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# LINCOLN COUNTY, NORTH CAROLINA

## STATEMENT OF NET ASSETS JUNE 30, 2005

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

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

Exhibit A

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

**LINCOLN COUNTY, NORTH CAROLINA**

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

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

**General Revenues:**  
 Ad valorem taxes  
 Local option sales tax  
 Utility franchise tax  
 Real estate transfer tax  
 Other taxes and licences  
 Unrestricted intergovernmental  
 Investment earnings  
 Total general revenues and transfers

**Change in net assets**  
 Net assets - beginning  
 Prior period adjustment  
 Beginning net assets, restated  
 Net assets - ending

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

Exhibit B

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

## LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

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

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

## LINCOLN COUNTY, NORTH CAROLINA

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

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

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

## LINCOLN COUNTY, NORTH CAROLINA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

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

Net change in fund balances - total government funds	\$ 11,872,850
Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,780,665
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(1,672,319)
The sale of capital assets is reported as a revenue in the governmental fund statements without subtracting the net book value of the capital assets sold.	(230,366)
Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(135,383)
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 90 days of year end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Property taxes	261,908
Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.	4,658,421
The issuance of long-term debt (e.g. bonds, leases) and the refunding of long term debt provide current financial resources to governmental funds. The repayment of refunded long term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reported in the statement of activities.	<u>(17,000,000)</u>
Change in net assets of governmental activities	<u>\$ 535,776</u>

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



## LINCOLN COUNTY, NORTH CAROLINA

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

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

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005

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

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

## LINCOLN COUNTY, NORTH CAROLINA

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

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

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

LINCOLN COUNTY, NORTH CAROLINA

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

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

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

LINCOLN COUNTY, NORTH CAROLINA

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

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

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2005

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

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

# LINCOLN COUNTY, NORTH CAROLINA

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

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### Component Units

##### Blended Component Unit

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

##### Discretely Presented Component Units

##### Lincoln County ABC Board

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

# LINCOLN COUNTY, NORTH CAROLINA

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

### **Lincolnton-Lincoln County Airport Authority**

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

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

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

### **B. Basis of Presentation**

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

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