

# **LINCOLN COUNTY**

## **NORTH CAROLINA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2004**

***LINCOLN COUNTY***

***NORTH CAROLINA***

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED JUNE 30, 2004**

PREPARED BY  
FINANCE DEPARTMENT



# **LINCOLN COUNTY**

## **NORTH CAROLINA**

### **BOARD OF COMMISSIONERS**

JERRY W. COCHRANE, CHAIRMAN

THOMAS R. ANDERSON, PE, VICE CHAIRMAN

JAMES FUNDERBURK

LARRY S. CRAIG

CARROL D. MITCHEM

STAN KISER, COUNTY MANAGER

**Lincoln County, North Carolina  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2004**

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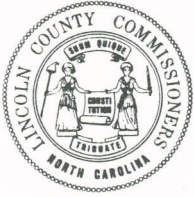
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# COUNTY OF LINCOLN, NORTH CAROLINA

115 WEST MAIN STREET, 3RD FLOOR CITIZENS CENTER, LINCOLNTON, NORTH CAROLINA 28092

FINANCE DEPARTMENT

(704) 736-8865

FAX (704) 735-0273

October 22, 2004

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

Maintaining the fiscal strength and stability of the County government is a primary goal of the Board of County Commissioners. This Comprehensive Annual Financial Report (CAFR) of Lincoln County, North Carolina, for the fiscal year ended June 30, 2004, reflects the achievement of that goal. Each year this document is prepared to provide you with details about how the County receives, spends and accounts for its money as well as key indicators of its financial strength. The County's Finance Department prepares the CAFR, and responsibility for the accuracy of the data, the completeness and fairness of the presentation and all disclosures rests with the County. We believe the data and presentations are fair and accurate and that you will find everything necessary in this document to gain an understanding of the County's financial activities over the last fiscal year. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin Starnes & Associates, CPAs and that firm's unqualified opinion is included in the Financial Section of this report.

During fiscal year 2003, the County implemented the Governmental Accounting Standards Board's Statement No. 34, "The New Governmental Financial Reporting Model," and related statements as required by generally accepted accounting principals. This change in the governmental reporting resulted in sweeping changes in the County's CAFR. For the first time, the County reported government-wide focus using the full accrual basis of accounting.

We are also presenting a Management's Discussion and Analysis (MD&A) as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2004 to aid readers in understanding their financial impact and relationship to the financial statements and schedules provided. This section is presented to comply with significant changes in governmental accounting standards in an attempt to provide more meaningful information to our readers and to demonstrate the County's accountability for its financial actions. This letter of transmittal is written to complement the MD&A.

## FINANCIAL REPORTING ENTITY

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

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

The East Lincoln County Water and Sewer District Fund, Lincoln County ABC Board and the Lincolnton-Lincoln County Regional Airport Authority are component units of Lincoln County and presented as proprietary funds. Proprietary funds are used to account for a government's continuing business-type organizations and activities. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses.

## PROFILE OF LINCOLN COUNTY

The County is located in the western portion of the North Carolina Piedmont Plateau, approximately 165 miles west of Raleigh, the State Capital, and 30 miles northwest of Charlotte, the State's largest city.

The County was formed in 1779 and has a total land area of approximately 308 square miles.

The City of Lincolnton, with an estimated 2004 population of approximately 10,300, is the center of an urban area of 15,000, the County seat, and the only incorporated municipality in the County.

There is growing suburban development and extensive construction in the eastern portion of the County along and near Lake Norman, the state's largest man-made lake by surface area, with approximately 520 miles of shoreline. This area is within 30 minutes of uptown Charlotte and has experienced significant residential and commercial growth in recent years.

## FACTORS AFFECTING FINANCIAL CONDITION

### Economic Diversity

A combination of diversified industries and agricultural production contributes to the economy of the County. The main agricultural pursuits are poultry production, dairy farming, raising beef cattle, apple and peach production, field crops production, and vegetable production. The major industrial employers are in metal and ceramic manufacturing, textiles, home and office furniture, and manufactured housing.

In April 2004, Haworth, Inc. closed its Lincolnton plant which manufactured high end office furniture. The operations were transferred to other Haworth manufacturing facilities, which resulted in a loss of 161 jobs in the County. R.W. Garcia Co., Inc. opened in the fall of 2004 in an industrial park consisting of a 60,650 sq. ft. facility for the production of tortilla chips. This facility represents a capital investment of



approximately \$9 million and is expected eventually to employ 75. Also in the summer of 2004, Doug Herbert Racing (top fuel drag racing, parts distribution and screen printing) and Fisher Engineering (NASCAR engines) bolstered the growing motor sports industry in the County. Doug Herbert Racing initially created 50 new jobs and plans to add an additional 50 jobs in 2005. Fisher Engineering relocated from Mooresville to Denver. The investment is approximately \$1.8 million and will create 10 new jobs. On September 16, 2004, Julius Blum, Inc. announced a \$30 million expansion of its existing plant and the creation of 40 additional jobs.

In addition, the County experienced commercial growth in the central area in Lincolnton, the major trade center, and the eastern area along Highway 16. Both areas are expected to continue to grow as national and local retailers target these high growth corridors.

For fiscal year 2003, continuing emphasis was placed on recruiting new businesses and assisting existing businesses. During fiscal year 2003, three industrial expansions were announced: The Timken Company, with a \$16.3 million capital investment and 44 jobs; RSI Home Products, with a \$3.5 million capital investment and 30 jobs; and McMurray Industries, with a \$2.5 million capital investment and 20 jobs. The recently upgraded and expanded Lincoln County Industrial Park was recently awarded North Carolina Certified Industrial Site status, making it one of 14 such sites across the State. This designation is only given to the best industrial parks in the State. Furthermore, older industrial parks in the City and County will be reviewed for upgrade to make them more competitive.

#### Capital Improvement Program

The Board of Commissioners is in the process of developing a Capital Improvement Program (CIP) for the County which will cover at a minimum five years of capital needs. One of the capital needs that is being addressed is the need for office space for court and County administrative functions. A committee is looking at options which consist of purchasing and renovating existing facilities or the construction of a new facility.

The Lincoln County Board of Education at their September 2003 joint meeting with the Board of Commissioners presented a ten year capital facility plan which outlined school capital needs. This plan projected school enrollment versus capital needs over the next ten years. The list of capital needs includes renovations to existing facilities along with the construction of various new schools throughout the County. At their December 15, 2003 meeting, the Board of Commissioners approved the holding of a school bond referendum which was approved by voters on May 4, 2004. This \$47 million, which was approved, will be issued over a three year period. The first installment \$17 million was issued in October 2004 and will allow the construction to begin on two new schools, the expansion of three existing high schools and infrastructure improvements to an existing school. The \$47 million approved in this referendum should fund the capital program for at least five years, after which another referendum may be scheduled.



## OTHER ACCOMPLISHMENTS

Funding for education remains a large expenditure category in our budget with a total \$18,665,458 expended. This expenditure is composed of \$12,681,353 from the General Fund and \$5,984,105 of capital project expenditures. The General Fund increased the Schools Current Expense by \$1,016,000 or 8.9% over 2003.

During fiscal year ending June 30, 2004, Lincoln County completed work on several water construction projects. Two elevated water storage tanks were constructed, one in the eastern part of the County and one to serve an industrial park. Both tanks have improved water service in the respective areas allowing continued residential and industrial growth. In the eastern part of the County water lines were added to several areas to provided increased water flow.

In October 2003, our Department of Social Services moved into a newly renovated building. This building now provides adequate space for all Social Services offices and is now located in one building. Since Social Services has moved out of our human resources building, which before housed Social Services and Health Departments, this building is now being renovated to more adequately meet the needs of the Health Department until they are also moved into a new building in the future or more permanent renovations are made to this building.

Construction was also completed on a sewer line to serve a new high school, North Lincoln High, during fiscal year 2004. This line allowed the school to be connected to the East Lincoln County Sewer District system and avoid the need to construct an on site treatment system.

In October 2003, the County issued \$13.345 million dollars of Certificates of Participation (COPS). These COPS were used to refund four installment purchase contracts and provided \$2.7 million of new money for school construction. The projects refunded were two jail loans, the Social Services Building discussed in the above paragraph, our new Library, and a Water Plant project. The security for the COPS loan was the jail facility. The total savings from this refunding was approximately \$1,896,347. In addition to this refunding, the County refunded water and public facility general obligation bonds in July 2003 with a net savings in that refunding of \$117,000, East Lincoln County Sewer District refunding with savings of \$461,000 and a County general obligation bond refunding with \$641,000 in savings.

## AWARDS AND ACKNOWLEDGEMENTS

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lincoln County for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

*Acknowledgements*

We appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of the CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Martin Starnes & Associates, CPAs, for their assistance. The cooperation of each County department is appreciated as we work together in conducting the County's financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner.

Respectfully submitted,



Stan Kiser  
County Manager



Leon Harmon  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lincoln County,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director



## **LINCOLN COUNTY, NORTH CAROLINA**

### **Principal Officials**

**June 30, 2004**

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

**Jerry W. Cochrane, Chairman**

**Larry S. Craig, Vice-Chairman**

**Thomas R. Anderson, PE**

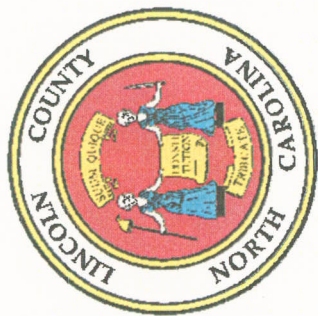
**James Funderburk**

**Carrol D. Mitchem**

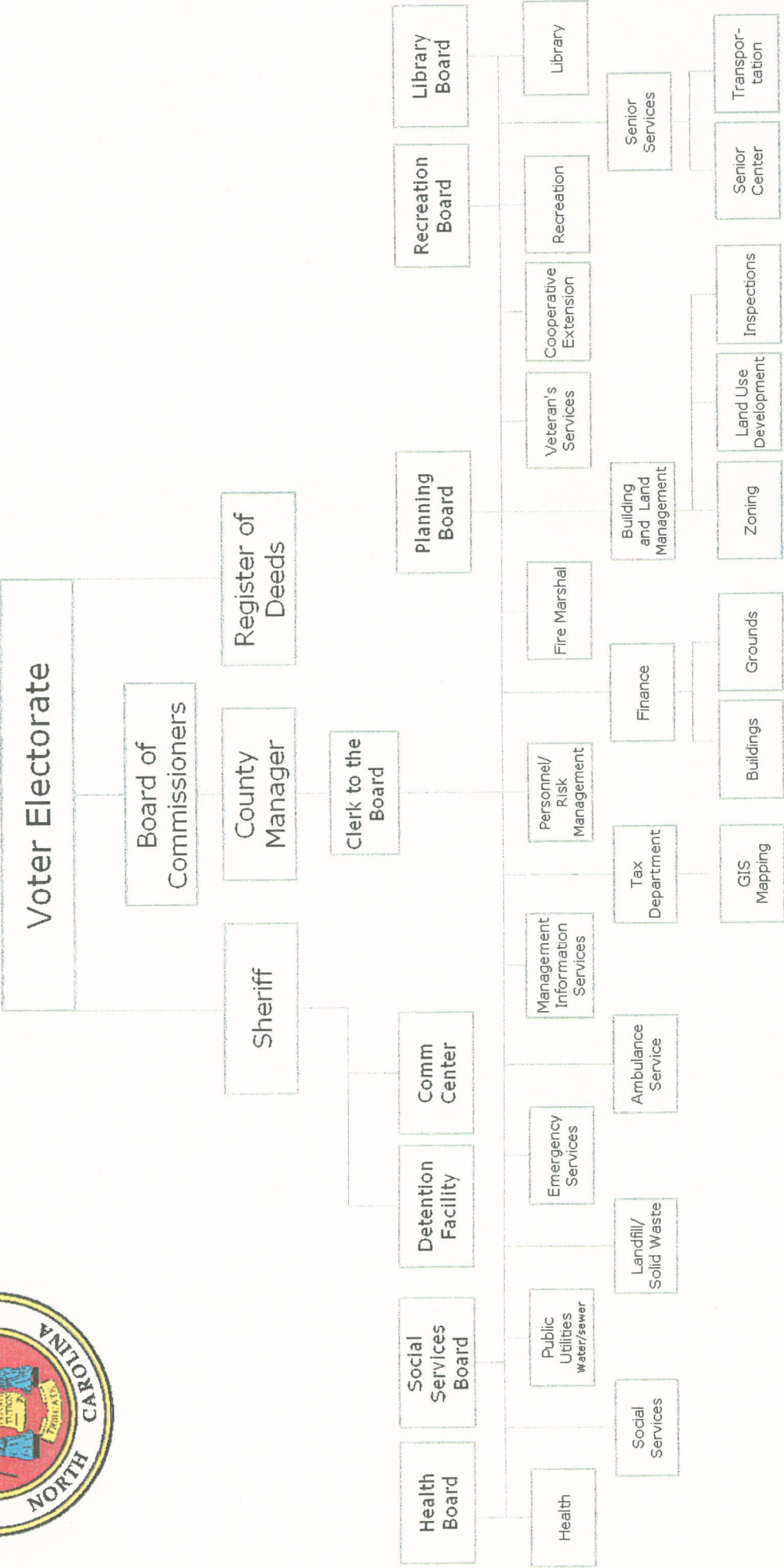
#### **County Officials**

**Stan Kiser  
Jeffrey Taylor  
Elaine Harmon  
Barbara Pickens  
Mike Lane  
Kelly Atkins  
Kevin Starr  
Judy Caudill  
Susan Spake  
Leon Harmon  
Margaret Dollar  
Lesley Levine  
Dante' Patterson  
Steve Gilbert  
Erma Deen Hoyle  
Susan McCracken  
Elton Barber  
John Avery  
Madge Huffman  
Stephen McCurry**

**County Manager  
County Attorney  
Register of Deeds  
Sheriff  
Buildings and Grounds  
Building and Land Development  
Cooperative Extension  
Elections  
Emergency Management  
Finance Director  
Health  
Library  
Management Information Systems  
Public Services  
Recreation  
Social Services  
Soil Conservation  
Solid Waste  
Tax Administrator  
Veteran Service**



# Lincoln County Organizational Chart







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

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

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### INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lincoln County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lincoln County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Lincoln County ABC Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lincoln County ABC Authority is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of June 30, 2004, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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



In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2004, on our consideration of Lincoln County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Lincoln County, North Carolina. The introductory information, combining and individual nonmajor fund schedules, the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, Audits of *States, Local Governments, and Not-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

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

Martin Starnes & Associates, CPAs, P.A.  
October 22, 2004



## Management's Discussion and Analysis

As management of Lincoln County, we offer readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2004. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

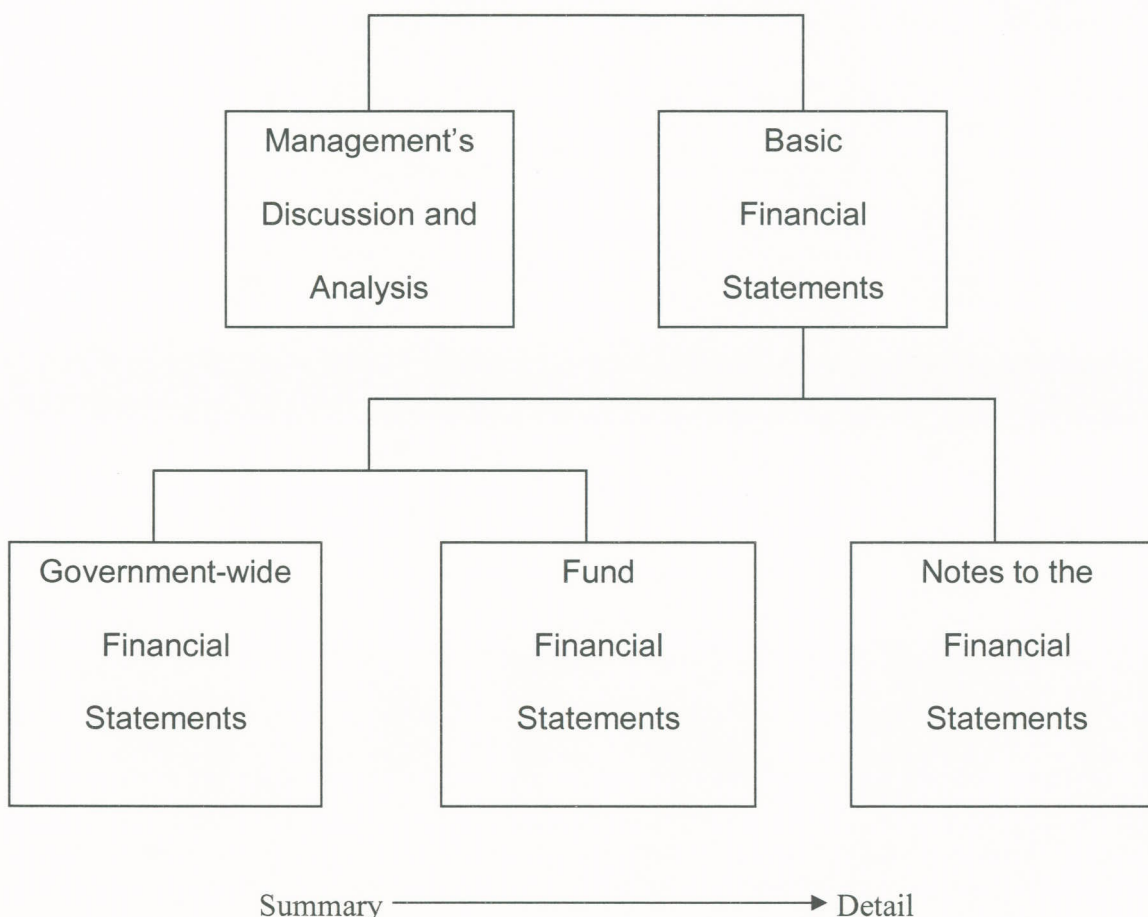
- The assets of Lincoln County exceeded its liabilities at the close of the fiscal year by \$25,915,381 (*net assets*).
- Current year operations increased the government's total net assets by \$6,852,039.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$19,857,368, a decrease of \$4,562,062 in comparison with the prior year restated amount. This decrease was primarily due to a decrease in School Capital Project funds. Approximately 65.0 percent of this total amount, or \$12,911,857, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,808,036, or 19.35 percent of total general fund expenditures for the fiscal year. In 2003, unreserved fund balance in the General Fund was \$9,374,194, or 17.7% of total expenditures.
- Lincoln County's total debt decreased by \$4,842,328 (5.52%) during the current fiscal year. The key factors in this decrease were the issuance of \$2.7 million of new certificates of participation for school projects, and four debt refundings.
- Lincoln County maintained its A2 bond rating from Moody's Investors Service; an A rating from Standard & Poor's; and an AA- rating from Fitch Ratings.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits C through J) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Basic Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to



show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Lincoln County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Lincolnton-Lincoln County Regional Airport Authority is a legally separate entity; however, the County provides a significant level of support, including grants, leases, and accounting support services.

The government-wide financial statements are on Exhibits A and B of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lincoln County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Lincoln County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her



determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Lincoln County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Lincoln County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lincoln County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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

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

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

### **Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended June 30, 2003, were the beginning of a new era in financial reporting for Lincoln County and many other units of government across the United States. Prior to that year, Lincoln County maintained their governmental, proprietary, and fiduciary fund groups as separate and very distinct



types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of Lincoln County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in Lincoln County's financial reports as well as those of many other units of government. While Lincoln County was required to implement these changes for the fiscal year ended June 30, 2003, other units were required to implement Statement 34 in 2002, 2003, and any remaining governments have implemented in 2004.

Because of the new reporting model being implemented last year, comparative data for all facets of this report are now available which allows for comparative analysis.

## Lincoln County's Net Assets

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 22,772,335	\$ 30,171,488	\$ 15,963,014	\$ 9,950,397	\$ 38,735,349	\$ 40,121,885
Capital assets	25,656,128	35,726,783	51,175,166	48,243,201	76,831,294	83,969,984
Total assets	<u>\$ 48,428,463</u>	<u>\$ 65,898,271</u>	<u>\$ 67,138,180</u>	<u>\$ 58,193,598</u>	<u>\$ 115,566,643</u>	<u>\$ 124,091,869</u>
Long-term liabilities outstanding	\$ 64,525,898	\$ 68,494,644	\$ 18,339,102	\$ 20,812,285	\$ 82,865,000	\$ 89,306,929
Other liabilities	2,624,600	5,092,743	4,161,662	3,268,793	6,786,262	8,361,536
Total liabilities	<u>67,150,498</u>	<u>73,587,387</u>	<u>22,500,764</u>	<u>24,081,078</u>	<u>89,651,262</u>	<u>97,668,465</u>
Net assets:						
Invested in capital assets, net of related debt	16,777,264	24,405,655	33,701,064	28,193,447	50,478,328	52,599,102
Unrestricted	(35,499,299)	(32,094,771)	10,936,352	5,919,073	(24,562,947)	(26,175,698)
Total net assets	<u>\$ (18,722,035)</u>	<u>\$ (7,689,116)</u>	<u>\$ 44,637,416</u>	<u>\$ 34,112,520</u>	<u>\$ 25,915,381</u>	<u>\$ 26,423,404</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Lincoln County exceeded liabilities by \$25,915,381 as of June 30, 2004. The County's net assets decreased by \$508,023 for the fiscal year ended June 30, 2004. One of the largest portions (67.7 %) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's investment in its capital assets

is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Lincoln County's net assets (< 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$24,562,947) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.23%, higher than the statewide average of 95.00%.
- Increased ad valorem tax and sales tax revenue due to growth in County.
- Increased charges for services revenue due to growth in the use of County facilities.
- Continued low cost of debt due to the County's high bond rating.

**Lincoln County's Changes in Net Assets**  
**Figure 3**

**LINCOLN COUNTY'S CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	8,142,930	6,471,865	9,003,219	8,020,625	17,146,149	14,492,490
Operating grants and contributions	7,147,880	6,828,671	-	-	7,147,880	6,828,671
Capital grants and contributions	661,998	169,343	4,395,533	-	5,057,531	169,343
General revenues:						-
Property taxes	31,778,884	30,069,280	1,604,298	1,529,428	33,383,182	31,598,708
Other taxes	13,107,544	11,501,101	-	2,051,000	13,107,544	13,552,101
Other	543,979	978,022	113,335	179,585	657,314	1,157,607
Total revenues	61,383,215	56,018,282	15,116,385	11,780,638	76,499,600	67,798,920
Expenses:						
General government	5,979,916	6,099,433	-	-	12,079,349	6,099,433
Public safety	14,518,385	14,144,467	-	-	28,662,852	14,144,467
Environmental protection	671,799	653,286	-	-	1,325,085	653,286
Economic and physical development	855,719	682,364	-	-	1,538,083	682,364
Human services	17,349,741	15,623,350	-	-	32,973,091	15,623,350
Cultural and recreation	1,450,828	1,372,624	-	-	2,823,452	1,372,624
Education	18,665,458	32,732,273	-	-	51,397,731	32,732,273
Interest on long-term debt	3,373,138	2,756,549	-	-	6,129,687	2,756,549
Landfill	-	-	1,076,654	2,287,674	3,364,328	2,287,674
Water and sewer	-	-	5,705,924	5,461,883	11,167,807	5,461,883
Total expenses	62,864,983	74,064,346	6,782,578	7,749,557	151,461,465	81,813,903
Increase (decrease) in net assets	(1,481,768)	(18,046,064)	8,333,807	4,031,081	6,852,039	(14,014,983)
Net assets, beginning	(7,689,116)	10,356,948	34,112,520	30,081,439	26,423,404	40,438,387
Prior period adjustment	(9,551,151)	-	2,191,089	-	(7,360,062)	-
Net assets, ending	<u>\$(18,722,035)</u>	<u>\$ (7,689,116)</u>	<u>\$ 44,637,416</u>	<u>\$ 34,112,520</u>	<u>\$ 25,915,381</u>	<u>\$ 26,423,404</u>

**Governmental activities.** Governmental activities decreased the County's net assets by \$1,481,768, thereby accounting for the total decrease in the new assets of Lincoln County. The key element of this decrease in 2004 was expenditures for education. This amount was offset \$5,984,105 for school capital projects.

**Business-type activities:** Business-type activities increased Lincoln County's net assets by \$8,333,807. This was offset by the Governments activities decrease. Together there was a total net asset increase of \$6,852,039.



## Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Lincoln County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,808,036, while total fund balance reached \$17,015,198. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.35 percent of total General Fund expenditures, while total fund balance represents 30.47 percent of that same amount.

At June 30, 2004, the governmental funds of Lincoln County reported a combined fund balance of \$19,857,368, a 16.14 percent decrease over last year. The primary reason for this decrease was the expenditure of school capital funds during the year leaving using all available funds at year end. Since then, additional school bonds have been issued and another construction program implemented.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$2,353,618. The majority of this increase was in restricted revenues to account for additional grants received. Expenditures increased by \$3,797,553 to account for grants in public safety, economic and physical development, and human services.

**Proprietary Funds.** Lincoln County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Landfill Fund at the end of the fiscal year amounted to \$7,267,932, the Water and Sewer Fund equaled \$1,596,801 and those for the East Lincoln County Water and Sewer District equaled \$2,071,619. The total growth in net assets for the three funds, were \$1,749,771, \$5,818,304 and \$765,732, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Lincoln County's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** Lincoln County's capital assets for its governmental and business – type activities as of June 30, 2004, totals \$76,831,294 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased new vehicles for Law Enforcement and various other departments
- Construction of new water tanks and distribution lines
- Renovation of new Social Services building
- Construction of new Ambulance Service base building
- Sold land in industrial park to new industry

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,825,919	\$ 1,993,257	\$ 504,808	\$ 489,808	\$ 2,330,727	\$ 2,483,065
Buildings and structures	15,506,120	14,750,139	20,096,755	20,588,669	35,602,875	35,338,808
Other improvements	3,330,261	762,914	1,105,740	898,605	4,436,001	1,661,519
Machinery and equipment	2,772,490	2,924,557	2,509,157	1,950,822	5,281,647	4,875,379
Infrastructure	-	-	23,747,036	23,611,193	23,747,036	23,611,193
Vehicles and other equipment	2,196,347	2,268,900	-	-	2,196,347	2,268,900
Construction in progress	<u>24,991</u>	<u>3,475,865</u>	<u>3,211,670</u>	<u>2,214,405</u>	<u>3,236,661</u>	<u>5,690,270</u>
Total	<u>\$25,656,128</u>	<u>\$ 26,175,632</u>	<u>\$51,175,166</u>	<u>\$ 49,753,502</u>	<u>\$ 76,831,294</u>	<u>\$75,929,134</u>

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

**Long-term Debt.** As of June 30, 2004, Lincoln County had total bonded debt outstanding of \$67,180,000, all of which is debt backed by the full faith and credit of the County.



## Lincoln County's Outstanding Debt General Obligation Bonds

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 53,122,034	\$ 56,536,445	\$ 14,057,966	\$ 15,386,428	\$ 67,180,000	\$ 71,922,873

Lincoln County's total debt decreased by \$4,842,328 (5.52 percent) during the past fiscal year, primarily due to no new bonded debt being issued during the year except refunding bonds.

During the year, four refundings of debt occurred: July 2003 general obligation bonds, September 2003 certificates of participation were issued refunding a number of installment contracts, March 2004 East Lincoln Water and Sewer District general obligations bonds were refunded, and in May 2004, more general obligation bonds were refunded for a total net savings over the life of the bonds of \$2,653,974 for the County and \$461,000 for the Sewer District.

As mentioned in the financial highlights section of this document, Lincoln County maintained, its A2 bond rating from Moody's Investor Service, an A rating from Standard and Poor's Corporation, and AA- from Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Lincoln County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is \$317,295,900. The County had \$47,000,000 in school bonds authorized but un-issued at June 30, 2004.

Additional information regarding Lincoln County's long-term debt can be found in note 7 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- Although the County unemployment rate for 2004 averaged approximately 7.5%, slightly higher than the state average of 6.0% we remain lower than some of our surrounding counties who have lost more jobs than Lincoln County.
- Our industrial park was awarded North Carolina Certified Industrial Site status, making it one of 14 such sites across the State.



- Four industrial expansions were announced during 2004 totaling \$41 million of capital investments and 175 jobs. During this same period one plant closed, Haworth, Inc., moving jobs to another state for a loss of 161 jobs.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The County has a relative low tax rate of 62 cents which is less than the state average of 66.9 cents.
- Retail sales grew by 13.2% in the first nine months of fiscal year 2004 compared with the same period in year 2003.

### **Budget Highlights for the Fiscal Year Ending June 30, 2005**

**Governmental Activities:** The County adopted a General Fund budget in the amount of \$72,775,916 for the fiscal year ending June 30, 2005, an increase of \$8,225,138, or 12.7%, from the fiscal year 2004 budget. The majority of the budget increase was to fund increased spending on law enforcement, ambulance service, human services, education, debt service for school bonds, and capital projects. The property tax remained the same at \$.62 per \$100 valuation. This is the first budget after revaluation of real property as of January 2004, which increased assessed valuations approximately 16% due to growth and increased property values.

**Business – Type Activities:** The water and sewer rates in the County continue to remain stable with growth and new customers adequate to cover any increases in expenses. The water system recently completed construction of two new water tanks and the installation of additional distribution lines. This construction has allowed for the continued expansion and growth of residential and commercial growth in the east along with providing adequate water service for our industrial park in the northern part of the County. Rates for landfill services have remained the same with tipping fees and availability fees adequate to allow the accumulation of funds for future landfill cells and the closure of landfill cells currently in use.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Lincoln County, 115 West Main Street, Lincolnton, N.C. 28092.

# LINCOLN COUNTY, NORTH CAROLINA

## STATEMENT OF NET ASSETS

JUNE 30, 2004

	Governmental Activities	Business Type Activities	Total Primary Government
<b>Assets</b>			
Cash and cash equivalents	\$ 15,125,387	\$ 17,092,099	\$ 32,217,486
Taxes receivable (net)	1,458,459	168,574	1,627,033
Accounts receivable (net)	754,539	615,205	1,369,744
Due from other governments	2,796,849	169,964	2,966,813
Internal balances	2,637,101	(2,637,101)	-
Inventories	-	-	-
Other assets	-	554,273	554,273
Capital assets, nondepreciable	1,850,910	3,716,478	5,567,388
Capital assets- depreciable, net	23,805,218	47,458,688	71,263,906
Total assets	<u>\$ 48,428,463</u>	<u>\$ 67,138,180</u>	<u>\$ 115,566,643</u>
<b>Liabilities</b>			
Accounts payable and other accrued liabilities	\$ 1,456,508	\$ 311,510	\$ 1,768,018
Customer deposits	-	97,589	97,589
Long-term liabilities:			
Net pension obligation	296,992	-	296,992
Compensated absences	871,100	102,920	974,020
Premium on long term debt, net	-	291,497	291,497
Accrued landfill closure/postclosure care costs	-	3,358,146	3,358,146
Due in less than one year	4,658,421	2,221,579	6,880,000
Due in more than one year	59,867,477	16,117,523	75,985,000
Total liabilities	<u>67,150,498</u>	<u>22,500,764</u>	<u>89,651,262</u>
<b>Net Assets</b>			
Net Assets, capital net of debt	16,777,264	33,701,064	50,478,328
Unrestricted	(35,499,299)	10,936,352	(24,562,947)
Total net assets	<u>\$ (18,722,035)</u>	<u>\$ 44,637,416</u>	<u>\$ 25,915,381</u>

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

Exhibit A

Component Units	
Lincoln County ABC Board	Lincolnton- Lincoln County Airport Authority
\$ 34,186	\$ 542,278
-	-
-	39,693
-	50,605
-	-
148,464	10,788
-	-
181,213	2,330,574
536,478	3,000,066
<u>\$ 900,341</u>	<u>\$ 5,974,004</u>
\$ 112,066	\$ 34,028
-	-
-	-
-	-
-	-
19,251	16,622
790,941	73,185
<u>922,258</u>	<u>123,835</u>
-	5,240,833
(21,917)	609,336
<u>\$ (21,917)</u>	<u>\$ 5,850,169</u>

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



# LINCOLN COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs</b>				
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,979,916	\$ 2,732,965	\$ 153,133	\$ 23,494
Public safety	14,518,385	2,099,257	17,385	133,950
Environmental protection	671,799	-	-	-
Economic and physical development	855,719	-	-	504,554
Human services	17,349,741	3,310,684	6,977,362	-
Cultural and recreational	1,450,828	24	-	-
Education	18,665,458	-	-	-
Debt Service:				
Interest and fees	3,373,138	-	-	-
Total governmental activities	<u>62,864,983</u>	<u>8,142,930</u>	<u>7,147,880</u>	<u>661,998</u>
<b>Business-Type Activities:</b>				
Landfill	1,076,654	2,736,183	-	15,758
Water and Sewer	3,017,433	4,674,117	-	4,145,790
East Lincoln County water and sewer	2,688,491	1,592,919	-	233,985
Total business type activities	<u>6,782,578</u>	<u>9,003,219</u>	<u>-</u>	<u>4,395,533</u>
Total primary government	<u>\$ 69,647,561</u>	<u>\$ 17,146,149</u>	<u>\$ 7,147,880</u>	<u>\$ 5,057,531</u>
<b>Component Unit:</b>				
Lincoln County ABC Authority	\$ 101,756	\$ 79,839	\$ -	\$ -
Lincolnton-Lincoln County Airport Authority	753,983	457,969	-	859,215
Total component unit	<u>\$ 855,739</u>	<u>\$ 537,808</u>	<u>\$ -</u>	<u>\$ 859,215</u>

### General Revenues:

Ad valorem taxes  
Other taxes and licenses  
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				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincolnton-Lincoln County Airport Authority
\$ (3,070,324)	\$ -	\$ (3,070,324)	\$ -	\$ -
(12,267,793)	-	(12,267,793)	-	-
(671,799)	-	(671,799)	-	-
(351,165)	-	(351,165)	-	-
(7,061,695)	-	(7,061,695)	-	-
(1,450,804)	-	(1,450,804)	-	-
(18,665,458)	-	(18,665,458)	-	-
(3,373,138)	-	(3,373,138)	-	-
(46,912,175)	-	(46,912,175)	-	-
-	1,675,287	1,675,287	-	-
-	5,802,474	5,802,474	-	-
-	(861,587)	(861,587)	-	-
-	6,616,174	6,616,174	-	-
(46,912,175)	6,616,174	(40,296,001)	-	-
\$ -	\$ -	\$ -	\$ (21,917)	\$ -
-	-	-	-	563,201
-	-	-	(21,917)	563,201
31,778,884	1,604,298	33,383,182	-	-
13,107,544	-	13,107,544	-	-
378,105	-	378,105	-	133,694
165,874	113,335	279,209	-	3,164
45,430,407	1,717,633	47,148,040	-	136,858
(1,481,768)	8,333,807	6,852,039	(21,917)	700,059
(7,689,116)	34,112,520	26,423,404	-	4,981,076
(9,551,151)	2,191,089	(7,360,062)	-	169,034
(17,240,267)	36,303,609	19,063,342	-	5,150,110
\$ (18,722,035)	\$ 44,637,416	\$ 25,915,381	\$ (21,917)	\$ 5,850,169

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

# LINCOLN COUNTY, NORTH CAROLINA

Exhibit C

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2004

	General Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 12,922,905	\$ -	\$ 2,202,482	\$ 15,125,387
Taxes receivable (net)	1,350,621	-	107,838	1,458,459
Accounts receivable (net)	741,804	-	12,735	754,539
Due from other governments	2,778,244	-	18,605	2,796,849
Due from other funds	2,687,114	9,154	697,855	3,394,123
Total assets	<u>\$ 20,480,688</u>	<u>\$ 9,154</u>	<u>\$ 3,039,515</u>	<u>\$ 23,529,357</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ 1,367,001	\$ -	\$ 89,507	\$ 1,456,508
Due to other funds	747,868	-	9,154	757,022
Deferred revenue	1,350,621	-	107,838	1,458,459
Total liabilities	<u>3,465,490</u>	<u>-</u>	<u>206,499</u>	<u>3,671,989</u>
<b>Fund Balances:</b>				
Reserved:				
State statue	6,207,162	9,154	729,195	6,945,511
Unreserved	10,808,036	-	-	10,808,036
Reported in nonmajor:				
Capital project funds	-	-	1,422,207	1,422,207
Special revenue funds	-	-	681,614	681,614
Total fund balances	<u>17,015,198</u>	<u>9,154</u>	<u>2,833,016</u>	<u>19,857,368</u>
Total liabilities and fund balances	<u>\$ 20,480,688</u>	<u>\$ 9,154</u>	<u>\$ 3,039,515</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				25,656,128
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.				(65,693,990)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year end.				<u>1,458,459</u>
Net assets of governmental activities, per Exhibit A				<u>\$ (18,722,035)</u>

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



**LINCOLN COUNTY, NORTH CAROLINA**
**Exhibit D**
**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>School Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 29,813,860	\$ -	\$ 1,907,051	\$ 31,720,911
Local option sales taxes	11,818,791	-	-	11,818,791
Other taxes and licenses	926,567	-	362,186	1,288,753
Unrestricted intergovernmental revenues	378,105	-	-	378,105
Restricted intergovernmental revenues	7,087,237	-	633,537	7,720,774
Permits and fees	1,546,249	-	-	1,546,249
Sales, service and rents	6,423,416	-	-	6,423,416
Miscellaneous	244,603	-	17,766	262,369
Investment earnings	132,146	13,028	20,700	165,874
Total revenues	<u>58,370,974</u>	<u>13,028</u>	<u>2,941,240</u>	<u>61,325,242</u>
<b>Expenditures</b>				
Current:				
General government	5,587,042	-	-	5,587,042
Public safety	11,420,910	-	2,686,447	14,107,357
Environmental protection	563,632	-	-	563,632
Economic and physical development	855,719	-	-	855,719
Human services	16,392,974	-	-	16,392,974
Cultural and recreational	1,352,872	-	-	1,352,872
Education	12,681,353	-	-	12,681,353
Capital outlay	-	5,984,105	1,028,536	7,012,641
Debt service:				
Principal repayments	3,601,883	-	-	3,601,883
Interest	3,387,510	-	-	3,387,510
Total expenditures	<u>55,843,895</u>	<u>5,984,105</u>	<u>3,714,983</u>	<u>65,542,983</u>
Revenues over (under) expenditures	<u>2,527,079</u>	<u>(5,971,077)</u>	<u>(773,743)</u>	<u>(4,217,741)</u>
<b>Other Financing Sources (Uses)</b>				
Advance refunding of long-term debt	17,506,757	-	-	17,506,757
Advance refunding payments to trustee	(17,763,348)	-	-	(17,763,348)
Debt issuance costs	(87,730)	-	-	(87,730)
Transfers out	(9,985,734)	-	(785,275)	(10,771,009)
Transfers in	8,071,009	2,700,000	-	10,771,009
Total other financing sources (uses)	<u>(2,259,046)</u>	<u>2,700,000</u>	<u>(785,275)</u>	<u>(344,321)</u>
Net change in fund balances	<u>268,033</u>	<u>(3,271,077)</u>	<u>(1,559,018)</u>	<u>(4,562,062)</u>
Fund balance, beginning of year	16,477,715	3,280,231	3,920,312	23,678,258
Prior period adjustment	269,450	-	471,722	741,172
Beginning fund balance , restated	<u>16,747,165</u>	<u>3,280,231</u>	<u>4,392,034</u>	<u>24,419,430</u>
Fund balance, end of year	<u>\$ 17,015,198</u>	<u>\$ 9,154</u>	<u>\$ 2,833,016</u>	<u>\$ 19,857,368</u>

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

## LINCOLN COUNTY, NORTH CAROLINA

Exhibit E

### 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, 2004

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

Net change in fund balances - total government funds	\$ (4,562,062)
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.	1,295,192
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(1,441,043)
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.	(373,653)
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.	(316,649)
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 60 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	57,973
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.	3,601,883
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.	(17,506,757) <u>17,763,348</u>
Change in net assets of governmental activities	<u>\$ (1,481,768)</u>

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

# LINCOLN COUNTY, NORTH CAROLINA

Exhibit F

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/Under
<b>Revenues</b>				
Ad valorem taxes	\$ 28,857,623	\$ 28,927,373	\$ 29,813,860	\$ 886,487
Local option sales taxes	11,764,120	11,764,120	11,818,791	54,671
Other taxes and licenses	642,000	912,000	926,567	14,567
Unrestricted intergovernmental revenues	362,699	362,699	378,105	15,406
Restricted intergovernmental revenues	6,804,115	8,006,268	7,087,237	(919,031)
Permits and fees	1,359,223	1,514,223	1,546,249	32,026
Sales, service and rents	5,866,222	6,517,258	6,423,416	(93,842)
Miscellaneous	98,679	104,358	244,603	140,245
Investment earnings	250,000	250,000	132,146	(117,854)
Total revenues	<u>56,004,681</u>	<u>58,358,299</u>	<u>58,370,974</u>	<u>12,675</u>
<b>Expenditures</b>				
Current:				
General government	6,026,595	6,312,919	5,587,042	725,877
Public safety	11,529,032	12,624,202	11,420,910	1,203,292
Environmental protection	571,797	585,914	563,632	22,282
Economic and physical development	686,432	1,383,733	855,719	528,014
Human services	17,684,772	18,489,343	16,392,974	2,096,369
Cultural and recreational	1,462,881	1,602,151	1,352,872	249,279
Education	12,616,553	12,681,353	12,681,353	-
Debt Service:				
Principal	3,665,168	3,605,168	3,601,883	3,285
Interest and fees	2,631,580	3,387,580	3,387,510	70
Total expenditures	<u>56,874,810</u>	<u>60,672,363</u>	<u>55,843,895</u>	<u>4,828,468</u>
Revenues over (under) expenditures	<u>(870,129)</u>	<u>(2,314,064)</u>	<u>2,527,079</u>	<u>4,841,143</u>
<b>Other Financing Sources (Uses)</b>				
Advance refunding of long-term debt	-	137,209	17,506,757	17,369,548
Advance refunding payments to trustee	(1,767,121)	(1,717,739)	(17,763,348)	(16,045,609)
Debt issuance costs	-	(50,000)	(87,730)	(37,730)
Transfers out	(5,908,847)	(6,179,933)	(9,985,734)	(3,805,801)
Transfers in	6,397,848	6,397,848	8,071,009	1,673,161
Fund balance appropriated	<u>2,148,249</u>	<u>3,726,679</u>	<u>-</u>	<u>(3,726,679)</u>
Total other financing sources (uses)	<u>870,129</u>	<u>2,314,064</u>	<u>(2,259,046)</u>	<u>(4,573,110)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>268,033</u>	<u>\$ 268,033</u>
Fund balance, beginning of year			16,477,715	
Prior period adjustment			269,450	
Beginning fund balance, restated			<u>16,747,165</u>	
Fund balance, end of year			<u>\$ 17,015,198</u>	

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



**LINCOLN COUNTY, NORTH CAROLINA**
**Exhibit G**
**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004**

	<b>Enterprise Funds</b>			
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 10,415,002	\$ 3,951,298	\$ 2,725,799	\$ 17,092,099
Taxes receivable (net)	137,536	-	31,038	168,574
Accounts receivable (net)	106,794	508,411	-	615,205
Due from other governments	61,299	74,092	34,573	169,964
Due from other funds	-	50,013	236,160	286,173
Other assets	-	527,240	27,033	554,273
Total current assets	10,720,631	5,111,054	3,054,603	18,886,288
Capital assets				
Non-depreciable capital assets	353,639	3,059,187	303,652	3,716,478
Depreciable capital assets, net of accumulated	2,497,012	24,435,021	20,526,655	47,458,688
Total noncurrent assets	2,850,651	27,494,208	20,830,307	51,175,166
Total assets	<u>\$ 13,571,282</u>	<u>\$ 32,605,262</u>	<u>\$ 23,884,910</u>	<u>\$ 70,061,454</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and other accrued liabilities	\$ 55,943	\$ 146,900	\$ 108,667	\$ 311,510
Due to other funds	-	2,923,274	-	2,923,274
Customer deposits	-	97,589	-	97,589
Current portion of long-term debt	-	1,356,579	865,000	2,221,579
Total current liabilities	55,943	4,524,342	973,667	5,553,952
Noncurrent liabilities				
Accrued landfill closure/postclosure care costs	3,358,146	-	-	3,358,146
Premium on long-term debt, net	-	291,497	-	291,497
Compensated absences	38,610	54,993	9,317	102,920
Long-term debt	-	6,337,523	9,780,000	16,117,523
Total noncurrent liabilities	3,396,756	6,684,013	9,789,317	19,870,086
Total liabilities	3,452,699	11,208,355	10,762,984	25,424,038
<b>Net Assets</b>				
Invested in capital assets, net of related debt	2,850,651	19,800,106	11,050,307	33,701,064
Unrestricted	7,267,932	1,596,801	2,071,619	10,936,352
Total net assets	<u>\$ 10,118,583</u>	<u>\$ 21,396,907</u>	<u>\$ 13,121,926</u>	<u>\$ 44,637,416</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**
**Exhibit H**
**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2004**

	<b>Enterprise Funds</b>			
			<b>East Lincoln County Water and Sewer District Fund</b>	
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>		<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 652,122	\$ 4,431,546	\$ 967,241	\$ 6,050,909
Water and sewer taps	-	239,166	607,831	846,997
Other operating revenue	5,250	3,405	17,847	26,502
Total operating revenues	657,372	4,674,117	1,592,919	6,924,408
<b>Operating Expenses</b>				
Water treatment and distribution	-	1,653,735	-	1,653,735
Sewage collection	-	(983)	-	(983)
Pumping station	-	8,126	-	8,126
Landfill operations	903,829	-	-	903,829
Water and sewer district	-	-	1,228,163	1,228,163
Landfill closure and postclosure costs	52,884	-	-	52,884
Depreciation	178,548	818,112	571,084	1,567,744
Total operating expenses	1,135,261	2,478,990	1,799,247	5,413,498
Operating income (loss)	(477,889)	2,195,127	(206,328)	1,510,910
<b>Nonoperating Revenue (Expense)</b>				
Ad valorem taxes	-	-	1,604,298	1,604,298
Availability fee	1,991,180	-	-	1,991,180
Investment earnings	74,484	15,830	23,021	113,335
White goods disposal tax	24,699	-	-	24,699
Tire disposal tax	62,932	-	-	62,932
Sales and use tax refund	58,607	22,285	-	80,892
Interest and fees	-	(560,728)	(889,244)	(1,449,972)
Total nonoperating revenue (expense)	2,211,902	(522,613)	738,075	2,427,364
Income (loss) before transfers and contributions	1,734,013	1,672,514	531,747	3,938,274
Capital contribution	15,758	4,145,790	233,985	4,395,533
Change in net assets	1,749,771	5,818,304	765,732	8,333,807
Total net assets - beginning (as previously stated)	7,703,762	14,748,720	11,660,038	34,112,520
Prior period adjustment	665,050	829,883	696,156	2,191,089
Total net assets - beginning (restated)	8,368,812	15,578,603	12,356,194	36,303,609
Total net assets - ending	\$ 10,118,583	\$ 21,396,907	\$ 13,121,926	\$ 44,637,416

*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, 2004

	Enterprise Funds			
			East Lincoln County	
	Landfill Fund	Water and Sewer Fund	Water and Sewer District Fund	Total
<b>Operating Activities</b>				
Cash received from customers	\$ 541,474	\$ 4,687,603	\$ 1,603,811	\$ 6,832,888
Cash received from other operating revenues	5,250	3,405	17,847	26,502
Cash paid for goods and services	(420,061)	(1,371,469)	(834,655)	(2,626,185)
Cash paid on behalf of employees	(479,497)	(744,748)	(492,302)	(1,716,547)
Net cash provided by (used in) operating activities	(352,834)	2,574,791	294,701	2,516,658
<b>Noncapital Financing Activities</b>				
Ad valorem taxes	-	-	1,604,298	1,604,298
Availability fees	1,991,180	-	-	1,991,180
White goods disposal tax	24,699	-	-	24,699
Tire disposal tax	62,932	-	-	62,932
Loans from (to) other funds	(18,475)	(50,056)	(196,054)	(264,585)
Sales and use tax refunds	58,607	22,285	-	80,892
Net cash provided (used) by noncapital financing activities	2,118,943	(27,771)	1,408,244	3,499,416
<b>Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(309,492)	(1,515,766)	(376,451)	(2,201,709)
Debt principal paid	(21,660)	(885,639)	(280,000)	(1,187,299)
Premium on debt issue	-	291,497	-	291,497
Capital contributions	15,758	3,622,685	16,250	3,654,693
Interest and fees paid	-	(575,213)	(889,244)	(1,464,457)
Net cash provided (used) by capital and related financing activities	(315,394)	937,564	(1,529,445)	(907,275)
<b>Investing Activities</b>				
Interest on investments	74,484	15,830	23,021	113,335
Net cash provided (used) in investing activities	74,484	15,830	23,021	113,335
Net increase in cash and cash equivalents/investments	1,525,199	3,500,414	196,521	5,222,134
<b>Cash and Cash Equivalents/Investments</b>				
Beginning of year	8,889,803	450,884	2,529,278	11,869,965
End of year	\$ 10,415,002	\$ 3,951,298	\$ 2,725,799	\$ 17,092,099

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, 2004

	Enterprise Funds			Total
	Landfill Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (477,889)	\$ 2,195,127	\$ (206,328)	1,510,910
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	178,548	818,112	571,084	1,567,744
Change in assets and liabilities				
(Increase) decrease in receivables	(87,866)	511,175	23,019	446,328
(Increase) decrease in due from other governments	(22,782)	(54,024)	5,720	(71,086)
(Increase) decrease in other assets	-	(440,260)	-	(440,260)
Increase (decrease) in accounts payable	1,190	(508,804)	(102,193)	(609,807)
Increase (decrease) in customer deposits	-	45,029	-	45,029
Increase (decrease) in landfill closure/postclosure care cost	52,884	-	-	52,884
Increase (decrease) in compensated absences payable	3,081	8,436	3,399	14,916
Total adjustments	<u>125,055</u>	<u>379,664</u>	<u>501,029</u>	<u>1,005,748</u>
Net cash provided by (used in) operating activities	<u>\$ (352,834)</u>	<u>\$ 2,574,791</u>	<u>\$ 294,701</u>	<u>\$ 2,516,658</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Donated depreciable assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ 523,105</u>	<u>\$ 217,735</u>	<u>\$ 740,840</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**Exhibit J**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2004**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 437,812
Total assets	<u>\$ 437,812</u>
<b>Liabilities</b>	
Intergovernmental payable	\$ 437,812
Total liabilities	<u>\$ 437,812</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, 2004**

### **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.

###### **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, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **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.

*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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

The County has the following fund categories (further divided by fund type):

1. **Governmental Funds** - are used to account for Lincoln County's general governmental activities. Governmental funds include the following fund types:

- a. **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.

- b. **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.

- c. **Capital Projects Funds**

Capital Projects Funds are 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 has two Capital Projects Funds within its governmental fund types, the General Capital Projects Fund and the School Capital Projects Fund.

2. **Proprietary Funds**

**Enterprise Funds**

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 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 and 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.

3. **Fiduciary Funds** account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

**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



# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

for a municipality within the County; and the Miscellaneous Fund, which accounts for monies deposited with various other organizations.

4. **Major Funds** - The General Fund, the School Capital Projects Fund, the Landfill Fund, the Water and Sewer Fund and the East Lincoln County Water and Sewer Fund are major funds for the year ended June 30, 2004.

### 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.

*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 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a 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



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

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 2003 through February 2004 apply to the fiscal year ended June 30, 2004. 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, 2004 because they are intended to finance the County's operations during the 2005 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.

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



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

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).

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market 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, 2003. 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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

### 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. 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.

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

	<u>Years</u>
Buildings	25-50
Furniture and office equipment	5-7
Equipment	7-10
Vehicles	5

### 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.



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **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.

### **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.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **Unreserved**

**Designated for subsequent year's expenditures** - portion of total fund balance available for appropriation which has been designated for the adopted 2004-2005 budget ordinance.

Unreserved fund balance had the following designations at June 30, 2004:

Designated for subsequent year's expenditures:

General Fund	\$ 1,862,084
Enterprise Funds:	
Water and Sewer Fund	\$ 262,500

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

### **F. Comparative Data/Reclassifications**

Comparative total data for the prior year have 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.



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

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.

At June 30, 2004 the County's deposits had a carrying amount of \$10,752,888 and a bank balance of \$11,863,472. Of the bank balance, \$246,011 was covered by federal depository insurance, and \$11,617,461 by collateral held under the Pooling Method.

At June 30, 2004, Lincoln County had \$2,200 cash on hand.

### **2. Investments**

The County's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County or its agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. The County's investment in the North Carolina Capital Management Trust is exempt from risk categorization because the County does not own any identifiable securities in these mutual funds.

At June 30, 2004 the County's investment balances were as follows:

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Reported Value</u>	<u>Fair Value</u>
US Treasury Notes	\$ 1,496,250	\$ -	\$ -	\$ 1,496,250	\$ 1,496,250
Federal National Mortgage Association	1,487,672	-	-	1,487,672	1,487,672
North Carolina Capital Management Trust				\$ 18,916,288	\$ 18,916,288
Total investments	<u>\$ 2,983,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,900,210</u>	<u>\$ 21,900,210</u>

There were no realized or unrealized gains or losses on the County's investments during 2004.

### **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



# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 734,934	\$ 174,546	\$ 909,480
2002	810,105	119,190	929,295
2003	795,255	45,727	840,982
2004	1,176,864	-	1,176,864
Total	<u>\$ 3,517,158</u>	<u>\$ 339,463</u>	<u>\$ 3,856,621</u>

### 4. Receivables

Receivables at Exhibit A at June 30, 2004 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 828,912	\$ 1,798,621	\$ 2,778,244	\$ 5,405,777
Other Governmental	12,735	108,055	18,605	139,395
Total receivables	841,647	1,906,676	2,796,849	5,545,172
Allowance for doubtful accounts	(87,108)	(448,217)	-	(535,325)
Total governmental activities	<u>\$ 754,539</u>	<u>\$ 1,458,459</u>	<u>\$ 2,796,849</u>	<u>\$ 5,009,847</u>
<b>Business-type Activities:</b>				
Solid Waste	\$ 106,794	\$ 172,536	\$ 61,299	\$ 340,629
Water and Sewer	522,881	66,038	108,665	697,584
Total receivables	629,675	238,574	169,964	1,038,213
Allowance for doubtful accounts	(14,470)	(70,000)	-	(84,470)
Total business-type activities	<u>\$ 615,205</u>	<u>\$ 168,574</u>	<u>\$ 169,964</u>	<u>\$ 953,743</u>

Due from other governments consisted of the following:

Local option sales tax	<u>\$ 2,199,024</u>
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# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

### 5. Capital Assets

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

	June 30, 2003	Prior Period Adjustments	Beginning Balance as Restated	Additions	Retirements	June 30, 2004
By asset type:						
<b>Nondepreciable Assets</b>						
Land	\$ 3,874,237	\$ (1,880,980)	\$ 1,993,257	\$ -	\$ (167,338)	\$ 1,825,919
Construction in progress	3,475,865	-	3,475,865	967,922	(4,418,796)	24,991
<b>Depreciable Assets</b>						
Buildings	25,770,032	(5,968,910)	19,801,122	1,116,729	-	20,917,851
Other improvements	1,947,430	(639,113)	1,308,317	2,632,262	-	3,940,579
Equipment	9,292,131	(2,847,502)	6,444,629	291,649	(118,023)	6,618,255
Vehicles and other equipment	4,930,875	102,506	5,033,381	705,426	(763,175)	4,975,632
	<u>49,290,570</u>	<u>(11,233,999)</u>	<u>38,056,571</u>	<u>5,713,988</u>	<u>(5,467,332)</u>	<u>38,303,227</u>
Accumulated depreciation:						
Buildings	(5,062,533)	11,550	(5,050,983)	(360,748)	-	(5,411,731)
Other improvements	(582,924)	37,521	(545,403)	(64,915)	-	(610,318)
Equipment	(5,140,611)	1,620,539	(3,520,072)	(429,456)	103,763	(3,845,765)
Vehicles and other equipment	(2,777,719)	13,238	(2,764,481)	(585,924)	571,120	(2,779,285)
Total accumulated depreciation	<u>(13,563,787)</u>	<u>1,682,848</u>	<u>(11,880,939)</u>	<u>\$ (1,441,043)</u>	<u>\$ 674,883</u>	<u>(12,647,099)</u>
Capital assets, net	<u>\$ 35,726,783</u>	<u>\$ (9,551,151)</u>	<u>\$ 26,175,632</u>			<u>\$ 25,656,128</u>

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

#### Governmental activities:

General government	\$ 391,546
Public safety	605,350
Environmental protection	108,167
Human services	176,658
Cultural and recreational	159,322
Total	<u>\$ 1,441,043</u>

#### Business-type activities:

Landfill	\$ 178,548
Water and Sewer	818,113
East Lincoln County Water and Sewer	571,084
Total	<u>\$ 1,567,745</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

### 6. Proprietary Capital Assets

The capital assets of the Landfill Fund at June 30, 2004 are as follows:

	<u>June 30, 2003</u>	<u>Prior Period Adjustments</u>	<u>Beginning Balance as Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>
By asset type:						
<b>Nondepreciable Assets</b>						
Land	\$ 224,808	\$ -	\$ 224,808	\$ -	\$ -	\$ 224,808
Construction in progress	129,041	-	129,041	131,597	(131,807)	128,831
<b>Depreciable Assets</b>						
Buildings and structures	531,543	-	531,543	-	-	531,543
Improvements	4,769,351	-	4,769,351	131,807	-	4,901,158
Machinery, equipment and vehicles	2,800,589	-	2,800,589	177,895	(6,957)	2,971,527
	<u>8,455,332</u>	<u>-</u>	<u>8,455,332</u>	<u>441,299</u>	<u>(138,764)</u>	<u>8,757,867</u>
Accumulated depreciation:						
Buildings and structures	(85,565)	-	(85,565)	(10,631)	-	(96,196)
Improvements	(4,781,930)	861,003	(3,920,927)	-	-	(3,920,927)
Machinery, equipment and vehicles	(1,729,133)	-	(1,729,133)	(167,917)	6,957	(1,890,093)
Total accumulated depreciation	<u>(6,596,628)</u>	<u>861,003</u>	<u>(5,735,625)</u>	<u>\$ (178,548)</u>	<u>\$ 6,957</u>	<u>(5,907,216)</u>
Capital assets, net	<u>\$ 1,858,704</u>	<u>\$ 861,003</u>	<u>\$ 2,719,707</u>			<u>\$ 2,850,651</u>

The capital assets of the Water and Sewer Fund at June 30, 2004 are as follows:

	<u>June 30, 2003</u>	<u>Prior Period Adjustments</u>	<u>Beginning Balance as Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>
By asset type:						
<b>Nondepreciable Assets</b>						
Construction in progress	\$ 1,653,678	\$ -	\$ 1,653,678	\$ 1,491,725	\$ (86,216)	\$ 3,059,187
<b>Depreciable Assets</b>						
Buildings and structures	7,523,909	56,928	7,580,837	-	-	7,580,837
Improvements	84,300	-	84,300	-	-	84,300
Water lines	23,581,210	(118,165)	23,463,045	609,327	-	24,072,372
Machinery, equipment and vehicles	1,851,965	14,378	1,866,343	80,517	(11,545)	1,935,315
	<u>34,695,062</u>	<u>(46,859)</u>	<u>34,648,203</u>	<u>2,181,569</u>	<u>(97,761)</u>	<u>36,732,011</u>
Accumulated depreciation:						
Buildings and structures	(1,674,168)	-	(1,674,168)	(151,617)	-	(1,825,785)
Improvements	(56,895)	-	(56,895)	(3,738)	-	(60,633)
Water lines	(5,191,009)	-	(5,191,009)	(552,658)	-	(5,743,667)
Machinery, equipment and vehicles	(1,499,542)	-	(1,499,542)	(110,100)	1,924	(1,607,718)
Total accumulated depreciation	<u>(8,421,614)</u>	<u>-</u>	<u>(8,421,614)</u>	<u>\$ (818,113)</u>	<u>\$ 1,924</u>	<u>(9,237,803)</u>
Capital assets, net	<u>\$ 26,273,448</u>	<u>\$ (46,859)</u>	<u>\$ 26,226,589</u>			<u>\$ 27,494,208</u>



# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

The capital assets of the East Lincoln County Water and Sewer Fund at June 30, 2004 are as follows:

	<u>June 30, 2003</u>	<u>Prior Period Adjustments</u>	<u>Beginning Balance as Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>
By asset type:						
<b>Nondepreciable Assets</b>						
Land	\$ 265,000	\$ -	\$ 265,000	\$ 15,000	\$ -	\$ 280,000
Construction in progress	431,686	-	431,686	44,486	(452,520)	23,652
<b>Depreciable Assets</b>						
Buildings and structures	16,444,093	-	16,444,093	-	-	16,444,093
Improvements	2,274,507	(2,238,570)	35,937	82,232	-	118,169
Water lines	2,931,278	2,908,374	5,839,652	217,735	-	6,057,387
Machinery, equipment and vehicles	956,137	-	956,137	689,426	(6,021)	1,639,542
	<u>23,302,701</u>	<u>669,804</u>	<u>23,972,505</u>	<u>1,048,879</u>	<u>(458,541)</u>	<u>24,562,843</u>
Accumulated depreciation:						
Buildings and structures	(2,234,424)	26,353	(2,208,071)	(329,666)	-	(2,537,737)
Improvements	(13,161)	-	(13,161)	(3,167)	-	(16,328)
Water lines	(500,495)	-	(500,495)	(138,559)	-	(639,054)
Machinery, equipment and vehicles	(443,572)	-	(443,572)	(99,692)	3,847	(539,417)
Total accumulated depreciation	<u>(3,191,652)</u>	<u>26,353</u>	<u>(3,165,299)</u>	<u>\$ (571,084)</u>	<u>\$ 3,847</u>	<u>(3,732,536)</u>
Capital assets, net	<u>\$ 20,111,049</u>	<u>\$ 696,157</u>	<u>\$ 20,807,206</u>			<u>\$ 20,830,307</u>

### B. Liabilities

#### 1. Payables

Payables at Exhibit A at June 30, 2004 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 927,234	\$ 193,475	\$ -	\$ 246,292	\$ 1,367,001
Other Governmental	89,507	-	-	-	89,507
Total governmental activities	<u>\$ 1,016,741</u>	<u>\$ 193,475</u>	<u>\$ -</u>	<u>\$ 246,292</u>	<u>\$ 1,456,508</u>
<b>Business-type Activities:</b>					
Solid Waste	\$ 46,902	\$ 8,268	\$ -	\$ 773	\$ 55,943
Water and Sewer	165,640	11,050	78,877	-	255,567
Total business-type activities	<u>\$ 212,542</u>	<u>\$ 19,318</u>	<u>\$ 78,877</u>	<u>\$ 773</u>	<u>\$ 311,510</u>

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **2. Pension Plan Obligation**

#### **a. Local Governmental Employees' Retirement System**

- (1) **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.
- (2) **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, 2004, 2003, and 2002 were \$760,195, \$707,258, and \$673,478, respectively. The contributions made by the County equaled the required contributions for each year.

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

- (1) **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, 2004

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2003, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>77</u>
Total	<u>80</u>

### (2) 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.

### (3) 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, 2003 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.



# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

### (4) 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	\$ 61,992
Interest on net pension obligation	17,871
Adjustment to annual required contribution	<u>(13,523)</u>
Annual pension cost	66,340
Employer contributions made for fiscal year ending 6/30/04	<u>15,843</u>
Increase (decrease) in net pension obligation	50,497
Net pension obligation July 1	<u>246,495</u>
Net pension obligation June 30	<u><u>\$ 296,992</u></u>

#### Three-Year Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2002	\$ 56,002	7.45%	\$ 196,655
6/30/2003	60,937	18.21%	246,495
6/30/2004	66,340	23.88%	296,992

### c. Supplemental Retirement Income Plan for Law Enforcement Officers

- (1) **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.
- (2) **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, 2004 were \$146,428, which consisted of \$126,066 from the County and \$20,362 from the law enforcement officers.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

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

- (1) 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.
- (2) 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, 2004, the County's required and actual contributions were \$26,770.

### **e. Other Postemployment 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, 2004, the County made payments for postretirement health benefit premiums of \$193,173. 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 \$20,000. 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



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

the number of eligible participants. For the fiscal year ended June 30, 2004, the County made contributions to the State for death benefits of \$17,031. 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.

### **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 \$3,358,146 reported as landfill close and postclosure care liability at June 30, 2004 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 \$839,536 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 2004. 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, 2004 is composed of the following elements:

	<u>Deferred Revenue</u>	
		Fire
	General Fund	District Fund
Taxes receivable (net)	\$ 1,350,621	\$ 107,838

### **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



## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

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, 2004, 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.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **7. Long-Term Obligations**

#### **a. 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.

The County's general obligation bonds at June 30, 2004 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	\$ 2,700,000
\$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	2,225,000
\$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	2,375,000



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

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

#### **Governmental Activities:**

##### **Governmental Funds**

\$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 \$ 6,890,000

\$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 6,750,000

\$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 18,300,000

\$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 8,600,000

\$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 1 175,000

\$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 5,107,034

Total serviced by governmental activities \$ 53,122,034

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **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 \$ 1,370,000

\$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 5,292,966

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

\$1,575,000 1995 Sanitary Sewer bonds due in annual installments of \$175,000 through June 1, 2005 call date; interest rates from 5.25% to 5.50%; interest payments due June 1 and December 1 175,000

\$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 1 550,000

\$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 1,225,000

\$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 5,445,000

Total serviced by business-type activities \$ 14,057,966

Total general obligation bonds \$ 67,180,000

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

### 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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 3,336,854	\$ 2,426,629	\$ 5,763,483
2006	3,315,024	2,282,802	5,597,826
2007	3,287,927	2,145,495	5,433,422
2008	3,253,373	2,008,103	5,261,476
2009	3,247,622	1,871,468	5,119,090
2010-2014	16,131,234	7,179,478	23,310,712
2015-2019	16,250,000	3,372,375	19,622,375
2020-2024	4,300,000	261,625	4,561,625
	<u>\$ 53,122,034</u>	<u>\$ 21,547,975</u>	<u>\$ 74,670,009</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,238,146	\$ 257,581	\$ 1,495,727
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
2010-2012	1,193,766	69,360	1,263,126
	<u>\$ 6,662,966</u>	<u>\$ 892,227</u>	<u>\$ 7,555,193</u>

#### Business-type Activities: East Lincoln County Water and Sewer District

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 615,000	\$ 244,470	\$ 859,470
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
2010-2014	2,765,000	561,939	3,326,939
2015-2019	1,605,000	133,192	1,738,192
	<u>\$ 7,395,000</u>	<u>\$ 1,687,869</u>	<u>\$ 9,082,869</u>

#### Total General Obligation Bonds

	<u>\$ 67,180,000</u>	<u>\$ 24,128,071</u>	<u>\$ 91,308,071</u>
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## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### b. \$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, 2004 is \$3,250,000. During fiscal year 2003-2004, this loan was refunded by the State with the interest rate being reduced from 5.30% to 3.43%

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>
2005	\$ 250,000	\$ 111,475	\$ 361,475
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
2010-2014	1,250,000	257,250	1,507,250
2015-2017	750,000	51,450	801,450
	<u>\$ 3,250,000</u>	<u>\$ 780,325</u>	<u>\$ 4,030,325</u>

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **c. 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, 2004 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 \$ 420,000

\$12,199,719 2003 Certificates of Participation (COPS) issued to refund installment purchase contracts for jail, social services, and library buildings as well as \$2,700,000 additional funds for school construction; due in annual installments from \$164,552 to \$1,215,858 through May 15, 2018; interest rates from 2.00% to 4.50%; interest payments due November 15 and May 15 10,983,864

Total governmental activities 11,403,864

#### **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 1,031,136

Total installment purchase contracts \$ 12,435,000

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

The future minimum payments as of June 30, 2004 for the installment purchase contracts are as follows:

### Governmental Activities: Governmental Funds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,321,567	\$ 420,635	\$ 1,742,202
2006	1,330,709	392,590	1,723,299
2007	1,326,138	364,362	1,690,500
2008	1,362,705	305,028	1,667,733
2009	1,394,702	243,593	1,638,295
2010-2014	3,648,732	527,369	4,176,101
2015-2019	1,019,311	87,098	1,106,409
	<u>\$ 11,403,864</u>	<u>\$ 2,340,675</u>	<u>\$ 13,744,539</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 118,433	\$ 37,705	\$ 156,138
2006	119,291	35,336	154,627
2007	118,862	32,950	151,812
2008	122,295	27,645	149,940
2009	125,298	22,141	147,439
2010-2014	331,268	48,847	380,115
2015-2019	95,689	8,177	103,866
	<u>\$ 1,031,136</u>	<u>\$ 212,801</u>	<u>\$ 1,243,937</u>

### Total Installment Purchase Contracts

<u>\$ 12,435,000</u>	<u>\$ 2,553,476</u>	<u>\$ 14,988,476</u>
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# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

**d. A summary of changes in long-term obligations follows:**

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
General obligations bonds	\$ 56,536,445	\$ 5,307,034	\$ 8,721,445	\$ 53,122,034	\$ 3,336,854
Installment purchases	11,121,128	12,199,723	11,916,987	11,403,864	1,321,567
Unfunded pension obligation	246,495	66,340	15,843	296,992	-
Compensated absences	837,071	511,671	477,642	871,100	-
Total	<u>\$ 68,741,139</u>	<u>\$ 18,084,768</u>	<u>\$ 21,131,917</u>	<u>\$ 65,693,990</u>	<u>\$ 4,658,421</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 15,386,428	\$ 12,402,965	\$ 13,731,427	\$ 14,057,966	\$ 1,853,146
State Bond loan	3,500,000	-	250,000	3,250,000	250,000
Installment purchases	1,163,327	1,145,277	1,277,468	1,031,136	118,433
Compensated absences	88,003	59,388	44,471	102,920	-
Accrued landfill closure/ postclosure care costs	3,305,262	52,884	-	3,358,146	-
Total	<u>\$ 23,443,020</u>	<u>\$ 13,660,514</u>	<u>\$ 15,303,366</u>	<u>\$ 21,800,168</u>	<u>\$ 2,221,579</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. Therefore, no portion of compensated absences is considered current.

At June 30, 2004 Lincoln County had a legal debt margin of \$317,295,900.

**e. Advance Refundings**

In 2004, certain bonds of the East Lincoln County Water and Sewer District were defeased by placing sufficient funds irrevocably in trust to provide for future debt service payments on the bonds. The trust accounts and the defeased bonds are not included in the County's financial statements. At June 30, 2004, the total outstanding principal balance of the defeased bond issues were \$4,950,000.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

### f. 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, 2004, there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$10,433,400.

### C. Interfund Balances and Activity

	<u>Receivable</u>	<u>Payable</u>
<b>Due To / Due From:</b>		
General Fund	\$ 2,719,915	\$ -
Enterprise (Water and Sewer) Fund	-	2,687,114
Fiduciary (Trust and Agency) Fund	-	32,801
General Fund	-	747,868
Special Revenue (Capital Reserve) Fund	665,014	-
Special Revenue (Emergency Telephone) Fund	32,841	-
Enterprise (Water and Sewer) Fund	50,013	-
Capital Projects (Schools Capital Project) Fund	9,154	-
Capital Projects (General Capital Project) Fund	-	9,154
Enterprise (E. Lincoln Water and Sewer) Fund	236,160	-
Enterprise (Water and Sewer) Fund	<u>-</u>	<u>236,160</u>
Totals	<u>\$ 3,713,097</u>	<u>\$ 3,713,097</u>

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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

	Transfers		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
<b>Transfers From / To Other Funds:</b>			
Special Revenue (Capital Reserve) Fund	\$ 6,172,138	\$ -	Debt service transfer
General Fund	-	6,172,138	
General Fund	5,809,723	-	Local option sales tax transfer
Special Revenue (Capital Reserve) Fund	-	5,809,723	
General Fund	2,700,000	-	Resources for construction
Capital Project (School Capital) Fund	-	2,700,000	
General Fund	554,010	-	Resources for construction
Capital Project (General Capital) Fund	-	554,010	
Capital Project (General Capital) Fund	\$ 1,898,871	-	Over contribution of resources
General Fund	-	1,898,871	for construction
Total transfers - intrafund	<u>\$ 17,134,742</u>	<u>\$ 17,134,742</u>	

### 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.



# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

### **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.

### **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, 2004 provided \$279,980 in support of Pathways' services. Additionally, the County remitted \$7,698 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, 2004. 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 \$13,394 to the Council during the fiscal year ended June 30, 2004.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$84,342 for the year ended June 30, 2004.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

The County's Board of Commissioners appoints one of the Lake Norman Commission Board of Directors. The County provided funding of \$18,432 for the year ended June 30, 2004.

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, 2004.

### **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.

	<u>Federal</u>	<u>State</u>
Food Stamp Program	\$ 4,243,617	\$ -
Medical Assistance	36,288,605	16,163,035
Temporary Assistance to Needy Families	589,713	-
Low Income Energy Assistance	93,863	-
State/County Domiciliary Care	-	508,322
Special Supplemental Food Program for Women, Infants, and Children	773,754	-
IV-E Adoption Subsidy	108,898	32,324
CWS Adoption Subsidy	16,560	116,808
State Foster Home	-	35,432
	<u>          </u>	<u>          </u>
Totals	\$ 42,115,010	\$ 16,855,921

### **8. Subsequent Events**

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. On September 28, 2004, bids were received for the issuance of \$17 million, the first installment of these authorized bonds. These funds will allow for construction to begin on these projects. Another issuance is expected in the fall of 2005.

### **9. Prior Period Adjustments**

During the year, the County determined that certain capital assets used in governmental activities had been disposed of in prior years but not removed from the general fixed asset account group (pre GASB 34). Upon discovery, capital assets with historical costs of \$11,233,999; accumulated depreciation of \$1,682,848; net book value of \$9,551,151 were written off as a prior period adjustment to the government wide statements.



## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004**

During the year, the County determined that deferred revenue in the General Fund was overstated in the prior year in the amount of \$269,450. The error was corrected by restating beginning fund balance.

During the year, the County determined that accounts receivable was overstated in the Capital Reserve Fund in the amount of \$74,151. The error was corrected by restating beginning fund balance.

During the year, the County determined that accounts payable was overstated in the General Capital Projects Fund in the amount of \$545,873. The error was corrected by restating beginning fund balance.

During the year, the County determined that the Landfill fund had depreciation that was incorrectly calculated in the prior year in the amount of \$861,004. There was also a due to/ due from balance in the amount of \$195,954 on the books in the prior year that should have been recorded as a transfer. The errors were corrected by restating beginning net assets. The net effect on beginning net assets was an increase of \$665,050.

During the year, the County determined that the allowance for doubtful accounts was understated in the Water and Sewer fund in the amount of \$460,881. There was also a due to/ due from balance in the amount of \$195,954 on the books in the prior year that should have been recorded as a transfer. The County also determined that there was an error in recording fixed assets in the prior year of \$46,861 and an error relating to debt service/refinancing in the prior year of \$1,141,671. The errors were corrected by restating beginning net assets. The net affect on beginning net assets was an increase of \$829,883.

During the year, the County determined that the East Lincoln Water and Sewer fund had capital assets that were never recorded on the books in prior years with a net book value of \$696,156. The error was corrected by restating beginning net assets.



**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**YEAR ENDED JUNE 30, 2004**

**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%

\*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

**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	12/31/2003
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	27 years
Asset valuation method	Market value
<u>Actuarial assumptions:</u>	
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, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
<b>Revenues</b>				
Ad valorem taxes	\$ 28,927,373	\$ 29,813,860	\$ 886,487	\$ 28,096,768
Total	28,927,373	29,813,860	886,487	28,096,768
Local option sales taxes				
Article 39 one percent	4,000,000	4,419,565	419,565	3,840,417
Article 40 one-half of one percent	2,850,000	2,633,017	(216,983)	2,722,555
Article 42 one-half of one percent	2,830,000	2,613,032	(216,968)	2,702,669
Article 44 one-half of one percent	2,084,120	2,153,177	69,057	1,078,808
Total	11,764,120	11,818,791	54,671	10,344,449
Other taxes and licenses				
Real estate transfer tax	670,000	693,074	23,074	534,704
Local occupancy tax	67,000	59,797	(7,203)	57,463
Utility franchise tax	175,000	173,696	(1,304)	168,229
Total	912,000	926,567	14,567	760,396
Unrestricted intergovernmental revenues				
Beer and wine tax	237,699	250,749	13,050	133,937
Tax refunds - sales and gasoline	125,000	127,356	2,356	152,159
Total	362,699	378,105	15,406	286,096
Restricted intergovernmental revenues				
Federal and state grants	7,893,268	6,977,362	(915,906)	6,647,768
Court facilities fees	100,000	92,490	(7,510)	87,715
ABC revenue	13,000	17,385	4,385	12,996
Total	8,006,268	7,087,237	(919,031)	6,748,479
Permits and fees				
Inspection department	932,223	958,425	26,202	845,388
Sheriff department	32,000	55,456	23,456	40,366
Register of Deeds	550,000	532,368	(17,632)	526,485
Total	1,514,223	1,546,249	32,026	1,412,239

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Sales and services				
Rents, concessions and fees	763,699	850,346	86,647	773,460
Ambulance fees	1,687,369	1,832,160	144,791	1,286,746
Animal control	15,325	17,298	1,973	11,589
Jail fees	48,000	139,968	91,968	131,954
Social Services	2,161,498	1,928,319	(233,179)	1,436,942
Health department	1,542,040	1,382,365	(159,675)	1,220,946
Collection fees - special tax districts and City of Lincolnton	211,840	218,561	6,721	194,668
Bioterrorism	87,487	23,847	(63,640)	3,320
Officer fees	-	30,528	30,528	-
Arts Council	-	24	24	-
Total	<u>6,517,258</u>	<u>6,423,416</u>	<u>(93,842)</u>	<u>5,059,625</u>
Investment earnings	<u>250,000</u>	<u>132,146</u>	<u>(117,854)</u>	<u>194,723</u>
Miscellaneous				
Sale of property	25,000	173,265	148,265	30,100
Contributions	17,029	10,695	(6,334)	14,694
Other	62,329	60,643	(1,686)	32,356
Total	<u>104,358</u>	<u>244,603</u>	<u>140,245</u>	<u>77,150</u>
Total revenues	<u>58,358,299</u>	<u>58,370,974</u>	<u>12,675</u>	<u>52,979,925</u>
<b>Expenditures</b>				
General Government				
Governing body				
Salaries and employee benefits	73,814	73,999	(185)	128,641
Other operating expenditures	150,170	112,174	37,996	91,590
Capital outlay	500	-	500	-
Total	<u>224,484</u>	<u>186,173</u>	<u>38,311</u>	<u>220,231</u>
Administration and finance				
Salaries and employee benefits	546,556	527,085	19,471	471,528
Other operating expenditures	150,676	136,208	14,468	298,619
Capital outlay	7,291	3,020	4,271	1,868
Total	<u>704,523</u>	<u>666,313</u>	<u>38,210</u>	<u>772,015</u>



**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Data Processing				
Salaries and employee benefits	260,671	250,185	10,486	229,715
Other operating expenditures	139,779	137,536	2,243	124,617
Capital outlay	5,247	5,947	(700)	8,316
Total	<u>405,697</u>	<u>393,668</u>	<u>12,029</u>	<u>362,648</u>
Elections				
Salaries and employee benefits	210,806	160,487	50,319	191,935
Special compensation	11,200	9,400	1,800	9,100
Other operating expenditures	114,832	80,383	34,449	84,599
Capital outlay	8,000	2,157	5,843	-
Total	<u>344,838</u>	<u>252,427</u>	<u>92,411</u>	<u>285,634</u>
Taxes				
Salaries and employee benefits	450,453	429,298	21,155	368,122
Other operating expenditures	292,117	284,818	7,299	259,654
Tax mapping	329,495	294,999	34,496	282,832
Tax revaluation	309,148	278,200	30,948	387,778
Capital outlay	38,370	38,327	43	26,254
Total	<u>1,419,583</u>	<u>1,325,642</u>	<u>93,941</u>	<u>1,324,640</u>
Legal				
Other operating expenditures	<u>110,030</u>	<u>70,315</u>	<u>39,715</u>	<u>153,856</u>
Register of Deeds				
Salaries and employee benefits	481,764	420,149	61,615	382,291
Other operating expenditures	587,185	456,288	130,897	390,531
Capital outlay	88,409	43,991	44,418	18,440
Total	<u>1,157,358</u>	<u>920,428</u>	<u>236,930</u>	<u>791,262</u>
Central services				
Salaries and employee benefits	207,661	183,729	23,932	-
Other operating expenditures	26,000	(14,778)	40,778	41,059
Total	<u>233,661</u>	<u>168,951</u>	<u>64,710</u>	<u>41,059</u>

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Public Buildings				
Salaries and employee benefits	534,554	506,222	28,332	485,100
Other operating expenditures	677,778	621,159	56,619	529,839
Capital outlay	-	1,391	(1,391)	-
Total	1,212,332	1,128,772	83,560	1,014,939
Court facilities				
Other operating expenditures	20,532	14,697	5,835	12,908
Capital outlay	16,000	8,574	7,426	20,782
Total	36,532	23,271	13,261	33,690
Special grants				
Mass transit	3,381	-	3,381	-
Forestry program	40,345	38,555	1,790	38,087
National Guard	2,925	2,925	-	2,925
Lake Norman Marine Commission	21,258	18,432	2,826	18,550
Lake Norman RPO	3,071	3,071	-	2,637
Regional Council of Government	13,394	13,394	-	12,118
West/East Lincoln Rescue Squads	159,655	158,198	1,457	155,234
Miscellaneous grants	69,330	66,997	2,333	42,500
Airport Authority	65,329	65,329	-	65,329
Council on Aging	24,100	23,088	1,012	21,829
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	463,881	451,082	12,799	420,302
Total general government	6,312,919	5,587,042	725,877	5,420,276
Public Safety				
Sheriff department				
Salaries and employee benefits	3,725,581	3,557,903	167,678	3,342,272
Other operating expenditures	791,853	641,600	150,253	663,128
Capital outlay	358,538	374,475	(15,937)	332,254
Total	4,875,972	4,573,978	301,994	4,337,654

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Jail				
Salaries and employee benefits	1,528,998	1,262,728	266,270	1,264,827
Other operating expenditures	753,389	632,620	120,769	650,291
Capital outlay	4,875	4,875	-	1,231
Total	2,287,262	1,900,223	387,039	1,916,349
Communications				
Salaries and employee benefits	598,571	532,298	66,273	515,039
Other operating expenditures	25,760	7,171	18,589	33,303
Capital outlay	250	-	250	774
Total	624,581	539,469	85,112	549,116
Emergency management				
Salaries and employee benefits	97,009	95,232	1,777	92,947
Other operating expenditures	81,420	83,442	(2,022)	189,753
Capital outlay	256,773	105,961	150,812	44,821
Total	435,202	284,635	150,567	327,521
Ambulance services				
Salaries and employee benefits	2,149,003	2,047,199	101,804	1,870,519
Other operating expenditures	734,925	704,913	30,012	574,484
Capital outlay	10,000	4,872	5,128	(213)
Total	2,893,928	2,756,984	136,944	2,444,790
Fire				
Fire Marshall				
Salaries and employee benefits	92,984	88,639	4,345	81,318
Other operating expenditures	27,373	24,107	3,266	27,235
Capital outlay	1,000	976	24	1,496
Total	121,357	113,722	7,635	110,049
Assistance to local volunteer fire departments	73,800	73,769	31	75,011
Building and land development				
Salaries and employee benefits	801,527	754,925	46,602	738,884
Other operating expenditures	153,776	146,156	7,620	119,148
Capital outlay	4,500	10,364	(5,864)	37,896
Total	959,803	911,445	48,358	895,928



**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>		<u>Over / Under</u>	<u>Prior</u>
				<u>Year</u>
Medical examiner				
Contracted Services	<u>35,525</u>	<u>33,681</u>	<u>1,844</u>	<u>33,727</u>
Animal control				
Salaries and employee benefits	<u>203,357</u>	<u>173,371</u>	<u>29,986</u>	<u>176,612</u>
Other operating expenditures	<u>109,415</u>	<u>59,633</u>	<u>49,782</u>	<u>55,358</u>
Capital outlay	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>2,011</u>
Total	<u>316,772</u>	<u>233,004</u>	<u>83,768</u>	<u>233,981</u>
Total public safety	<u>12,624,202</u>	<u>11,420,910</u>	<u>1,203,292</u>	<u>10,924,126</u>
Environmental protection				
Sanitation				
Salaries and employee benefits	<u>439,344</u>	<u>420,318</u>	<u>19,026</u>	<u>413,122</u>
Other operating expenditures	<u>146,570</u>	<u>143,314</u>	<u>3,256</u>	<u>124,344</u>
Total	<u>585,914</u>	<u>563,632</u>	<u>22,282</u>	<u>537,466</u>
Total environmental protection	<u>585,914</u>	<u>563,632</u>	<u>22,282</u>	<u>537,466</u>
Economic and physical development				
Agriculture extension				
Salaries and employee benefits	<u>46,240</u>	<u>43,478</u>	<u>2,762</u>	<u>37,094</u>
Other operating expenditures	<u>30,370</u>	<u>30,017</u>	<u>353</u>	<u>25,174</u>
Contracted services	<u>156,850</u>	<u>133,956</u>	<u>22,894</u>	<u>127,650</u>
Total	<u>233,460</u>	<u>207,451</u>	<u>26,009</u>	<u>189,918</u>
Economic development commission/projects				
Other operating expenditures	<u>639,685</u>	<u>532,184</u>	<u>107,501</u>	<u>374,665</u>
Total	<u>639,685</u>	<u>532,184</u>	<u>107,501</u>	<u>374,665</u>
Soil and water conservation				
Salaries and employee benefits	<u>84,040</u>	<u>81,741</u>	<u>2,299</u>	<u>80,071</u>
Other operating expenditures	<u>16,025</u>	<u>14,088</u>	<u>1,937</u>	<u>13,402</u>
Total	<u>100,065</u>	<u>95,829</u>	<u>4,236</u>	<u>93,473</u>

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Planning				
Other operating expenditures	2,323	10,261	(7,938)	10,325
Capital outlay	8,200	-	8,200	-
Total	10,523	10,261	262	10,325
Other Economic Development				
Contracted services	400,000	9,994	390,006	10,000
Total economic and physical development	1,383,733	855,719	528,014	678,381
Human Services				
Health				
Administration				
Salaries and employee benefits	447,045	438,641	8,404	422,871
Special compensation	1,320	860	460	1,183
Other operating expenditures	111,269	178,915	(67,646)	106,305
Total	559,634	618,416	(58,782)	530,359
Immunization				
Salaries and employee benefits	41,633	40,046	1,587	36,458
Other operating expenditures	24,127	44,485	(20,358)	45,530
Capital outlay	2,259	4,178	(1,919)	-
Total	68,019	88,709	(20,690)	81,988
Adult Health				
Salaries and employee benefits	85,409	84,447	962	61,263
Other operating expenditures	4,728	1,186	3,542	(1,276)
Total	90,137	85,633	4,504	59,987
BCCP-Health				
Salaries and employee benefits	13,211	12,294	917	12,279
Other operating expenditures	27,260	17,451	9,809	7,924
Total	40,471	29,745	10,726	20,203
Wise woman				
Salaries and employee benefits	13,247	12,293	954	12,278
Other operating expenditures	900	23	877	764
Total	14,147	12,316	1,831	13,042

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<b>2004</b>			<b>2003</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over / Under</b>	<b>Actual Prior Year</b>
Communicable disease				
Salaries and employee benefits	44,968	43,825	1,143	41,945
Other operating expenditures	6,355	5,412	943	3,974
Total	51,323	49,237	2,086	45,919
Lab				
Salaries and employee benefits	74,458	78,695	(4,237)	76,555
Other operating expenditures	62,821	59,708	3,113	54,048
Capital outlay	-	-	-	2,083
Total	137,279	138,403	(1,124)	132,686
Dental indigent funds				
Other operating expenditures	11,747	9,800	1,947	16,557
Family planning				
Salaries and employee benefits	67,710	63,110	4,600	60,865
Other operating expenditures	40,668	36,703	3,965	22,402
Total	108,378	99,813	8,565	83,267
Maternal health				
Salaries and employee benefits	139,233	136,713	2,520	141,429
Other operating expenditures	37,203	28,441	8,762	18,808
Capital outlay	58,152	36,367	21,785	47,859
Total	234,588	201,521	33,067	208,096
Child health				
Salaries and employee benefits	88,077	87,050	1,027	82,358
Other operating expenditures	15,350	15,527	(177)	4,271
Total	103,427	102,577	850	86,629
Home health services				
Salaries and employee benefits	798,042	668,229	129,813	701,173
Contracted services	155,000	165,672	(10,672)	112,776
Other operating expenditures	234,823	200,390	34,433	206,342
Capital outlay	-	5,119	(5,119)	64,731
Total	1,187,865	1,039,410	148,455	1,085,022



**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Child asthma				
Operating expenditures	<u>14,700</u>	<u>3,254</u>	<u>11,446</u>	<u>-</u>
Healthy Carolinians				
Other operating expenditures	<u>-</u>	<u>(1,219)</u>	<u>1,219</u>	<u>9,224</u>
Maternity outreach worker				
Other operating expenditures	<u>-</u>	<u>250</u>	<u>(250)</u>	<u>217</u>
Maternal care coordination				
Salaries and employee benefits	<u>109,037</u>	<u>103,687</u>	<u>5,350</u>	<u>101,202</u>
Other operating expenditures	<u>13,220</u>	<u>4,243</u>	<u>8,977</u>	<u>7,313</u>
Total	<u>122,257</u>	<u>107,930</u>	<u>14,327</u>	<u>108,515</u>
Child service coordination				
Salaries and employee benefits	<u>121,749</u>	<u>115,367</u>	<u>6,382</u>	<u>111,535</u>
Other operating expenditures	<u>10,132</u>	<u>4,633</u>	<u>5,499</u>	<u>4,579</u>
Capital outlay	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Total	<u>134,881</u>	<u>120,000</u>	<u>14,881</u>	<u>116,114</u>
School Health				
Salaries and employee benefits	<u>176,385</u>	<u>185,764</u>	<u>(9,379)</u>	<u>156,829</u>
Other operating expenditures	<u>16,206</u>	<u>11,348</u>	<u>4,858</u>	<u>10,116</u>
Total	<u>192,591</u>	<u>197,112</u>	<u>(4,521)</u>	<u>166,945</u>
Dental Health				
Other operating expenditures	<u>-</u>	<u>1,947</u>	<u>(1,947)</u>	<u>7,274</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,285</u>
Total	<u>-</u>	<u>1,947</u>	<u>(1,947)</u>	<u>10,559</u>
Women, infants, and children				
Salaries and employee benefits	<u>115,450</u>	<u>102,492</u>	<u>12,958</u>	<u>97,659</u>
Other operating expenditures	<u>11,373</u>	<u>14,889</u>	<u>(3,516)</u>	<u>12,052</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,108</u>
Total	<u>126,823</u>	<u>117,381</u>	<u>9,442</u>	<u>111,819</u>

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Day Care Grant				
Salaries and employee benefits	41,350	36,938	4,412	-
Other operating expenditures	4,082	3,887	195	-
Total	45,432	40,825	4,607	-
Nutrition				
Salaries and employee benefits	46,860	54,962	(8,102)	35,775
Other operating expenditures	290	3,658	(3,368)	132
Total	47,150	58,620	(11,470)	35,907
Environmental health				
Salaries and employee benefits	357,453	342,505	14,948	341,082
Other operating expenditures	47,241	39,311	7,930	35,048
Capital Outlay	8,824	4,397	4,427	14,279
Total	413,518	386,213	27,305	390,409
Health promotion				
Salaries and employee benefits	41,248	41,202	46	17,401
Other operating expenditures	5,216	3,780	1,436	5,194
Capital outlay	-	-	-	1,070
Total	46,464	44,982	1,482	23,665
Other Health Programs				
Healthy Task Coordinator	20,330	6,015	14,315	-
Helping Hands clinic	7,075	7,060	15	-
6th grade Health Study Grant	16,050	5,240	10,810	-
CCHI- Nutrition Initiative	5,175	1,797	3,378	-
Safe Kids Initiative	5,350	5,926	(576)	-
Total	53,980	26,038	27,942	-
Total health	3,804,811	3,578,913	225,898	3,337,129
Mental Health				
Gaston-Lincoln Area program	287,880	287,679	201	286,317
Social Services				
Administration				
Salaries and employee benefits	440,569	429,860	10,709	377,793

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Special compensation	1,200	1,020	180	1,040
Other operating expenditures	181,243	168,262	12,981	160,570
Capital outlay	92,933	93,818	(885)	67,151
Total	715,945	692,960	22,985	606,554
Children's services				
Salaries and employee benefits	1,147,096	1,120,141	26,955	1,023,785
Foster care	446,320	400,411	45,909	389,862
Legal retainer fee	70,500	68,226	2,274	46,087
Other operating expenditures	144,379	97,248	47,131	65,473
Total	1,808,295	1,686,026	122,269	1,525,207
Family preservation				
Salaries and employee benefits	42,182	41,275	907	39,585
Other operating expenditures	5,985	3,628	2,357	3,677
Total	48,167	44,903	3,264	43,262
Families for Kids				
Salaries and employee benefits	-	-	-	9,011
Other operating expenditures	-	-	-	678
Total	-	-	-	9,689
Adult services				
Salaries and employee benefits	378,323	344,919	33,404	331,578
Long term care, SD	556,957	508,322	48,635	542,968
Other operating expenditures	20,825	16,862	3,963	15,598
Total	956,105	870,103	86,002	890,144
State in-home care				
Special compensation	10,700	8,440	2,260	7,529
Office on aging - HCCBG				
Special contracted services	150,127	150,688	(561)	176,234
Child support enforcement				
Salaries and employee benefits	387,957	373,008	14,949	353,867
Legal retainer fees	24,000	19,829	4,171	23,485
Other operating expenditures	19,028	16,936	2,092	12,785
Total	430,985	409,773	21,212	390,137



**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
CAP - Children				
Special contracted services	7,098	-	7,098	8,545
CAP - Disabled adults				
Special contracted services	1,764,240	1,746,379	17,861	1,345,127
Other operating expenditures	51,100	55,981	(4,881)	39,848
Total	1,815,340	1,802,360	12,980	1,384,975
Work first				
Salaries and employee benefits	297,764	281,744	16,020	299,473
Client travel reimbursement	11,474	6,589	4,885	12,861
Other operating expenditures	35,261	21,531	13,730	41,157
Total	344,499	309,864	34,635	353,491
TANF program				
Salaries and employee benefits	349,302	334,378	14,924	328,825
TANF county participation	-	-	-	15,740
TANF emergency assistance	100,000	99,918	82	83,591
Other operating expenditures	6,955	6,043	912	5,427
Total	456,257	440,339	15,918	433,583
Title XIX program				
Salaries and employee benefits	282,307	264,741	17,566	265,676
Client transportation	448,245	412,755	35,490	361,494
Medicaid, SD	3,214,677	2,295,043	919,634	2,205,482
Other operating expenditures	9,000	7,041	1,959	6,995
Total	3,954,229	2,979,580	974,649	2,839,647
Food stamp program - issuance				
Salaries and employee benefits	313,899	302,374	11,525	275,628
Other operating expenditures	69,479	66,111	3,368	70,483
Total	383,378	368,485	14,893	346,111
Food stamp program - fraud				
Special contracted services	33,910	32,755	1,155	28,705
Other operating expenditures	1,198	519	679	411
Total	35,108	33,274	1,834	29,116

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Emergency assistance				
Other operating expenditures	84,003	59,795	24,208	21,975
Total social services	11,200,236	9,856,590	1,343,646	9,066,199
Assistance programs				
Blind	6,377	7,023	(646)	7,706
Day care program	2,130,035	1,749,433	380,602	1,831,994
Battered women	6,800	-	6,800	-
Communities in schools	48,750	48,750	-	48,750
Gaston skills	34,125	34,125	-	34,125
Total	2,226,087	1,839,331	386,756	1,922,575
Veterans service office				
Special contracted services	47,795	47,194	601	45,650
Other operating expenditures	6,119	2,595	3,524	2,771
Capital outlay	2,100	1,909	191	-
Total	56,014	51,698	4,316	48,421
Community Based Alternatives				
Juvenile Crime Prevention	-	5	(5)	-
Other operating expenditures	4,645	4,688	(43)	2,488
Total	4,645	4,693	(48)	2,488
Companion programs				
Salaries and employee benefits	28,400	21,550	6,850	20,670
Other operating expenditures	2,421	969	1,452	470
Total	30,821	22,519	8,302	21,140
JCP Pathways MH/SA				
Other operating expenditures	17,429	4,129	13,300	-
JCP - Communities In Schools				
Other operating expenditures	-	-	-	4,000
Restitution - Community				
Salaries and employee benefits	12,078	6,712	5,366	9,628
Other operating expenditures	9,650	4,944	4,706	10,148
Total	21,728	11,656	10,072	19,776

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Mediation	6,000	6,000	-	7,200
Governors One-on-One				
Salaries and employee benefits	23,438	21,550	1,888	20,670
Lincoln Recovery	2,190	2,190	-	110
Group homes				
Salaries and employee benefits	2,963	5,665	(2,702)	140,518
Other operating expenditures	65,000	54,010	10,990	26,186
Capital outlay	-	-	-	-
Total	67,963	59,675	8,288	166,704
Office on aging				
Salaries and employee benefits	226,667	149,441	77,226	130,804
Other operating expenditures	127,278	113,971	13,307	51,561
Capital outlay	18,000	64,139	(46,139)	87,243
Total	371,945	327,551	44,394	269,608
Bioterrorism				
Salaries and employee benefits	13,140	-	13,140	-
Other operating expenditures	10,250	7,740	2,510	12,566
Capital outlay	64,097	52,887	11,210	10,989
Total	87,487	60,627	26,860	23,555
Contracted services				
Salaries and employee benefits	52,211	49,032	3,179	62,158
Other operating expenditures	228,458	209,141	19,317	152,080
Total	280,669	258,173	22,496	214,238
Total human services	18,489,343	16,392,974	2,096,369	15,410,130
Cultural and recreational				
Recreation				
Salaries and employee benefits	430,189	383,771	46,418	353,683
Contracted services	18,810	9,393	9,417	4,663



**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Other operating expenditures	173,867	145,192	28,675	120,300
Capital outlay	175,050	57,554	117,496	9,816
Total	797,916	595,910	202,006	488,462
Library				
Salaries and employee benefits	462,261	440,843	21,418	430,254
Other operating expenditures	138,153	130,097	8,056	121,529
Books and magazines	81,910	81,864	46	75,252
Capital outlay	9,597	7,215	2,382	9,573
Total	691,921	660,019	31,902	636,608
Battle of Ramsour Mill				
Operating expenses	5,587	5,299	288	4,548
Historical properties				
Other operating expenditures	22,722	10,995	11,727	5,347
Historical Association	26,850	26,850	-	28,250
Historical coordinator				
Salaries and employee benefits	43,007	41,284	1,723	39,547
Other operating expenditures	14,148	12,515	1,633	9,001
Total	57,155	53,799	3,356	48,548
Total cultural and recreational	1,602,151	1,352,872	249,279	1,211,763
Education				
Public schools - current expense	11,657,011	11,657,011	-	10,641,011
Public schools - capital outlay	940,000	940,000	-	648,000
Community college - current expense	84,342	84,342	-	79,542
Total education	12,681,353	12,681,353	-	11,368,553
Debt service				
Principal retirement	3,605,168	3,601,883	3,285	2,894,220
Interest and fees	3,387,580	3,387,510	70	2,700,657
Total debt service	6,992,748	6,989,393	3,355	5,594,877
Total expenditures	60,672,363	55,843,895	4,828,468	51,145,572
Revenues over (under) expenditures	(2,314,064)	2,527,079	4,841,143	1,834,353

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
<b>Other Financing Sources (Uses)</b>				
Advance refunding of long-term debt	137,209	17,506,757	17,369,548	-
Advance refunding payments to trustee	(1,717,739)	(17,763,348)	(16,045,609)	(1,771,138)
Debt issuance costs	(50,000)	(87,730)	(37,730)	(22,681)
Transfers out	(6,179,933)	(9,985,734)	(3,805,801)	(4,767,770)
Transfers in	6,397,848	8,071,009	1,673,161	5,579,694
Fund balance appropriated	<u>3,726,679</u>	<u>-</u>	<u>(3,726,679)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,314,064</u>	<u>(2,259,046)</u>	<u>(4,573,110)</u>	<u>(981,895)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>268,033</u>	<u>\$ 268,033</u>	<u>852,458</u>
Fund balance, beginning of year		16,477,715		15,625,257
Prior period adjustment		<u>269,450</u>		<u>-</u>
Beginning fund balance , restated		<u>16,747,165</u>		<u>15,625,257</u>
Fund balance, end of year		<u>\$ 17,015,198</u>		<u>\$ 16,477,715</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**Schedule B-2**

**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, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues</b>				
Investment earnings	\$ 734,000	\$ 709,002	\$ 13,028	\$ 722,030
<b>Expenditures</b>				
Education	43,561,200	36,428,771	5,984,105	42,412,876
Revenues over (under) expenditures	(42,827,200)	(35,719,769)	(5,971,077)	(41,690,846)
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	39,000,000	39,000,000	-	39,000,000
Fund balance appropriated	1,127,200	-	-	-
Transfer from General Fund	2,700,000	-	2,700,000	2,700,000
Total other financing sources (uses)	42,827,200	39,000,000	2,700,000	41,700,000
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ 3,280,231	(3,271,077)	\$ 9,154
Fund balance, beginning of year			3,280,231	
Fund balance, end of year			\$ 9,154	



# **LINCOLN COUNTY, NORTH CAROLINA**

## **COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2004**

	<b>Capital Reserve Fund</b>	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 159,805	\$ 33,207	\$ 69,901
Taxes receivable, net	-	107,838	-
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Due from other funds	665,014	-	-
Total assets	<u>\$ 824,819</u>	<u>\$ 141,045</u>	<u>\$ 69,901</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable and other accrued liabilities	\$ -	33,207	\$ -
Due to other funds	-	-	-
Deferred revenue	-	107,838	-
Total liabilities	<u>-</u>	<u>141,045</u>	<u>-</u>
<b>Fund Balances:</b>			
<b>Reserved:</b>			
State statue	665,014	-	-
Undesignated	159,805	-	69,901
Total fund balances	<u>824,819</u>	<u>-</u>	<u>69,901</u>
Total liabilities and fund balances	<u>\$ 824,819</u>	<u>\$ 141,045</u>	<u>\$ 69,901</u>

Schedule C-1

<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>	<b>General Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 12,362	\$ 439,546	\$ 1,487,661	\$ 2,202,482
-	-	-	107,838
-	12,735	-	12,735
-	-	18,605	18,605
-	32,841	-	697,855
<u>\$ 12,362</u>	<u>\$ 485,122</u>	<u>\$ 1,506,266</u>	<u>\$ 3,039,515</u>
\$ -	\$ -	\$ 56,300	\$ 89,507
-	-	9,154	9,154
-	-	-	107,838
-	-	65,454	206,499
-	45,576	18,605	729,195
12,362	439,546	1,422,207	2,103,821
12,362	485,122	1,440,812	2,833,016
<u>\$ 12,362</u>	<u>\$ 485,122</u>	<u>\$ 1,506,266</u>	<u>\$ 3,039,515</u>

# **LINCOLN COUNTY, NORTH CAROLINA**

## **COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2004**

	<b>Capital Reserve Fund</b>	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>
<b>Revenues</b>			
Ad valorem taxes	\$ -	\$ 1,907,051	\$ -
Other taxes and licenses	-	-	-
Restricted intergovernmental revenue	504,554	-	6,661
Miscellaneous	-	-	-
Investment earnings	6,930	-	918
Total revenues	<u>511,484</u>	<u>1,907,051</u>	<u>7,579</u>
<b>Expenditures</b>			
Current:			
Public Safety	-	1,907,051	63,382
Capital outlay - general	-	-	-
Total expenditures	<u>-</u>	<u>1,907,051</u>	<u>63,382</u>
Revenues over (under) expenditures	<u>511,484</u>	<u>-</u>	<u>(55,803)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from (to) General Fund	(362,414)	-	-
Total other financing sources (uses)	<u>(362,414)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>149,070</u>	<u>-</u>	<u>(55,803)</u>
Fund balance - beginning	749,900	-	125,704
Prior period adjustment	(74,151)	-	-
Beginning fund balance, restated	<u>675,749</u>	<u>-</u>	<u>125,704</u>
Fund balance - ending	<u>\$ 824,819</u>	<u>\$ -</u>	<u>\$ 69,901</u>



## Schedule C-2

<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>	<b>General Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 1,907,051
-	362,186	-	362,186
-	122,322	-	633,537
4,967	-	12,799	17,766
102	6,706	6,044	20,700
<u>5,069</u>	<u>491,214</u>	<u>18,843</u>	<u>2,941,240</u>
1,334	714,680	-	2,686,447
-	-	1,028,536	1,028,536
<u>1,334</u>	<u>714,680</u>	<u>1,028,536</u>	<u>3,714,983</u>
<u>3,735</u>	<u>(223,466)</u>	<u>(1,009,693)</u>	<u>(773,743)</u>
-	-	(422,861)	(785,275)
-	-	(422,861)	(785,275)
<u>3,735</u>	<u>(223,466)</u>	<u>(1,432,554)</u>	<u>(1,559,018)</u>
8,627	708,588	2,327,493	3,920,312
-	-	545,873	471,722
<u>8,627</u>	<u>708,588</u>	<u>2,873,366</u>	<u>4,392,034</u>
<u>\$ 12,362</u>	<u>\$ 485,122</u>	<u>\$ 1,440,812</u>	<u>\$ 2,833,016</u>

LINCOLN COUNTY, NORTH CAROLINA

Schedule C-3

SPECIAL REVENUE - CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			2003
	Budget	Actual	Variance Over / Under	Actual Prior Year
<b>Revenues</b>				
Restricted intergovernmental				
Public School Building Capital Fund	\$ 468,000	\$ 504,554	\$ 36,554	\$ 562
Investment earnings	20,000	6,930	(13,070)	26,042
Total revenues	<u>488,000</u>	<u>511,484</u>	<u>23,484</u>	<u>26,604</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from (to) General Fund	(488,000)	(362,414)	125,586	(1,225,424)
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>149,070</u>	<u>\$ 149,070</u>	<u>(1,198,820)</u>
Fund balance, beginning of year		749,900		1,948,720
Prior period adjustment		(74,151)		-
Beginning fund balance, restated		<u>675,749</u>		<u>1,948,720</u>
Fund balance, end of year		<u>\$ 824,819</u>		<u>\$ 749,900</u>

**LINCOLN COUNTY, NORTH CAROLINA**

Schedule C-4

**SPECIAL REVENUE - FIRE DISTRICTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 2,020,700	\$ 1,907,051	\$ (113,649)	\$ 1,780,261
<b>Expenditures</b>				
Alexis Fire District	100,000	91,320	8,680	86,989
Boger City Fire District	265,000	249,927	15,073	240,223
Crouse Fire District	75,000	66,896	8,104	65,425
Denver Fire District	410,000	402,398	7,602	364,202
East Lincoln Fire District	500,000	495,740	4,260	446,970
High Shoals Fire District	500	108	392	62
Howard's Creek Fire District	85,000	77,597	7,403	75,333
Hughes Pond Fire District	200	59	141	110
North 321 Fire District	125,000	109,223	15,777	95,907
North Brook Fire District	120,000	113,763	6,237	109,563
Pumpkin Center Fire District	140,000	120,706	19,294	117,391
South Fork Fire District	110,000	95,883	14,117	95,800
Union Fire District	90,000	83,431	6,569	82,286
Total expenditures	<u>2,020,700</u>	<u>1,907,051</u>	<u>113,649</u>	<u>1,780,261</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>



LINCOLN COUNTY, NORTH CAROLINA

Schedule C-5

**SPECIAL REVENUE - LAW ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
<b>Revenues</b>				
Restricted intergovernmental	\$ 5,000	\$ 6,661	\$ 1,661	\$ 134,716
Investment earnings	<u>300</u>	<u>918</u>	<u>618</u>	<u>704</u>
Total revenues	<u>5,300</u>	<u>7,579</u>	<u>2,279</u>	<u>135,420</u>
<b>Expenditures</b>				
Public Safety	<u>71,300</u>	<u>63,382</u>	<u>7,918</u>	<u>55,349</u>
Revenues over expenditures	<u>(66,000)</u>	<u>(55,803)</u>	<u>10,197</u>	<u>80,071</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>66,000</u>	<u>-</u>	<u>(66,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>66,000</u>	<u>-</u>	<u>(66,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(55,803)</u>	<u>\$ (55,803)</u>	<u>80,071</u>
Fund balance, beginning of year		<u>125,704</u>		<u>45,633</u>
Fund balance, end of year		<u>\$ 69,901</u>		<u>\$ 125,704</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**Schedule C-6**

**SPECIAL REVENUE - FEDERAL LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
<b>Revenues</b>				
Investment earnings	\$ -	\$ 102	\$ 102	\$ 203
Miscellaneous	<u>5,000</u>	<u>4,967</u>	<u>(33)</u>	<u>7,398</u>
Total revenues	<u>5,000</u>	<u>5,069</u>	<u>69</u>	<u>7,601</u>
<b>Expenditures</b>				
Public Safety	<u>5,000</u>	<u>1,334</u>	<u>3,666</u>	<u>15,787</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>3,735</u>	<u>\$ 3,735</u>	<u>(8,186)</u>
Fund balance, beginning of year		<u>8,627</u>		<u>16,813</u>
Fund balance, end of year		<u>\$ 12,362</u>		<u>\$ 8,627</u>

**LINCOLN COUNTY, NORTH CAROLINA**

Schedule C-7

**SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Other taxes and licenses:				
911 system subscriber fees	\$ 484,842	\$ 362,186	\$ (122,656)	\$ 396,257
Restricted intergovernmental:				
Wireless 911 funds	100,000	122,322	22,322	114,256
Investment earnings	10,000	6,706	(3,294)	11,345
Total revenues	<u>594,842</u>	<u>491,214</u>	<u>(103,628)</u>	<u>521,858</u>
<b>Expenditures:</b>				
Public safety:				
911 system subscriber fees				
Salaries and employee benefits	112,066	101,595	10,471	86,406
Other operating expenditures	122,376	148,347	(25,971)	95,467
Telephone	202,000	225,137	(23,137)	163,928
Capital outlay	345,000	239,601	105,399	368,316
Total expenditures	<u>781,442</u>	<u>714,680</u>	<u>66,762</u>	<u>714,117</u>
Revenues over (under) expenditures	<u>(186,600)</u>	<u>(223,466)</u>	<u>(36,866)</u>	<u>(192,259)</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	186,600	-	(186,600)	-
Total other financing sources (uses)	<u>186,600</u>	<u>-</u>	<u>(186,600)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(223,466)</u>	<u>\$ (223,466)</u>	<u>(192,259)</u>
Fund balance, beginning of year		<u>708,588</u>		<u>900,847</u>
Fund balance, end of year		<u>\$ 485,122</u>		<u>\$ 708,588</u>



**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, 2004**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues</b>				
Restricted intergovernmental				
Federal and State grants	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Investment earnings	-	170,693	6,044	176,737
Miscellaneous	1,064,094	1,173,241	12,799	1,186,040
Total revenues	<u>1,314,094</u>	<u>1,593,934</u>	<u>18,843</u>	<u>1,612,777</u>
<b>Expenditures</b>				
Capital outlay				
Land and buildings	7,696,099	3,363,300	764,378	4,127,678
Data Processing	483,246	400,962	11,510	412,472
Water/Sewer lines	810,596	1,190,997	-	1,190,997
Other improvements	1,507,928	663,271	8,336	671,607
Other equipment	1,112,657	1,237,729	244,312	1,482,041
Total expenditures	<u>11,610,526</u>	<u>6,856,259</u>	<u>1,028,536</u>	<u>7,884,795</u>
Revenues over (under) expenditures	<u>(10,296,432)</u>	<u>(5,262,325)</u>	<u>(1,009,693)</u>	<u>(6,272,018)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	7,703,259	5,850,339	-	5,850,339
Transfer from (to) General Fund	1,912,104	1,739,479	(422,861)	1,316,618
Fund balance appropriated	681,069	-	-	-
Total other financing sources (uses)	<u>10,296,432</u>	<u>7,589,818</u>	<u>(422,861)</u>	<u>7,166,957</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 2,327,493</u>	<u>(1,432,554)</u>	<u>\$ 894,939</u>
Fund balance, beginning of year			2,327,493	
Prior period adjustment			545,873	
Beginning fund balance, restated			<u>2,873,366</u>	
Fund balance, end of year			<u>\$ 1,440,812</u>	

**ENTERPRISE FUND - LANDFILL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	2004			2003
	Budget	Actual	Variance Over / Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges/tipping fees	\$ 430,000	\$ 652,122	\$ 222,122	\$ 602,105
Other	4,800	5,250	450	4,800
Total operating revenues	434,800	657,372	222,572	606,905
Nonoperating revenues:				
Availability fees	2,019,160	1,991,180	(27,980)	1,948,848
White goods disposal tax	26,000	24,699	(1,301)	24,327
Tire disposal tax	45,000	62,932	17,932	59,861
Sales and use tax refunds	20,000	58,607	38,607	17,964
Federal and State grants	-	15,758	15,758	-
Investment income	75,000	74,484	(516)	99,521
Total nonoperating revenues	2,185,160	2,227,660	42,500	2,150,521
Total revenues	2,619,960	2,885,032	265,072	2,757,426
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	543,296	482,578	60,718	407,128
Other operating costs	536,051	447,388	88,663	770,942
Capital outlay	980,000	283,355	696,645	545,408
Debt service				
Principal	-	21,660	(21,660)	20,056
Interest	-	-	-	3,337
Total expenditures	2,059,347	1,234,981	824,366	1,746,871
Revenues over (under) expenditures	560,613	1,650,051	1,089,438	1,010,555
<b>Other Financing Sources (Uses):</b>				
Contingency	(560,613)	-	560,613	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,650,051	\$ 1,650,051	\$ 1,010,555
<b>Reconciliation of budgetary accrual basis to full accrual basis</b>				
Reconciling items -				
Debt principal		\$ 21,660		\$ 20,056
Capital outlay added to capital assets		309,492		545,407
Depreciation		(178,548)		(1,070,606)
(Increase) decrease in landfill closure and post closure costs		(52,884)		(35,963)
Total reconciling items		99,720		(541,106)
Change in net assets		\$ 1,749,771		\$ 469,449

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, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			2003
	Budget	Actual	Variance Over / Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water and sewer charges/fees	\$ 4,384,937	\$ 4,431,546	\$ 46,609	\$ 4,468,086
Water and sewer taps	195,500	239,166	43,666	189,600
Other operating revenues	13,200	3,405	(9,795)	21,664
Total operating revenues	4,593,637	4,674,117	80,480	4,679,350
Nonoperating revenues:				
Sales and use tax refunds	-	22,285	22,285	20,068
Investment income	8,000	6,772	(1,228)	11,165
Federal and State grants	-	419,750	419,750	-
Other capital contributions	-	523,105	523,105	669,720
Total nonoperating revenues	8,000	971,912	963,912	700,953
Total revenues	4,601,637	5,646,029	1,044,392	5,380,303
<b>Expenditures:</b>				
Water System				
Salaries and employee benefits	450,636	425,012	25,624	354,474
Other operating costs	654,890	487,568	167,322	706,957
Capital outlay	233,523	209,540	23,983	246,874
Total water system	1,339,049	1,122,120	216,929	1,308,305
Sewer System				
Salaries and employee benefits	-	-	-	11,039
Other operating costs	-	(983)	983	13,690
Total sewer system	-	(983)	983	24,729
Water Treatment Plant				
Salaries and employee benefits	342,235	328,172	14,063	323,934
Other operating costs	290,645	268,820	21,825	222,713
Capital outlay	45,000	15,987	29,013	13,274
Total water treatment plant	677,880	612,979	64,901	559,921
Indian Creek Pumping Station				
Other operating costs	16,500	8,126	8,374	22,262
Total Indian Creek pumping station	16,500	8,126	8,374	22,262



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, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			2003
	Budget	Actual	Variance Over / Under	Actual
Debt service				
Principal	1,656,982	885,639	771,343	1,355,009
Interest	773,726	546,243	227,483	639,070
Total debt service	2,430,708	1,431,882	998,826	1,994,079
Total expenditures	4,464,137	3,174,124	1,290,013	3,909,296
Revenues over (under) expenditures	137,500	2,471,905	2,334,405	1,471,007
<b>Other Financing Sources (Uses)</b>				
Advance refunding of long-term debt	-	8,028,243	8,028,243	-
Premium received from issuance of long-term debt	-	291,497	291,497	-
Advance repayments for debt refunding	-	(8,036,866)	(8,036,866)	-
Debt issuance costs	-	(14,485)	(14,485)	-
Transfer from general fund	(137,500)	-	137,500	-
Transfer to capital projects fund	-	-	-	(691,089)
Total other financing sources (uses)	(137,500)	268,389	405,889	(691,089)
Revenues and other financing sources over (under) expenditures and other uses	\$ -	2,740,294	\$ 2,740,294	779,918

**Reconciliation of modified accrual  
basis to full accrual basis**

Reconciling items:		
Debt principal	\$ 885,639	\$ 1,355,009
Capital outlay capitalized to capital assets	689,844	209,226
Advance refunding of long-term debt	(8,028,243)	-
Advance repayments for debt refunding	8,036,866	-
Debt premium received	(291,497)	-
Transfer to Water and Sewer Capital fund	-	691,089
Water and Sewer fund activity	2,617,999	5,090
Depreciation	(818,113)	(817,619)
Amortization of deferred interest and fees	(14,485)	-
Total reconciling items	3,078,010	1,442,795
Change in net assets	\$ 5,818,304	\$ 2,222,713

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, 2004

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 3,630,578	\$ -	\$ 3,202,935	\$ 3,202,935
Investment earnings	28,248	31,563	9,058	40,621
Total revenues	<u>3,658,826</u>	<u>31,563</u>	<u>3,211,993</u>	<u>3,243,556</u>
<b>Expenditures:</b>				
Capital outlay	<u>2,875,029</u>	<u>3,053,132</u>	<u>1,490,878</u>	<u>4,544,010</u>
Total expenditures	<u>2,875,029</u>	<u>3,053,132</u>	<u>1,490,878</u>	<u>4,544,010</u>
Revenues over (under) expenditures	<u>783,797</u>	<u>(3,021,569)</u>	<u>1,721,115</u>	<u>(1,300,454)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	-	1,329,000	-	1,329,000
Transfer from Water and Sewer Fund	-	1,091,089	-	1,091,089
Contingency	<u>(783,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>(783,797)</u>	<u>2,420,089</u>	<u>-</u>	<u>2,420,089</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (601,480)</u>	<u>\$ 1,721,115</u>	<u>\$ 1,119,635</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, 2004

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			2003
	Budget	Actual	Variance Over / Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water and sewer taps	\$ 468,000	\$ 607,831	\$ 139,831	\$ 686,805
Sewer fees	850,000	967,241	117,241	784,840
Other operating revenues	-	17,847	17,847	60,154
Total operating revenues	1,318,000	1,592,919	274,919	1,531,799
Nonoperating revenues:				
Ad valorem taxes	1,607,165	1,604,298	(2,867)	1,529,428
Investment earnings	20,000	4,458	(15,542)	20,359
Restricted intergovernmental revenues	-	16,250	16,250	-
Capital contributions and donations	-	217,735	217,735	-
Other non-operating revenues	-	-	-	534,101
Total non-operating revenues	1,627,165	1,842,741	215,576	2,083,888
Total revenues	2,945,165	3,435,660	490,495	3,615,687
<b>Expenditures:</b>				
Salaries and employee benefits	515,776	495,701	20,075	414,324
Other operating costs	696,271	653,857	42,414	795,740
Capital outlay	660,580	392,235	268,345	692,285
Debt service				
Principal	850,000	280,000	570,000	775,000
Interest	438,738	889,244	(450,506)	545,311
Total expenditures	3,161,365	2,711,037	450,328	3,222,660
Revenues over (under) expenditures	(216,200)	724,623	940,823	393,027
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	132,000	-	(132,000)	-
Long-term debt issued	111,200	5,520,000	5,408,800	-
Bond premium received	-	8,527	8,527	-
Debt issuance costs	(27,000)	(112,807)	(85,807)	-
Transfers (out)	-	-	-	(1,000,000)
Total other financing sources (uses)	216,200	5,415,720	5,199,520	(1,000,000)



**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, 2004**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual</u>
Revenues and other financing sources over (under) expenditures and other uses	\$ -	6,140,343	\$ 6,140,343	(606,973)
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Revenues and other financing sources over (under) expenditures and other uses		\$ 6,140,343		\$ (606,973)
Reconciling items:				
Capital outlay capitalized to capital assets		417,910		692,285
Debt principal		280,000		775,000
Amortization of debt issue costs		-		(1,770)
Long-term debt issued		(5,520,000)		-
Transfers to capital projects fund		-		1,000,000
Capital project fund activities		18,563		23,382
Depreciation		(571,084)		(543,008)
Total reconciling items		(5,374,611)		1,945,889
Change in net assets		\$ 765,732		\$ 1,338,916

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, 2004

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 51,744	\$ 18,563	\$ 70,307
Total revenues	-	51,744	18,563	70,307
<b>Expenditures:</b>				
Capital outlay	1,600,000	1,522,750	64,994	1,587,744
Total expenditures	1,600,000	1,522,750	64,994	1,587,744
Revenues over (under) expenditures	(1,600,000)	(1,471,006)	(46,431)	(1,517,437)
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	1,600,000	1,600,000	-	1,600,000
Transfer from General Capital Projects Fund	-	1,906,990	-	1,906,990
Total other financing sources (uses)	1,600,000	3,506,990	-	3,506,990
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,035,984	\$ (46,431)	\$ 1,989,553

# LINCOLN COUNTY, NORTH CAROLINA

Schedule E-1

## AGENCY FUNDS COMBINING BALANCE SHEET JUNE 30, 2004

	<u>Social Services Fund</u>	<u>Tax Collector Fund</u>	<u>Miscellaneous Fund</u>	<u>Totals</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 68,470	\$ 64,149	\$ 305,193	\$ 437,812
Total assets	<u>\$ 68,470</u>	<u>\$ 64,149</u>	<u>\$ 305,193</u>	<u>\$ 437,812</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 68,470	\$ 64,149	\$ 305,193	\$ 437,812
Total liabilities	<u>\$ 68,470</u>	<u>\$ 64,149</u>	<u>\$ 305,193</u>	<u>\$ 437,812</u>



**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<b><u>Social Services</u></b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 67,072	\$ 209,839	\$ 208,441	\$ 68,470
Total assets	<u>\$ 67,072</u>	<u>\$ 209,839</u>	<u>\$ 208,441</u>	<u>\$ 68,470</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 67,072	\$ 209,839	\$ 208,441	\$ 68,470
Total liabilities	<u>\$ 67,072</u>	<u>\$ 209,839</u>	<u>\$ 208,441</u>	<u>\$ 68,470</u>
<b><u>Tax Collector Fund</u></b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 63,941	\$ 3,625,710	\$ 3,625,502	\$ 64,149
Total assets	<u>\$ 63,941</u>	<u>\$ 3,625,710</u>	<u>\$ 3,625,502</u>	<u>\$ 64,149</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 63,941	\$ 3,625,710	\$ 3,625,502	\$ 64,149
Total liabilities	<u>\$ 63,941</u>	<u>\$ 3,625,710</u>	<u>\$ 3,625,502</u>	<u>\$ 64,149</u>
<b><u>Miscellaneous Fund</u></b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 205,595	\$ 265,994	\$ 166,396	\$ 305,193
Total assets	<u>\$ 205,595</u>	<u>\$ 265,994</u>	<u>\$ 166,396</u>	<u>\$ 305,193</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 205,595	\$ 265,994	\$ 166,396	\$ 305,193
Total liabilities	<u>\$ 205,595</u>	<u>\$ 265,994</u>	<u>\$ 166,396</u>	<u>\$ 305,193</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 336,608	\$ 4,101,543	\$ 4,000,339	\$ 437,812
Total assets	<u>\$ 336,608</u>	<u>\$ 4,101,543</u>	<u>\$ 4,000,339</u>	<u>\$ 437,812</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 336,608	\$ 4,101,543	\$ 4,000,339	\$ 437,812
Total liabilities	<u>\$ 336,608</u>	<u>\$ 4,101,543</u>	<u>\$ 4,000,339</u>	<u>\$ 437,812</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**Schedule F-1**

**GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2004**

<b>Year</b>	<b>Uncollected Balance June 30, 2003</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2004</b>
2003	\$ -	\$ 29,663,360	\$ 28,841,912	\$ 821,448
2002	1,034,200	1,472	681,235	354,437
2001	324,272	18,776	156,298	186,750
2000	150,155	9	39,157	111,007
1999	111,767	24	25,533	86,258
1998	70,848	-	14,183	56,665
1997	65,080	20	10,339	54,761
1996	59,811	-	8,567	51,244
1995	46,162	91	5,536	40,717
1994	28,692	20	3,087	25,625
1993	31,164	-	21,455	9,709
	<u>\$ 1,922,151</u>	<u>\$ 29,683,772</u>	<u>\$ 29,807,302</u>	1,798,621

Less allowance for uncollectible ad valorem taxes receivable:

General Fund (448,000)

**Ad Valorem Taxes Receivable, Net**

General Fund \$ 1,350,621

**Reconciliation of collections and credits with revenues:**

Ad valorem taxes - General Fund 29,813,860

Reconciling items:

Miscellaneous adjustments (6,558)

**Total Collections and Credits** \$ 29,807,302

**LINCOLN COUNTY, NORTH CAROLINA**

Schedule F-2

**ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2004**

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
<b>County wide</b>					
Property tax	\$ 4,744,225,449	0.620	\$ 29,415,649	\$ 26,092,846	\$ 3,322,803
Late list penalties	-		91,941	91,941	-
Total original levy	4,744,225,449		29,507,590	26,184,787	3,322,803
Discoveries	88,258,598		529,354	500,761	28,593
Abatements and discounts	(59,711,568)		(373,584)	(311,035)	(62,549)
<b>Total Property Valuation</b>	<u>\$ 4,772,772,479</u>				
<b>Net Levy</b>			29,663,360	26,374,513	3,288,847
Uncollected taxes at June 30, 2004			821,448	551,516	269,932
<b>Current Year's Taxes Collected</b>			<u>\$ 28,841,912</u>	<u>\$ 25,822,997</u>	<u>\$ 3,018,915</u>
<b>Current Levy Collection Percentage</b>			<u>97.23%</u>	<u>97.91%</u>	<u>91.79%</u>



# LINCOLN COUNTY, NORTH CAROLINA

Schedule F-3

## ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2004

### Secondary Market Disclosures

#### Assessed Valuation

Assessment Ratio (1)	100%
Real Property	\$ 3,455,150,910
Personal Property	409,492,585
Public Service Companies	377,825,148
Registered Vehicles	<u>530,303,836</u>
Total Assessed Valuation	<u>\$ 4,772,772,479</u>
Tax Rate per \$100 (2)	0.62
Levy (includes discoveries, releases and abatements)	\$ 29,663,360
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	\$ 1,936,824

(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

Schedule F-4

### ANALYSIS OF CURRENT TAX LEVY EAST LINCOLN WATER AND SEWER DISTRICT LEVY FOR THE YEAR ENDED JUNE 30, 2004

#### Secondary Market Disclosures

##### Assessed Valuation

Assessment Ratio (1)	100%
Real Property	\$ 951,314,845
Personal Property	58,661,628
Public Service Companies	7,610,086
Registered Vehicles	<u>95,332,270</u>
Total Assessed Valuation	<u>\$ 1,112,918,829</u>
Tax Rate per \$100 (2)	0.15
Levy (includes discoveries, releases and abatements)	\$ 1,679,596

(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.

Table 1

**LINCOLN COUNTY, NORTH CAROLINA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

Fiscal year Ended June 30	Ad Valorem Taxes	Local Option Sales Tax	Other Taxes	Unrestricted Intergov't'l Revenues	Restricted Intergov't'l Revenues	Permits and Fees	Sales Services and Rents	Investment Earnings	Miscellaneous Revenues	Total Revenues
2004	31,720,911	11,818,791	1,288,753	378,105	7,720,774	1,546,249	6,423,416	165,874	262,369	61,325,242
2003	29,877,029	10,344,449	1,156,652	286,096	6,998,014	1,412,239	5,148,945	443,179	278,851	55,945,454
2002	28,499,531	9,381,802	1,099,793	1,154,447	8,104,789	1,500,223	5,381,785	710,526	581,516	56,414,412
2001	22,710,919	9,098,378	1,024,660	1,700,408	7,667,406	973,216	4,663,316	1,241,056	836,537	49,915,896
2000	21,842,724	8,858,644	1,118,951	1,696,603	5,809,303	938,556	3,670,297	989,898	502,794	45,427,770
1999	20,960,354	8,176,993	908,978	1,693,913	13,148,786	945,469	2,673,230	929,346	400,541	49,837,610
1998	20,066,855	7,467,171	452,357	1,793,534	11,203,850	1,032,090	2,010,014	906,951	299,915	45,232,737
1997	19,161,813	6,944,508	362,553	1,803,843	4,402,172	832,577	2,342,639	827,834	487,967	37,165,906
1996	16,501,829	6,721,331	307,700	1,777,822	4,641,530	720,027	1,503,508	804,606	377,417	33,355,770
1995	14,069,382	6,178,897	295,157	1,776,963	4,193,155	519,391	1,285,914	708,851	474,153	29,501,863

Note: (1) Includes general, special revenue and capital project funds.

Source: Audited annual financial reports of this entity



**LINCOLN COUNTY, NORTH CAROLINA**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**

Fiscal year Ended June 30	General Government	Public Safety	Environmental Protection	Economic and Physical Development	Human Services	Cultural and Recreational	Education	Capital Projects	Debt Service	Total Expenditures
2004	5,587,042	14,107,357	563,632	855,719	16,392,974	1,352,872	12,681,353	7,012,641	6,989,393	65,542,983
2003	5,282,276	13,439,721	537,466	678,381	15,410,129	1,211,763	32,669,107	4,722,622	7,388,701	81,340,166
2002	4,831,980	12,102,993	565,526	953,514	16,119,413	1,151,385	21,611,475	1,791,577	5,867,653	64,995,516
2001	4,664,414	10,754,883	1,034,964	1,344,795	15,031,210	1,205,228	10,011,061	3,661,396	5,174,557	52,882,508
2000	4,284,523	9,217,599	778,291	460,301	12,669,908	1,010,962	8,782,924	2,570,173	4,711,056	44,485,737
1999	4,363,439	7,441,940	600,973	1,266,592	10,534,240	1,041,968	7,931,555	16,270,839	4,602,484	54,054,030
1998	3,852,479	7,424,717	584,410	505,551	9,755,980	992,929	7,489,016	12,967,395	4,562,102	48,134,579
1997	3,567,447	7,329,233	586,682	923,494	9,509,764	933,248	6,941,687	5,424,479	4,553,659	39,769,693
1996	3,495,330	6,615,035	627,052	834,389	8,804,733	804,924	6,334,728	9,315,535	4,403,565	41,235,291
1995	3,185,827	5,238,226	586,493	370,224	8,109,944	752,731	5,974,728	4,202,299	3,481,602	31,902,074

Note: (1) Includes general, special revenue and capital project funds.

Source: Audited annual financial reports of this entity

Table 3

**LINCOLN COUNTY, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

(Expressed in Nominal Dollars)

Fiscal year Ended <u>June 30</u>	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Tax Levy
2004	29,663,360	28,841,912	97.23%	965,390	29,807,302	100.49%	1,798,621	6.1%
2003	28,318,164	27,283,688	96.35%	750,441	28,034,129	99.00%	1,779,963	6.3%
2002	27,064,998	26,260,324	97.03%	649,192	26,909,516	99.43%	1,553,575	5.7%
2001	21,434,471	20,772,953	96.91%	636,417	21,409,370	99.88%	1,434,222	6.7%
2000	21,099,062	20,371,945	96.55%	542,285	20,914,230	99.12%	1,409,121	6.7%
1999	20,022,385	19,483,324	97.31%	597,858	20,081,182	100.29%	1,224,289	6.1%
1998	19,096,693	18,506,884	96.91%	592,743	19,099,627	100.02%	1,283,149	6.7%
1997	18,124,510	17,442,043	96.23%	366,156	17,808,199	98.25%	1,286,671	7.1%
1996	15,498,411	15,075,398	97.27%	396,014	15,471,412	99.83%	998,773	6.4%
1995	12,957,966	12,628,257	97.46%	473,768	13,102,025	101.11%	921,814	7.1%

Source: Audited annual financial reports of this entity

Table 4

**LINCOLN COUNTY, NORTH CAROLINA  
ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

(In Thousands)

Fiscal year Ended <u>June 30</u>	Real <u>Property</u>	Personal <u>Property</u>	Public Service Company <u>Property</u>	Total Assessed <u>Value</u>
2004	3,455,151	939,797	377,825	4,772,773
2003	3,303,216	894,562	360,596	4,558,374
2002	3,133,876	904,463	363,652	4,401,991
2001	2,959,817	819,480	361,776	4,141,073
2000	2,282,457	770,323	372,563	3,425,343
1999	2,202,291	673,889	371,646	3,247,826
1998	2,087,076	646,073	369,110	3,102,259
1997	2,014,721	566,667	363,225	2,944,613
1996	1,743,233	506,519	275,702	2,525,454
1995	1,693,149	469,395	149,294	2,311,838

Note: Estimated valuations are established by the Board of County Commissioners at 100 percent of estimated market value. A revaluation of real property is required by North Carolina General Statutes at least every eight years. Lincoln County is on a four-year schedule with the most recent valuation being for the year ending June 30, 2001.



**LINCOLN COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES**  
**DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
<b>Lincoln County</b>	0.620	0.620	0.620	0.510	0.615	0.615	0.615	0.615	0.615	0.560
<b>City</b>										
City of Lincolnton	0.560	0.560	0.560	0.560	0.600	0.600	0.600	0.600	0.590	0.560
<b>Special District</b>										
East Lincoln Water and Sewer District	0.150	0.150	0.150	0.150	0.280	0.280	0.220	0.060	0.060	0.030
<b>Fire Districts</b>										
Alexis	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.000
Boger City	0.050	0.050	0.050	0.050	0.030	0.030	0.030	0.030	0.030	0.030
Crouse	0.050	0.050	0.040	0.040	0.040	0.040	0.030	0.030	0.000	0.000
Denver	0.050	0.050	0.040	0.040	0.040	0.040	0.040	0.040	0.030	0.030
East Lincoln	0.050	0.050	0.050	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Howards Creek	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.035
Hughs Pond	0.000	0.000	0.000	0.050	0.050	0.055	0.060	0.060	0.050	0.050
High Shoals	0.000	0.000	0.000	0.000	0.054	0.054	0.054	0.054	0.054	0.000
North Brook	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.030
North 321	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.030
Pumpkin Center	0.050	0.050	0.050	0.050	0.050	0.040	0.040	0.040	0.040	0.040
South Fork	0.050	0.050	0.050	0.050	0.040	0.040	0.040	0.040	0.040	0.030
Union	0.050	0.050	0.050	0.050	0.050	0.050	0.060	0.060	0.060	0.030

Table 6

**LINCOLN COUNTY, NORTH CAROLINA**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE**  
**AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

Fiscal year Ended <u>June 30</u>	Assessed Value <u>(000 Omitted)</u>	Gross General Obligation <u>Bonded Debt</u>	Less Debt Payable From Enterprise <u>Revenues</u>	Net General Obligation Bonded <u>Debt</u>	Ratio of Net General Obligation Bonded Debt To Assessed <u>Value</u>	<u>Population</u>	Net General Obligation Bonded Debt <u>Per Capita</u>
2004	4,772,773	67,180,000	14,057,966	53,122,034	1.11%	68,630	774.04
2003	4,558,374	71,922,872	15,386,427	56,536,445	1.24%	68,185	829.16
2002	4,401,991	67,670,100	17,212,308	50,457,792	1.15%	66,790	755.47
2001	4,141,073	52,307,900	19,041,156	33,266,744	0.80%	65,732	506.10
2000	3,425,316	48,706,297	20,962,652	27,743,645	0.81%	61,147	453.72
1999	3,247,826	43,089,344	13,392,139	29,697,205	0.91%	60,193	493.37
1998	3,102,259	42,270,600	14,713,139	27,557,461	0.89%	59,121	466.12
1997	2,944,613	45,063,000	15,753,000	29,310,000	1.00%	57,879	506.40
1996	2,525,454	44,617,600	16,782,000	27,835,600	1.10%	56,782	490.22
1995	2,311,838	48,660,100	23,300,100	25,360,000	1.10%	55,592	456.18

Source: Audited annual financial reports of this entity

**LINCOLN COUNTY, NORTH CAROLINA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2004**

Assessed Valuation	\$4,772,772,479
--------------------	-----------------

Debt Limit-8% of assessed value	381,821,798
---------------------------------	-------------

Gross Debt:

Bonds	\$ 67,180,000
Installment Purchase Contracts	12,435,000
State Clean Water Loan	<u>3,250,000</u>

Gross Debt	82,865,000
------------	------------

Less: Amounts funded by enterprise revenues

Water Bonds	6,662,966
East Lincoln Water Bonds	7,395,000
State Clean Water Loan	3,250,000
Installment Purchase Contracts-Water	<u>1,031,136</u>

	18,339,102
--	------------

Total amount of debt applicable to debt limit (net debt)	<u>(64,525,898)</u>
--	---------------------

Legal Debt Margin	<u>\$ 317,295,900</u>
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**LINCOLN COUNTY, NORTH CAROLINA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION**  
**BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES**  
**LAST TEN FISCAL YEARS**

Fiscal year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest on Bonds</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	Ratio of Debt Service To General Governmental <u>Expenditures</u>
2004	2,290,000	2,311,716	4,601,716	65,542,983	7.0%
2003	2,921,347	2,468,903	5,390,250	81,528,085	6.6%
2002	2,308,952	1,591,245	3,900,197	64,995,516	6.0%
2001	1,976,901	1,527,866	3,504,767	52,882,508	6.6%
2000	1,953,560	1,403,502	3,357,062	44,485,737	7.5%
1999	1,845,256	1,441,461	3,286,717	54,054,030	6.1%
1998	1,752,539	1,628,119	3,380,658	48,134,579	7.0%
1997	1,625,000	1,559,888	3,184,888	39,769,693	8.0%
1996	1,525,000	1,427,148	2,952,148	41,236,291	7.2%
1995	1,295,000	1,249,335	2,544,335	31,902,074	8.0%

(1) General obligation bonds reported in the Enterprise Funds have been excluded.

(2) Includes General, Special Revenue and Capital Project Funds.

**LINCOLN COUNTY, NORTH CAROLINA**  
**COMPUTATION OF DIRECT AND UNDERLYING DEBT**  
**GENERAL OBLIGATION BONDS**  
**JUNE 30, 2004**

	Net General Obligation <u>Bonded Debt</u>	Percent Applicable <u>To County</u>	Amount Applicable <u>To County</u>
Direct - Lincoln County	\$ 53,122,034	100%	\$ 53,122,034
Underlying City of Lincolnton	<u>-</u>	100%	<u>-</u>
Totals	<u>\$ 53,122,034</u>		<u>\$ 53,122,034</u>

Note: Excluding general obligation bonds reported in the Enterprise Funds.

**LINCOLN COUNTY, NORTH CAROLINA  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal year Ended <u>June 30</u>	Population <u>Estimate (1)</u>	Per Capita <u>Income (2)</u>	Median <u>Age (1)</u>	School <u>Enrollment (3)</u>	Unemployment <u>Rate (4)</u>
2004	68,630	N/A	37.37	11,274	7.5%
2003	68,185	N/A	37.11	11,050	8.0%
2002	66,790	23,638	36.93	10,868	7.4%
2001	65,372	23,688	36.65	10,721	5.7%
2000	61,147	23,316	36.63	10,495	3.0%
1999	60,193	21,781	36.40	10,231	2.8%
1998	59,121	21,422	36.11	9,828	3.4%
1997	57,879	20,836	35.87	9,571	3.8%
1996	56,782	19,863	35.55	9,303	5.6%
1995	55,592	19,105	35.27	9,015	4.6%

N/A = Not Available

Sources:

(1) North Carolina Office of State Planning

(2) Bureau of Economic Analysis

(3) Lincoln County Board of Education (Final Average Daily Membership)

(4) Employment Security Commission



**LINCOLN COUNTY, NORTH CAROLINA  
COMMERCIAL AND RESIDENTIAL CONSTRUCTION  
PERMITS ISSUED AND BANK DEPOSITS  
LAST TEN FISCAL YEARS**

Fiscal year Ended <u>June 30</u>	Commercial Permits <u>Value (2)</u>	<u>Number</u>	Residential Permits <u>Value (2)</u>	<u>Number</u>	Bank Deposits <u>X \$1,000 (1)</u>
2004 (3)	8,686,736	45	75,195,607	569	N/A
2003	30,379,165	73	91,465,229	849	676,950
2002	33,401,336	58	99,797,544	910	627,528
2001	25,610,423	79	101,496,821	1,092	631,417
2000	27,039,993	131	94,417,136	1,086	465,020
1999	33,244,247	126	104,536,310	1,235	519,241
1998	18,280,245	103	76,460,401	1,132	461,268
1997	9,710,000	61	57,396,000	849	429,562
1996	3,138,000	36	36,340,000	797	415,199
1995	7,759,000	84	31,214,000	927	403,473

N/A = Not Available

Sources:

(1) North Carolina State Banking Commission

(2) Shown on calendar year basis

(3) Represents eight months

**LINCOLN COUNTY, NORTH CAROLINA  
PRINCIPAL TAXPAYERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Tax Levy</u>
Duke Energy Corporation	Electric Utility	297,692,139	5.48%	1,845,691
The Timken Company	Bearings Manufacturer	89,272,408	1.64%	553,489
Julius Blum, Inc.	Furniture Hardware Manufacturer	44,533,275	0.82%	276,106
Bell South Corporation	Telephone Utility	31,312,383	0.58%	194,137
Cataler North America Corp.	Auto Parts Manufacturer	30,615,956	0.56%	189,819
Rutherford Electric Membership Corporation	Electric Utility	23,321,851	0.43%	144,595
T & T Investments	Real Estate	12,707,935	0.23%	78,789
Cochrane Furniture Co., Inc.	Furniture Manufacturer	12,375,840	0.23%	76,730
Robert Bosch Tool Corporation	Tool Manufacturer	11,204,162	0.21%	69,466
Lowes Home Center, Inc.	Store	<u>9,172,607</u>	<u>0.17%</u>	<u>56,870</u>
Totals		<u>\$562,208,556</u>	<u>10.35%</u>	<u>\$3,485,692</u>

**LINCOLN COUNTY, NORTH CAROLINA  
MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 2004**

Date of establishment	1779
Form of government	Commission-Manager
Employees:	
Full-time regular	505
Part-time regular	3
Area	308 square miles
Lincoln County facilities and services:	
Sanitary landfill	1
Demolition landfill	1
Convenience sites	7
Fire Protection: (1)	
Number of stations	11
Number of firemen and officers	400
Number of calls answered	1,800
Number of inspections conducted	350
Police Protection:	
Number of stations	3
Number of officers	75
Number of patrol units	53
Emergency Medical Services:	
Number of stations	2 Fire Dept based quick response units 3 County owned
Number of technicians	48 full-time and 20 part-time
Number of calls answered	8,134
Inspections:	
Building permits issued	1,254
Cultural and Recreational:	
Number of parks	2 with 37 acres



**Table 13**  
**2 of 2**

Water and Sewer Department:	
Number of customers (water)	7,756
Number of customers (sewer)	2,234
Average daily consumption (in gallons)	2,200,000
Miles in water mains	260
Miles of sanitary sewers	75

Facilities and services not included in the primary government:

Hospitals: (2)	
Number of hospitals	1
Number of patient beds	101

Facilities and services not included in the reporting entity:

Education: (3)	
Number of schools	21
Number of classrooms	840
Number of teachers	831
Number of students	11,264

Cultural and Recreational: (4)

Number of libraries	3
Number of volumes	106,855

Notes:

(1) Volunteer fire departments serving unincorporated area of county.

(2) Source: Lincoln Medical Center

(3) Source: Lincoln County Board of Education

(4) Data pertains to branches of Gaston Lincoln Regional Library in Lincoln County.



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

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

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

To the Board of Commissioners  
Lincoln County, North Carolina

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year ended June 30, 2004, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated October 22, 2004. We did not audit the financial statements of the Lincoln County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lincoln County ABC Board is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Lincoln County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### **Compliance**

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Lincoln County in a separate letter dated October 22, 2004.



This report is intended solely for the information and use of management, members of the Board of Commissioners, federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 22, 2004





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

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

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### **Report On Compliance With Requirements Applicable To Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of Commissioners  
Lincoln County, North Carolina

#### **Compliance**

We have audited the compliance of Lincoln County, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2004. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

#### **Internal Control Over Compliance**

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, members of the Board of Commissioners, federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 22, 2004





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

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

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### **Report On Compliance With Requirements Applicable To Each Major State Program and Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of Commissioners  
Lincoln County, North Carolina

#### **Compliance**

We have audited the compliance of Lincoln County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2004. Lincoln County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2004.

#### **Internal Control Over Compliance**

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, members of the Board of Commissioners, federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 22, 2004

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2004

#### 1. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements of Lincoln County, North Carolina.
- B. Our audit of the basic financial statements disclosed no reportable conditions in internal control.
- C. Our audit of the basic financial statements disclosed no reportable conditions in compliance over federal and State awards.
- D. An unqualified opinion was issued on Lincoln County's compliance with the types of compliance requirements applicable to its major federal programs.
- E. An unqualified opinion was issued on Lincoln County's compliance with the types of compliance requirements applicable to its major State programs.
- F. Major federal programs for Lincoln County for the year ended June 30, 2004 are:

Food Stamp Cluster	10.561
Temporary Assistance for Needy Families	93.558
Medicaid Cluster	93.778
Subsidized Child Care Cluster	93.667, 93.596, 93.575, 93.558
Foster Care and Adoption Cluster	93.658 & 93.659
- G. Major State programs for Lincoln County for the year ended June 30, 2004 are:

Medicaid Cluster (State Portion)
SC/SA Domiciliary Care Payments
Subsidized Child Care Cluster (State Portion)
Public School Building Capital Fund
- H. The threshold for determining Type A programs for Lincoln County is \$1,398,251.
- I. Lincoln County did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**2. Findings Related to the Audit of the Basic Financial Statements**

- A. The audit did not detect any findings related to compliance that are required to be reported in accordance with Government Auditing Standards.
- B. The audit did not detect any findings related to internal control over financial reporting that are required to be reported in accordance with Government Auditing Standards.

**3. Findings and Questioned Costs Related to the Audit of Federal Awards**

None

**4. Findings and Questioned Costs Related to the Audit of State Awards**

None



**LINCOLN COUNTY, NORTH CAROLINA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2004**

N/A-Not applicable

**LINCOLN COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Finding 2003-1: Resolved in the current year.

Finding 2003-2: Resolved in the current year.

Finding 2003-3: Resolved in the current year.

Finding 2003-4: Resolved in the current year.

Finding 2003-5: Resolved in the current year.

Finding 2003-6: Resolved in the current year.

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>U.S. Dept. of Agriculture</u>					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:					
Food Stamp Program - Noncash	10.551		4,243,617	-	-
Food Stamp Incentive Payments	10.551		9,344	-	-
State Administrative Matching Grants for					
Food Stamp Admin	10.561		235,772	-	235,772
Food Stamp E&T & Depend Care	10.561		2,203	-	2,203
Food Stamp EBT	10.561		5,243	-	5,243
Food Stamp Fraud Admin	10.561		11,628	-	11,628
Total Food Stamp Cluster			4,507,807	-	254,846
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		168,938	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		773,754	-	-
Total U.S. Department of Agriculture			5,450,499	-	254,846
<u>U.S. Dept. of Housing &amp; Urban Development</u>					
Passed-through N.C. Division of Community Assistance					
CDBG Small Cities Program (Scattered-Site Housing)	14.219		23,883	-	-
Total U.S. Dept. of Housing & Urban Development			23,883	-	-
<u>U.S. Dept. of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Federal Forfeited Property					
Passed-through N.C. Dept. of Crime Control and Public Safety:			4,967	-	-
Local Law Enforcement Block Grant	16.592		14,333	-	-
Total U.S. Dept. of Justice			19,300	-	-
<u>U.S. Dept. of Transportation</u>					
National Highway Traffic Safety Administration					
Passed-through the N.C. Department of Transportation:					
Safety Incentives (Hwy 321 Corridor Five County Grant)	20.605		110,713	-	-
Total U.S. Dept. of Transportation			110,713	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management					
State Domestic Preparedness Equipment Support Program					
Terrorism Planning Grant	83.562	SP-02-043	16,275	-	-
Homeland Security Grant 2003 Part I	97.004	HS-TE-03-1055	36,995	-	-
Terrorism Grant	97.004	DOJ--2-041	21,059	-	-
Pre-Disaster Mitigation	97.017	PMD-PL-02-07	5,864	-	-
Emergency Management	97.042	EMPG 2003	5,047	5,047	-
Emergency Management	97.042	EMPG 2003 Supp	5,532	5,532	-
Total U. S. Department of Homeland Security			90,772	10,579	-



Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Health &amp; Human Services</u>					
<u>Administration on Aging</u>					
<u>Division of Social Services</u>					
Passed-through Centralina Council Governments					
Aging Cluster:					
Special Programs for the Aging - Title III B					
Disease Prevention and Health Promotion Services	93.043		2,442	156	-
National Family Caregiver Support	93.052		18,002	1,200	-
Total Aging Cluster			20,444	1,356	-
<u>Administration for Children and Families</u>					
Passed-through the N.C. Board of Elections					
Voting Access for Individuals with Disabilities	93.617		13,948	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
IV-E Child Protective Services	93.658		114,309	41,090	73,219
IV-E Optional	93.658		84,627	-	84,627
IV-E Foster Care In Excess	93.658		16,261	-	9,637
IV-E Foster Care	93.658		49,637	14,710	14,710
IV-E Adoption Subsidy & Vendor	93.659		108,898	32,324	32,324
Total Foster Care and Adoption Cluster			373,732	88,124	214,517
Work First /Temporary Assistance for Needy					
Families (TANF)					
Work First Administration	93.558		92,744	37,981	76,820
Work First Service	93.558		557,018	198,062	400,601
TANF Domestic Violence	93.558		4,737	-	-
TANF TEA Foster Care Max	93.558		3,661	-	-
TANF TEA Foster Care Max	93.558		23,844	-	-
TANF EA - Maximization	93.558		-	-	1,540
TANF EA - Regular	93.558		-	-	1,889
TANF Payments & Penalties	93.558		552,991	(55)	-
TANF UP	93.558		36,722	-	-
AFDC Payments & Penalties	93.560		(1,313)	(360)	(360)
N. C. Child Support Enforcement Section	93.563		461,145	-	236,150
Low-Income Home Energy Assistance Block Grant:					
Administration					
Energy Assistance Payments- Direct Benefit Payments	93.568		11,927	-	-
Crisis Intervention Payments	93.568		93,863	-	-
Permanency Planning - Regular	93.645		38,378	-	-
Permanency Planning - Special	93.645		15,850	5,283	-
SSBG - Other Service and Training	93.667		4,705	-	1,568
Independent Living Grant	93.674		151,501	15,688	55,730
Adoption/Foster Care			10,568	2,642	-
County Funded Programs			39,537	-	6
DCD Smart Start			-	-	9,837
SC/SA Administration			-	58,870	-
State Adult Protective Service			-	-	19,774
Childcare Development Fund-Administration	93.596		-	53,900	-
IV-D Offset Fees-ESC			73,371	-	-
IV-D Offset Fees-Federal			108	-	55
AFDC Incent/Program Integrity			2,069	-	1,066
CWS Adopt Subsidy & Vendor			-	183	-
F/C At Risk Maximization			16,560	116,808	42,996
SC/SA Domiciliary Care Payment			-	8,139	4,823
State Foster Home			-	508,322	508,322
			-	35,432	35,432
Total Division of Social Services			2,563,718	1,129,019	1,610,766

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Aging:					
Division of Social Services:					
SSBG - State In Home Service Fund	93.667		9,663	-	1,380
Division of Child Development:					
Subsidized Child Care Cluster:					
Child Care and Development Fund -- Discretionary	93.575		616,019	-	-
Child Care and Development Fund -- Mandatory	93.596		241,959	-	-
Child Care and Development Fund -- Match	93.596		256,071	151,734	-
Social Services Block Grant	93.667		5,769	-	-
TANF	93.558		122,307	-	-
Smart Start	-		-	55,400	-
State Appropriations	-		-	35,541	-
More at Four State Funding	-		-	3,004	-
TANF-MOE	-		-	259,191	-
Total Subsidized Child Care Cluster			1,242,125	504,870	-
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
North Carolina Health Choice	93.767		6,705	2,361	-
Adult Care Home Case Management	93.778		50,005	23,523	26,481
Ma Elig & De-Link	93.778		40,764	11,121	9,881
Medical Assistance Admin	93.778		371,135	-	371,135
Medical Transportation Admin	93.778		14,455	-	14,455
Medical Transportation Service	93.778		7,603	3,371	595
Direct Benefit Payments:					
Medical Assistance Program	93.778		36,288,605	16,163,035	2,323,698
<u>Centers for Disease Control</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Statewide Health Promotion Program	93.991		14,992	-	-
Cooperative Agreements for State-Based Comprehensive					
Breast and Cervical Cancer Early Detection Programs	93.919		46,152	-	-
Cardiovascular Health Program	93.945		250	-	-
<u>Health Resources and Services Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Maternal and Child Health Services Block Grant	93.994		134,993	-	-
Immunization Program/Aid to County Funding	93.268		23,128	-	-
Central Administration / Office of Research, Demonstration,					
and Rural Development:					
Harmful Algae Blooms Program	93.283		63,948	-	-
Temporary Assistance for Needy Families	93.558		574	-	-
Total U.S. Dept. of Health and Human Services			40,913,207	17,838,656	4,358,391
Total federal awards			46,608,374	17,849,235	4,613,237
<u>State Awards:</u>					
<u>N.C. Dept. of Cultural Resources</u>					
Cultural Grant NCGA			-	40,000	-
Total N.C. Dept. of Cultural Resources			-	40,000	-
<u>N.C. Department of Environment and Natural Resources</u>					
Division of Soil & Water					
AG Cost Share Funds			-	23,221	-
Administrative Match Funds			-	4,000	-
Division of Waste Management					
White Goods Management Program			-	24,699	-
Scap Tire Program			-	78,690	-
Total N.C. Dept. of Environmental and			-	130,610	-
Natural Resources					

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services					
Administrative:					
State Aid to Counties			-	28,492	-
TANF Incent/Program Integrity			-	224	-
Administration on Aging					
Division of Social Services					
Passed through Centralina Council of Governments					
Home and Community Care Block Grant			-	271,747	-
Fans			-	603	-
Senior Center Outreach			-	653	-
Senior Center General Purpose			-	5,807	-
Total N.C. Dept. of Health and Human Services			-	307,526	-
Division of Public Health					
General			-	37,520	-
AIDS			-	500	-
Communicable Disease			-	12,797	-
Risk Reduction/Health Promotion			-	6,023	-
Tuberculosis			-	1,856	-
Immunization-State			-	14,612	-
TB Medical Services			-	875	-
Total Division of Public Health			-	74,183	-
Total N. C. Department of Health and Human Services			-	381,709	-
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>					
Juvenile Crime Prevention Programs					
Governor's One on One			-	16,625	-
Administration			-	3,946	-
Restitution			-	13,905	-
Social Work Services			-	42,950	-
Outpatient Child/Family Services			-	11,628	-
Group Home			-	45,774	-
Companions			-	25,292	-
Mediation			-	5,000	-
Total N.C. Department of Juvenile Justice			-	165,120	-
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund			-	504,554	-
Total N.C. Department of Public Instruction			-	504,554	-
<u>N.C. Rural Economic Development Center, Inc.</u>					
Rural Internet Access Authority					
e-Commerce Planning Grant			-	3,000	-
Capital Improvement Plan Water and Sewer Systems		02-63-25	-	12,787	-
Total N.C. Rural Economic Development Center, Inc.			-	15,787	-
<u>N.C. Dept. of Transportation</u>					
Industrial Access Road		DOT- 18	-	233,000	-
Lincoln County Admin & Emp Development		DOT-3 /03-HS-021	-	715	-
Rural Capital		DOT-14 /03-SC-006	-	81,103	-
RGP State funds		DOT-16CL	-	40,997	-
Work First		DOT-16CL	-	7,931	-
Elderly and Disabled Transportation Assistance					
Program (E&DTAP)		DOT-16CL	-	51,216	-
Total N.C. Dept. of Transportation			-	414,962	-



Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
N.C. Dept. of Administration Veterans Services			-	2,000	-
Total State awards			-	1,654,742	-
Total federal and State awards			\$ 46,608,374	\$ 19,503,977	\$ 4,613,237

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Lincoln County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.