperating revenues	<u>2,314,625</u>	<u>2,339,044</u>	<u>24,419</u>	<u>2,227,660</u>		
Total revenues	<u>2,809,425</u>	<u>2,982,667</u>	<u>173,242</u>	<u>2,885,032</u>		
Expenditures:						
Landfill Operations:						
Salaries and employee benefits	1,221,785	1,122,136	99,649	482,578		
Other operating costs	457,640	370,624	87,016	447,388		
Capital outlay	1,130,000	655,312	474,688	283,355		
Debt Service:						
Principal	-	-	-	21,660		
Total expenditures	<u>2,809,425</u>	<u>2,148,072</u>	<u>661,353</u>	<u>1,234,981</u>		
Revenues over (under) expenditures	-	834,595	834,595	1,650,051		
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 834,595</u>	<u>\$ 834,595</u>	<u>\$ 1,650,051</u>		
Reconciliation of Budgetary Accrual Basis to Full Accrual Basis:						
Reconciling Items:						
Debt principal	\$ -		\$ -	\$ 21,660		
Capital outlay added to capital assets		614,191		309,492		
Depreciation		(686,887)		(178,548)		
(Increase) decrease in landfill closure and post closure costs		(499,104)		(52,884)		
Total reconciling items	<u>(571,800)</u>			<u>99,720</u>		
Change in net assets	<u>\$ 262,795</u>			<u>\$ 1,749,771</u>		

LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance Over / Under	2004	
	Budget	Actual		Actual	
Revenues:					
Operating Revenues:					
Water and sewer charges/fees	\$ 4,478,924	\$ 4,743,440	\$ 264,516	\$ 4,431,546	
Water and sewer taps	204,000	236,211	32,211	239,166	
Other operating revenues	9,000	56,506	47,506	3,405	
Total operating revenues	<u>4,691,924</u>	<u>5,036,157</u>	<u>344,233</u>	<u>4,674,117</u>	
Nonoperating Revenues:					
Sales and use tax refunds	-	51,058	51,058	22,285	
Investment income	5,000	44,741	39,741	6,772	
Federal and State grants	-	-	-	419,750	
Other capital contributions	-	553,730	553,730	523,105	
Total nonoperating revenues	<u>5,000</u>	<u>649,529</u>	<u>644,529</u>	<u>971,912</u>	
Total revenues	<u>4,696,924</u>	<u>5,685,686</u>	<u>988,762</u>	<u>5,646,029</u>	
Expenditures:					
Water System:					
Salaries and employee benefits	515,183	521,909	(6,726)	425,012	
Other operating costs	814,178	758,029	56,149	487,568	
Capital outlay	<u>511,046</u>	<u>253,920</u>	<u>257,126</u>	<u>209,540</u>	
Total water system	<u>1,840,407</u>	<u>1,533,858</u>	<u>306,549</u>	<u>1,122,120</u>	
Sewer System:					
Other operating costs	-	-	-	(983)	
Total sewer system	<u>-</u>	<u>-</u>	<u>-</u>	<u>(983)</u>	
Water Treatment Plant:					
Salaries and employee benefits	374,821	371,817	3,004	328,172	
Other operating costs	328,336	300,968	27,368	268,820	
Capital outlay	<u>65,300</u>	<u>13,534</u>	<u>51,766</u>	<u>15,987</u>	
Total water treatment plant	<u>768,457</u>	<u>686,319</u>	<u>82,138</u>	<u>612,979</u>	
Indian Creek Pumping Station:					
Other operating costs	57,500	52,088	5,412	8,126	
Total Indian Creek pumping station	<u>57,500</u>	<u>52,088</u>	<u>5,412</u>	<u>8,126</u>	

LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Budget	Actual	Variance Over / Under	Actual
Debt Service:				
Principal	1,459,613	1,356,579	1,034,601	885,639
Interest	447,662	350,723	(39,906)	546,243
Total debt service	1,907,275	1,707,302	994,695	1,431,882
Total expenditures	4,573,639	3,979,567	1,388,794	3,174,124
Revenues over (under) expenditures	123,285	1,706,119	2,377,556	2,471,905
Other Financing Sources (Uses):				
Fund balance appropriated	276,715	-	(276,715)	-
Advance refunding of long-term debt	-	-	-	8,028,243
Premium received from issuance of long-term debt	-	-	-	291,497
Advance repayments for debt refunding	-	-	-	(8,036,866)
Debt issuance costs	-	-	-	(14,485)
Transfer to general fund	(400,000)	-	400,000	-
Total other financing sources (uses)	(123,285)	-	123,285	268,389
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ 1,706,119	\$ 2,500,841	\$ 2,740,294
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling Items:				
Debt principal	\$ 1,356,579		\$ 885,639	
Capital outlay capitalized to capital assets	267,454		689,844	
Advance refunding of long-term debt	-		(8,028,243)	
Advance repayments for debt refunding	-		8,036,866	
Debt premium received	-		(291,497)	
Water and Sewer fund activity	(70,394)		2,617,999	
Depreciation	(828,022)		(818,113)	
Amortization of bond premium (to interest expense)	58,299		-	
Amortization of deferred interest and fees	-		(14,485)	
Total reconciling items	783,916		3,078,010	
Change in net assets	\$ 2,490,035		\$ 5,818,304	

LINCOLN COUNTY, NORTH CAROLINA

Schedule D-3

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, 2005

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 22,084	\$ 22,084
Total revenues	<u>-</u>	<u>-</u>	<u>22,084</u>	<u>22,084</u>
Expenditures:				
Capital outlay	2,629,006	-	953,363	953,363
Total expenditures	<u>2,629,006</u>	<u>-</u>	<u>953,363</u>	<u>953,363</u>
Revenues over (under) expenditures	(2,629,006)	-	(931,279)	(931,279)
Other Financing Sources (Uses):				
Long-term debt issued	-	28,546	-	28,546
Transfer from Water and Sewer Fund	-	1,091,089	-	1,091,089
Contingency	<u>2,629,006</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>2,629,006</u>	<u>1,119,635</u>	<u>-</u>	<u>1,119,635</u>
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ 1,119,635	\$ (931,279)	\$ 188,356

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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Over / Under	Actual
Revenues:				
Operating Revenues:				
Water and sewer taps	\$ 500,000	\$ 954,278	\$ 454,278	\$ 607,831
Sewer fees	860,000	1,098,947	238,947	967,241
Other operating revenues	-	(8,427)	(8,427)	17,847
Total operating revenues	<u>1,360,000</u>	<u>2,044,798</u>	<u>684,798</u>	<u>1,592,919</u>
Nonoperating Revenues:				
Ad valorem taxes	1,677,040	1,806,680	129,640	1,604,298
Investment earnings	5,000	30,128	25,128	4,458
Restricted intergovernmental revenues	-	5,000	5,000	16,250
Capital contributions and donations	-	472,480	472,480	217,735
Total non-operating revenues	<u>1,682,040</u>	<u>2,314,288</u>	<u>632,248</u>	<u>1,842,741</u>
Total revenues	<u>3,042,040</u>	<u>4,359,086</u>	<u>1,317,046</u>	<u>3,435,660</u>
Expenditures:				
Salaries and employee benefits	599,651	580,978	18,673	495,701
Other operating costs	767,900	557,440	210,460	653,857
Capital outlay	364,044	110,313	253,731	392,235
Debt Service:				
Principal	915,000	865,000	50,000	280,000
Interest	395,445	363,144	32,301	889,244
Total expenditures	<u>3,042,040</u>	<u>2,476,875</u>	<u>565,165</u>	<u>2,711,037</u>
Revenues over (under) expenditures	-	1,882,211	1,882,211	724,623
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	5,520,000
Bond premium received	-	-	-	8,527
Debt issuance costs	-	-	-	(112,807)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,415,720</u>
Revenues and other financing sources over (under) expenditures and other uses	\$ <u> </u> -	\$ <u>1,882,211</u>	\$ <u>1,882,211</u>	\$ <u>6,140,343</u>

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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance Over / Under	2004		
	Budget	Actual			Actual	
Reconciliation of Modified Accrual Basis to Full Accrual Basis:						
Revenues and other financing sources over (under) expenditures and other uses						
		\$ 1,882,211		\$ 6,140,343		
Reconciling Items:						
Capital outlay capitalized to capital assets		109,099		417,910		
Debt principal		865,000		280,000		
Long-term debt issued		-		(5,520,000)		
Capital project fund activities		81,051		18,563		
Depreciation		(637,403)		(571,084)		
Total reconciling items		<u>417,747</u>		<u>(5,374,611)</u>		
Change in net assets		<u>\$ 2,299,958</u>		<u>\$ 765,732</u>		

LINCOLN COUNTY, NORTH CAROLINA

Schedule D-5

**ENTERPRISE FUND - EAST LINCOLN COUNTY
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 70,307	\$ 40,747	\$ 111,054
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>42,439</u>	<u>42,439</u>
Total revenues	<u>-</u>	<u>70,307</u>	<u>83,186</u>	<u>153,493</u>
Expenditures:				
Capital outlay	<u>14,111,600</u>	<u>1,587,744</u>	<u>253,931</u>	<u>1,841,675</u>
Total expenditures	<u>14,111,600</u>	<u>1,587,744</u>	<u>253,931</u>	<u>1,841,675</u>
Revenues over (under) expenditures	(14,111,600)	(1,517,437)	(170,745)	(1,688,182)
Other Financing Sources (Uses):				
Appropriated fund balance	1,077,500	-	-	-
Long-term debt issued	13,034,100	1,600,000	-	1,600,000
Transfer from General Capital Projects Fund	<u>-</u>	<u>1,906,990</u>	<u>-</u>	<u>1,906,990</u>
Total other financing sources (uses)	<u>14,111,600</u>	<u>3,506,990</u>	<u>-</u>	<u>3,506,990</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,989,553	\$ (170,745)	\$ 1,818,808

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	Social Services Fund	Tax Collector Fund	Miscellaneous Fund	Totals
Assets:				
Cash and cash equivalents	\$ 45,210	\$ 176,015	\$ 281,549	\$ 502,774
Total assets	<u>\$ 45,210</u>	<u>\$ 176,015</u>	<u>\$ 281,549</u>	<u>\$ 502,774</u>
Liabilities:				
Intergovernmental payable	\$ 45,210	\$ 176,015	\$ 281,549	\$ 502,774
Total liabilities	<u>\$ 45,210</u>	<u>\$ 176,015</u>	<u>\$ 281,549</u>	<u>\$ 502,774</u>

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005

	Balance			Balance
	June 30, 2004	Additions	Deductions	June 30, 2005
Social Services				
Assets:				
Cash and cash equivalents	\$ 68,470	\$ 160,055	\$ 183,315	\$ 45,210
Total assets	<u>\$ 68,470</u>	<u>\$ 160,055</u>	<u>\$ 183,315</u>	<u>\$ 45,210</u>
Liabilities:				
Intergovernmental payable	\$ 68,470	\$ 160,055	\$ 183,315	\$ 45,210
Total liabilities	<u>\$ 68,470</u>	<u>\$ 160,055</u>	<u>\$ 183,315</u>	<u>\$ 45,210</u>
Tax Collector Fund				
Assets:				
Cash and cash equivalents	\$ 64,149	\$ 4,199,117	\$ 4,087,251	\$ 176,015
Total assets	<u>\$ 64,149</u>	<u>\$ 4,199,117</u>	<u>\$ 4,087,251</u>	<u>\$ 176,015</u>
Liabilities:				
Intergovernmental payable	\$ 64,149	\$ 4,199,117	\$ 4,087,251	\$ 176,015
Total liabilities	<u>\$ 64,149</u>	<u>\$ 4,199,117</u>	<u>\$ 4,087,251</u>	<u>\$ 176,015</u>
Miscellaneous Fund				
Assets:				
Cash and cash equivalents	\$ 305,193	\$ 230,567	\$ 254,211	\$ 281,549
Total assets	<u>\$ 305,193</u>	<u>\$ 230,567</u>	<u>\$ 254,211</u>	<u>\$ 281,549</u>
Liabilities:				
Intergovernmental payable	\$ 305,193	\$ 230,567	\$ 254,211	\$ 281,549
Total liabilities	<u>\$ 305,193</u>	<u>\$ 230,567</u>	<u>\$ 254,211</u>	<u>\$ 281,549</u>
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 437,812	\$ 4,589,739	\$ 4,524,777	\$ 502,774
Total assets	<u>\$ 437,812</u>	<u>\$ 4,589,739</u>	<u>\$ 4,524,777</u>	<u>\$ 502,774</u>
Liabilities:				
Intergovernmental payable	\$ 437,812	\$ 4,589,739	\$ 4,524,777	\$ 502,774
Total liabilities	<u>\$ 437,812</u>	<u>\$ 4,589,739</u>	<u>\$ 4,524,777</u>	<u>\$ 502,774</u>

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2005

Year	Uncollected Balance June 30, 2004		Collections and Credits	Uncollected Balance June 30, 2005	
	Additions	June 30, 2004		June 30, 2004	June 30, 2005
2004	\$ -	\$ 34,693,024	\$ 33,537,294	\$ 1,155,730	
2003	821,748	753	554,933		267,568
2002	354,437	-	160,879		193,558
2001	186,750	8	54,689		132,069
2000	111,007	-	23,315		87,692
1999	86,258	34	14,673		71,619
1998	56,665	-	8,849		47,816
1997	54,761	-	6,394		48,367
1996	51,244	-	6,616		44,628
1995	40,779	-	4,755		36,024
1994	35,034	-	28,091		6,943
	\$ 1,798,683	\$ 34,693,819	\$ 34,400,488		2,092,014

Less allowance for uncollectible ad valorem taxes receivable:

General Fund (503,000)

Ad Valorem Taxes Receivable, Net

General Fund \$ 1,589,014

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund \$ 34,346,552

Reconciling Items:

Interest and penalties (306,351)
 Miscellaneous adjustments 360,287

Total Collections and Credits \$ 34,400,488

LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

COUNTY-WIDE LEVY

FOR THE YEAR ENDED JUNE 30, 2005

	Total Levy							
	County-Wide		Property Excluding Registered	Registered	Motor Vehicles			
	Property Valuation	Rate						
Original Levy:								
County Wide:								
Property tax	\$ 5,533,466,632	0.620	\$ 34,307,982	\$ 30,893,857	\$ 3,414,125			
Late list penalties	-		335,919	335,919	-			
Total original levy	5,533,466,632		34,643,901	31,229,776	3,414,125			
Discoveries	185,250,465		1,121,652	1,091,339	30,313			
Abatements and discounts	(90,782,254)		(1,072,529)	(1,013,971)	(58,558)			
Total property valuation	\$ 5,627,934,843							
Net levy			34,693,024	31,307,144	3,385,880			
Uncollected taxes at June 30, 2005			1,155,730	861,281	294,449			
Current year's taxes collected	\$ 33,537,294		\$ 30,445,863	\$ 3,091,431				
Current levy collection percentage			96.67%	97.25%	91.30%			

LINCOLN COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2005****Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	100%
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Real property	\$ 4,204,796,078
Personal property	504,857,009
Public service companies	372,177,382
Registered vehicles	<u>546,104,374</u>

Total assessed valuation	<u>\$ 5,627,934,843</u>
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Tax rate per \$100 (2)	0.62
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Levy (includes discoveries, releases and abatements)	<u>\$ 34,693,024</u>
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In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	<u>\$ 2,226,754</u>
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(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, 2005**

Secondary Market Disclosures:**Assessed Valuation:**

Assessment Ratio (1)	100%
Real property	\$ 1,180,945,486
Personal property	99,779,094
Public service companies	7,666,991
Registered vehicles	<u>103,156,822</u>
Total Assessed Valuation	<u>\$ 1,391,548,393</u>
Tax Rate per \$100 (2)	0.13
Levy (includes discoveries, releases and abatements)	<u>\$ 1,863,544</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.