NEW ISSUE – BOOK-ENTRY-ONLY

Ratings: Moody's: Aa2
S&P: AA
Fitch: AA+
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, such interest will be taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations. In the opinion of Bond Counsel, under existing law, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxes. See the caption "TAX TREATMENT" herein.

$27,225,000
Limited Obligation Bonds
(Lincoln County, North Carolina)
Series 2024

Evidencing Proportionate Undivided Interests of the Owners thereof in Installment Payments to be made Pursuant to an Installment Financing Agreement Between the Lincoln County Public Facilities Corporation and the COUNTY OF LINCOLN, NORTH CAROLINA

Dated: Date of Delivery **Due: October 1, as shown on the inside cover**

This Official Statement has been prepared by the County of Lincoln, North Carolina (the "County") to provide information on the Lincoln County Public Facilities Corporation Limited Obligation Bonds (Lincoln County, North Carolina), Series 2024 (the "2024 Bonds").

Security: The 2024 Bonds, together with any other Bonds (as defined herein) hereafter outstanding under the Trust Agreement (as defined herein), evidence proportionate undivided interests in Installment Payments (as defined herein) to be made with respect to an Installment Financing Agreement, dated as of August 1, 2024 (the "Agreement"), between the Lincoln County Public Facilities Corporation (the "Corporation") and the County. As security for its obligations under the Agreement, the County will execute and deliver to a deed of trust trustee for the benefit of the Corporation a Deed of Trust, Security Agreement, Fixture Filing and Financing Statement, dated as of August 1, 2024 (the "Deed of Trust"), granting, among other things, a lien of record on the Mortgaged Property (as defined herein) subject to Permitted Encumbrances (as defined in the Agreement). The Corporation will assign all of its rights in the Deed of Trust and the Agreement (except certain rights with respect to indemnification, the payment of certain expenses and receipt of certain notices) to the Trustee (as defined herein).

THE PRINCIPAL AND INTEREST COMPONENTS OF THE INSTALLMENT PAYMENTS RECEIVED WITH RESPECT TO THE 2024 BONDS ARE PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COUNTY UNDER THE AGREEMENT AND, TO THE EXTENT PROVIDED IN THE TRUST AGREEMENT, CERTAIN INVESTMENT EARNINGS, CERTAIN NET PROCEEDS (AS DEFINED IN THE TRUST AGREEMENT), IF ANY, AND CERTAIN AMOUNTS REALIZED FROM ANY SALE OR LEASE OF THE MORTGAGED PROPERTY. NEITHER THE AGREEMENT NOR THE 2024 BONDS NOR THE INTEREST COMPONENT OF THE INSTALLMENT PAYMENTS RECEIVED WITH RESPECT THERETO CREATES A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE AGREEMENT AND DUE THE OWNERS OF THE 2024 BONDS. See the caption "SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS" herein.

Prepayment: The 2024 Bonds are subject to optional prepayment before their maturities as described herein.

Purpose: Proceeds of the 2024 Bonds will be used, together with other available funds, to (1) pay the costs of the expansion, renovation, construction, equipping and improvement of the Lincoln County Detention Center as more fully described herein and (2) pay certain costs incurred in connection with the execution and delivery of the 2024 Bonds.

Interest Payment Dates: April 1 and October 1 of each year, commencing April 1, 2025.

Denomination: $5,000 or integral multiples thereof.

Delivery: On or about August 7, 2024.

Financial Advisor: Davenport & Company LLC

Bond Counsel: Robinson, Bradshaw & Hinson, P.A.

Counsel to County and Corporation: Megan H. Gilbert, Esq.

Underwriter's Counsel: Womble Bond Dickinson (US) LLP

Trustee: Truist Bank

Wells Fargo Securities

The date of this Official Statement is July 23, 2024.

MATURITY SCHEDULE

$27,225,000
Limited Obligation Bonds, Series 2024

Evidencing Proportionate Undivided Interests of the Owners thereof in Installment Payments to be made Pursuant to an Installment Financing Agreement Between the Lincoln County Public Facilities Corporation and the COUNTY OF LINCOLN, NORTH CAROLINA

Maturities, Amounts, Interest Rates and Yields

October 1	Principal Amount	Interest Rate	Yield	CUSIP+
2025	$1,365,000	5.00%	2.99%	533343 AA7
2026	1,365,000	5.00	2.97	533343 AB5
2027	1,365,000	5.00	2.95	533343 AC3
2028	1,365,000	5.00	2.94	533343 AD1
2029	1,365,000	5.00	2.91	533343 AE9
2030	1,360,000	5.00	2.97	533343 AF6
2031	1,360,000	5.00	3.03	533343 AG4
2032	1,360,000	5.00	3.03	533343 AH2
2033	1,360,000	5.00	3.05	533343 AJ8
2034	1,360,000	5.00	3.05	533343 AK5
2035	1,360,000	5.00	3.11[C]	533343 AL3
2036	1,360,000	5.00	3.13[C]	533343 AM1
2037	1,360,000	5.00	3.18[C]	533343 AN9
2038	1,360,000	5.00	3.21[C]	533343 AP4
2039	1,360,000	5.00	3.29[C]	533343 AQ2
2040	1,360,000	5.00	3.40[C]	533343 AR0
2041	1,360,000	5.00	3.49[C]	533343 AS8
2042	1,360,000	5.00	3.56[C]	533343 AT6
2043	1,360,000	4.00	4.03	533343 AU3
2044	1,360,000	4.00	4.05	533343 AV1

[C] Yield to October 1, 2034 call date at 100%.

In connection with this offering, Wells Fargo Bank, National Association (the "Underwriter"), may over-allot or effect transactions that stabilize or maintain the market price of the 2024 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2024 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources that are deemed to be reliable.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities and Exchange Commission.

This Official Statement is deemed to be a final official statement with respect to the 2024 Bonds within the meaning of Rule 15c2-12, except, when it is in preliminary form, for the omission of certain pricing and other information authorized to be omitted by Rule 15c2-12.

Neither the 2024 Bonds nor the Trust Agreement have been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of the 2024 Bonds or the Trust Agreement in accordance with applicable provisions of securities laws of the States in which the 2024 Bonds and the Trust Agreement have been registered or qualified, if any, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2024 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

COUNTY OF LINCOLN, NORTH CAROLINA

Board of Commissioners

Cathy Davis.. Chair

Bud Cesena .... Vice-Chair

Jamie Lineberger

Anita McCall

Carrol D. Mitchem

County Staff

Davin Madden.. County Manager

Deanna Rios .... Finance Director

Megan H. Gilbert, Esq. .... County Attorney

Jennifer Farmer ....Clerk to the Board

Bond Counsel

Robinson, Bradshaw & Hinson, P.A.
Charlotte, North Carolina

Financial Advisor

Davenport & Company LLC
Charlotte, North Carolina

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(Lincoln County, North Carolina)
Series 2024

Evidencing Proportionate Undivided Interests of the Owners thereof in Installment Payments to be made Pursuant to an Installment Financing Agreement Between the Lincoln County Public Facilities Corporation and the COUNTY OF LINCOLN, NORTH CAROLINA

INTRODUCTION

The purpose of this Official Statement, which includes the Appendices hereto, is to provide certain information in connection with the execution, sale and delivery of the Lincoln County Public Facilities Corporation Limited Obligation Bonds (Lincoln County, North Carolina), Series 2024 (the "2024 Bonds") in the aggregate principal amount of $27,225,000, which evidence proportionate undivided interests in installment payments (the "Installment Payments") to be made with respect to an Installment Financing Agreement, dated as of August 1, 2024 (the "Agreement"), between Lincoln County Public Facilities Corporation (the "Corporation") and the County of Lincoln, North Carolina (the "County"). The 2024 Bonds will be executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2024 (the "Trust Agreement"), between the Corporation and Truist Bank, as trustee (the "Trustee"). Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in Appendix C hereto under the caption "DEFINITIONS."

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by this Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The County

The County is a political subdivision of the State of North Carolina (the "State"). See Appendix A, "THE COUNTY OF LINCOLN" hereto for certain information regarding the County. Certain information from the County's most recent audited financial statements is contained in Appendix B hereto.

Purpose

The 2024 Bonds are being executed and delivered in order to provide funds, together with other available funds, with which to (a) pay the cost of expanding, renovating, constructing, equipping and improving the Lincoln County Detention Center located at 700 John Howell Memorial Drive, Lincolnton, North Carolina (the "2024 Project"), as more fully described herein, and (b) pay certain costs incurred in connection with the execution and delivery of the 2024 Bonds. See the captions "THE 2024 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security

As security for its obligations under the Agreement, the County will execute and deliver to a deed of trust trustee (the "Deed of Trust Trustee"), for the benefit of the Corporation, a Deed of Trust, Security Agreement, Fixture Filing and Financing Statement, dated as of August 1, 2024 (the "Deed of Trust"), granting a lien of record on the site of the 2024 Project and the improvements thereon and appurtenances thereto (the "Mortgaged Property"), as more particularly described in the Deed of Trust, subject only to Permitted Encumbrances (as defined in the Agreement).

Pursuant to the Trust Agreement, the Corporation will assign to the Trustee, for the benefit of the Owners of the 2024 Bonds and any Additional Bonds (collectively, the "Bonds") substantially all of its rights, title and interest in and to (1) the Agreement, including its rights to receive Installment Payments, and (2) the Deed of Trust. In addition, the Corporation will grant to the Trustee a lien on and security interest in all moneys held by the Trustee in certain funds and accounts created under the Trust Agreement. Pursuant to the Agreement, Installment Payments payable by the County will be paid directly to the Trustee.

The 2024 Bonds, along with any Additional Bonds hereafter executed and delivered pursuant to the Trust Agreement, will be secured by the Deed of Trust. See the caption "SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS" herein.

If a default occurs under the Agreement, the Trustee for the Owners of the 2024 Bonds can direct the Deed of Trust Trustee to foreclose on the Mortgaged Property and apply the proceeds received as a result of any such foreclosure to the payment of the amounts due to the Owners of the 2024 Bonds subject to the rights of the Owners of any Additional Bonds. No assurance can be given that any such proceeds will be sufficient to pay the principal and the interest components of the Installment Payments received with respect to the 2024 Bonds. In addition, no deficiency judgment can be rendered against the County if the proceeds from any such foreclosure sale (together with other funds that may be held by the Trustee under the Trust Agreement) are insufficient to pay the 2024 Bonds in full. Neither the 2024 Bonds nor the County's obligation to make payments under the Agreement constitute a pledge of the County's faith and credit within the meaning of any constitutional provision. See the caption "SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS" herein.

The 2024 Bonds

The 2024 Bonds will be dated as of their date of delivery. Interest is payable on April 1 and October 1 of each year, beginning April 1, 2025, at the rates set forth on the inside cover page of this Official Statement. Principal is payable, subject to prepayment as described herein, on October 1 in the years and in the amounts set forth on the inside cover page of this Official Statement.

Additional Bonds

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then-outstanding 2024 Bonds and without notice to such Owners, Additional Bonds may be delivered and secured on parity with the 2024 Bonds to provide funds, with any other available funds, for (1) paying the cost of any Improvements and applicable Delivery Costs, or (2) refunding all or any portion of the 2024 Bonds, any Additional Bonds or any other financing under N.C.G.S. Section 160A-20, and paying applicable Delivery Costs.

Book-Entry Form Only

The 2024 Bonds will be delivered in book-entry form only without physical delivery of certificates to beneficial owners of the 2024 Bonds. Payments to beneficial owners of the 2024 Bonds will be made by through The Depository Trust Company ("DTC"), Jersey City, New Jersey, and its participants. See Appendix E, "BOOK-ENTRY-ONLY SYSTEM" hereto. So long as Cede & Co. is the registered owner of the 2024 Bonds, references herein to registered owner or Owners means Cede & Co. and not the beneficial owners of the 2024 Bonds.

Tax Status

In the opinion of Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations. In the opinion of Bond Counsel, under existing law, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxes. See the caption "TAX TREATMENT" herein.

Professionals

Wells Fargo Bank, National Association (the "Underwriter") is underwriting the 2024 Bonds. Truist Bank is serving as Trustee with respect to the 2024 Bonds. Davenport & Company LLC is serving as Financial Advisor to the County. Robinson, Bradshaw & Hinson, P.A. is serving as Bond Counsel. Megan H. Gilbert, Esq. is the County Attorney and serving as counsel to the Corporation. Womble Bond Dickinson (US) LLP is serving as counsel to the Underwriter.

Additional Information

Additional information and copies in reasonable quantity of the principal financing documents may be obtained from the County at 353 N. Generals Boulevard, Lincolnton, North Carolina 28092, Attention: Finance Director. Copies of such documents can also be obtained during the offering period from Wells Fargo Bank, National Association at 550 S. Tryon Street, 27th Floor, Charlotte, North Carolina 28202. After the offering period, copies of such documents may be obtained from the Trustee at Truist Bank, 2713 Forest Hills Road, Building 2 – Floor 2, Wilson, North Carolina 27893, Attention: Cristina Rhodebeck.

THE 2024 BONDS

Authorization

The 2024 Bonds will be executed and delivered pursuant to the Trust Agreement. The 2024 Bonds evidence proportionate undivided interests in rights to Installment Payments made by the County under the Agreement.

The County is entering into the Agreement under the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The Board of Commissioners for the County (the "Board of Commissioners") authorized the County's execution and delivery of the Agreement in a resolution adopted on July 15, 2024.

In addition, on July 9, 2024 the North Carolina Local Government Commission (the "LGC") gave its required approval for the County to enter into the Agreement. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in the State. Its approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing, the LGC must determine, among other things, that (1) the proposed financing is necessary or expedient, (2) the financing, under the circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are not excessive for the local government.

General

Payment Terms. The 2024 Bonds will be dated their date of delivery. The interest component of the Installment Payments received with respect to the 2024 Bonds is payable on each April 1 and October 1 (the "Bond Payment Dates"), beginning April 1, 2025, at the rates set forth on the inside cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). The principal component of the Installment Payments received with respect to the 2024 Bonds is payable, subject to prepayment as described herein, on October 1 in the years and amounts set forth on the inside cover page of this Official Statement. Payments will be effected through DTC. See Appendix E, "BOOK-ENTRY-ONLY SYSTEM" hereto.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2024 Bonds, transfers and exchanges of beneficial ownership interests in the 2024 Bonds will be available only through DTC Participants and DTC Indirect Participants. See Appendix E, "BOOK-ENTRY-ONLY SYSTEM" hereto. The Trust Agreement describes provisions for transfer and exchange applicable if a book-entry system is no longer in effect. These provisions generally provide that the transfer of the 2024 Bonds is registrable by the Owners thereof, and the 2024 Bonds may be exchanged for an equal aggregate, unprepaid principal amount of 2024 Bonds of the authorized denomination and of the same maturity and interest rate, only upon presentation and surrender of the 2024 Bonds to the Trustee at the principal corporate trust office of the Trustee together with an executed instrument of transfer in a form approved by the Trustee in connection with any transfer. The Trustee may require the person requesting any transfer or exchange to reimburse it for any shipping and tax or other governmental charge payable in connection therewith.

Prepayment Provisions

Optional Prepayment. The 2024 Bonds maturing on or after October 1, 2035 are subject to prepayment from any available moneys in whole or in part on any date on or after October 1, 2034 at the option of the County, if the County exercises its option under the Agreement to prepay in whole or in part the principal component of the Installment Payments, at a prepayment price equal to the principal with respect to such 2024 Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

Selection. Whenever fewer than all Outstanding 2024 Bonds are called for optional prepayment, the Trustee shall select 2024 Bonds for prepayment from the Outstanding 2024 Bonds not previously called for prepayment, in authorized denominations, as directed by the County, and by lot within any maturity. Notwithstanding the foregoing, so long as a book-entry system is used for determining beneficial ownership of the 2024 Bonds, if less than all of the 2024 Bonds within a maturity are to be prepaid, the Securities Depository shall determine pursuant to its rules and procedures the interests of its participants in the 2024 Bonds to be prepaid.

Effect of Call for Prepayment. The 2024 Bonds subject to prepayment are due and payable on the Bond Prepayment Date at the applicable prepayment price plus accrued interest to the prepayment date. If the required notice of prepayment has been given and moneys or Defeasance Obligations in an amount sufficient for the prepayment (plus accrued interest to the Bond Prepayment Date) have been set aside in the Prepayment Fund, interest with respect to the 2024 Bonds to be prepaid will cease to accrue and become payable, and the Owners of such 2024 Bonds will have no rights in respect of such 2024 Bonds or portions thereof except to receive payment of the prepayment price and accrued interest from the funds held by the Trustee for such purpose.

Notice of Prepayment. The Trustee will mail, postage prepaid, a notice of prepayment of any 2024 Bonds at least 30 days and not more than 60 days before the Bond Prepayment Date to the Owners of the 2024 Bonds or portions of the 2024 Bonds to be prepaid, provided that notice to any Securities Depository will be sent by registered or certified mail or confirmed facsimile transmission or, in the case of DTC, by electronic transmission to such address as is provided by DTC, and provided further that failure to give any such notice or any defect in such notice will not affect the validity of the proceedings for such prepayment as to the 2024 Bonds of any other Owner to whom such notice has been properly given. In addition, notice of prepayment will be given by the Trustee in compliance with Rule 15c2-12 under the Securities Exchange Act of 1934. See the caption "CONTINUING DISCLOSURE OBLIGATION" herein.

If a notice of optional prepayment provided that such prepayment was conditioned upon the deposit of moneys with the Trustee in an amount sufficient to effect the prepayment and sufficient funds have not been deposited with the Trustee on or before the date fixed for prepayment, then the 2024 Bonds subject to such optional prepayment will remain Outstanding and the failure of the County to deposit such funds with the Trustee shall not constitute an Event of Default under the Trust Agreement. The Trustee shall send notice to the Owners of the affected Bonds promptly upon being notified or determining that such Bonds will not be prepaid.

THE 2024 PROJECT

Proceeds of the 2024 Bonds, less the portion thereof used to pay costs of executing and delivering the 2024 Bonds, will be used, with other available funds, to finance the cost of expanding, renovating, constructing, equipping and improving the Lincoln County Detention Center located at 700 John Howell Memorial Drive, Lincolnton, North Carolina (the "2024 Project"). The expansion will include a multi-story expansion housing a minimum of 140 new jail beds, retrofitting certain functions in portions of the existing jail, and expansion or addition of the magistrate's area. Construction of the 2024 Project is expected to be complete in approximately February 2027. The additions and renovations will be approximately 34,000 square feet.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents information as to the estimated sources and uses of funds relating to the 2024 Bonds:

Sources of Funds:	
Par Amount of the 2024 Bonds	$27,225,000
Net Original Issue Premium	2,947,488
Total Sources	**$30,172,488**
Uses of Funds:	
Deposit to Project Fund for Project Costs	$29,703,590
Delivery Costs[1]	468,898
Total Uses	**$30,172,488**

[1] Include Underwriter's discount, legal fees, printing fees, rating fees, financial advisory fees, and other miscellaneous transaction costs.

SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS

General

The 2024 Bonds are payable from Installment Payments to be made by the County under the Agreement, and from certain investment earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property.

Installment Payments and Additional Payments

Under the Agreement, the County is required to pay Installment Payments directly to the Trustee semiannually on or before 5 days prior to each April 1 and October 1 in amounts sufficient to provide for the payment of the principal and interest with respect to the 2024 Bonds on such dates. Installment Payments payable for any period are reduced by certain investment earnings and other amounts on deposit in the Installment Payment Fund available to pay the principal or interest with respect to the 2024 Bonds.

The County is obligated to pay Additional Payments in amounts sufficient to pay the fees and expenses of the Trustee, taxes or other expenses required to be paid pursuant to the Agreement. Additional Payments are to be paid by the County directly to the person or entity to which such Additional Payments are owed.

Budget and Appropriation

In connection with both Installment Payments and Additional Payments, the appropriation of funds therefor is within the sole discretion of the Board of Commissioners. In the Agreement, the County agrees to include in the County Manager's annual budget proposal for review and consideration by the Board of Commissioners, in any Fiscal Year, items for all Installment Payments and the reasonably estimated Additional Payments coming due in such Fiscal Year. The Agreement also provides that if the Board of Commissioners determines not to appropriate in the budget an amount sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in the applicable Fiscal Year, the Board of Commissioners is to adopt a resolution to such effect containing a statement of its reasons therefor, which resolution is to be adopted by a vote identifying those voting for and against and abstaining from the resolution and is to be recorded in the minutes of the Board of Commissioners.

IN CONNECTION WITH THE INSTALLMENT PAYMENTS AND THE ADDITIONAL PAYMENTS, THE APPROPRIATION OF FUNDS THEREFOR IS WITHIN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS.

Trust Agreement

Under the Trust Agreement, the Corporation will assign to the Trustee for the benefit of the Owners of the Bonds (1) all rights of the Corporation under the Agreement (except its rights to indemnification, the payment of certain expenses and the receipt of certain notices), including the right to receive Installment Payments and Prepayments made by the County under the Agreement and any Net Proceeds, (2) all rights of the Corporation as beneficiary under the Deed of Trust, including its right, title and interest in the Mortgaged Property (except its rights in respect of indemnification and the receipt of certain notices) and (3) all moneys and securities from time to time held by the Trustee in certain funds and accounts created under the Trust Agreement.

Deed of Trust

General. The County will also execute the Deed of Trust conveying the Mortgaged Property to the Deed of Trust Trustee as security for its obligations under the Agreement. The Mortgaged Property includes only the site of the 2024 Project and the improvements thereon and appurtenances thereto, as more particularly described in the Deed of Trust. The Deed of Trust will constitute a lien of record on the Mortgaged Property, subject only to Permitted Encumbrances. The lien of record will be insured by a title insurance policy. The County may finance future improvements and equipment with the proceeds of Additional Bonds, which improvements and equipment might not become a part of the Mortgaged Property.

The Deed of Trust permits future obligations evidenced by Additional Bonds to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the Deed of Trust at any one time does not exceed $100,000,000 and such future obligations are incurred not later than 30 years from the date of the Deed of Trust.

Release of Security. WITH THE CONSENT OF THE CORPORATION AND SO LONG AS THERE IS NO EVENT OF DEFAULT UNDER THE DEED OF TRUST, THE DEED OF TRUST TRUSTEE MUST RELEASE PORTIONS OF THE MORTGAGED PROPERTY FROM THE LIEN OF THE DEED OF TRUST ON COMPLIANCE WITH THE REQUIREMENTS OF THE DEED OF TRUST. Any release of Mortgaged Property from the lien of the Deed of Trust will occur only when and if the following requirements have been fulfilled:

(1) In connection with any release of the Mortgaged Property other than fixtures, the Corporation receives a certified copy of the resolution of the Board of Commissioners stating the purpose for which the County desires such release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release.

(2) In connection with the release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, such release does not inhibit in any material way ingress or egress to the remaining portion of the Mortgaged Property or materially interfere with the intended use of the remaining portion of the Mortgaged Property (such determination to be made by a certificate of a County Representative filed with the Corporation to such effect).

(3) In connection with the release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, the appraised, tax or insured value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal components of the Installment Payments related to the Bonds then Outstanding.

(4) In connection with the release of all property constituting the Mortgaged Property, there has been paid to the Trustee an amount sufficient to provide for payment in full of all Outstanding Bonds in accordance with the Trust Agreement.

See the caption “THE DEED OF TRUST--Release of Mortgaged Property” in Appendix C hereto.

Enforceability

The Trust Agreement, the Deed of Trust and the Agreement are subject to bankruptcy, insolvency, reorganization and other laws related to or affecting the enforcement of creditors' rights and, to the extent that certain remedies under such instruments require or may require enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

THE AGREEMENT DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY IN ANY FISCAL YEAR IN WHICH THE AGREEMENT IS IN EFFECT. If the County fails to make Installment Payments required under the Agreement, the Trustee may declare the entire unpaid principal portion of the Installment Payments to be immediately due and payable and direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and may in accordance with law dispose of such Mortgaged Property and apply the proceeds of any such disposition toward any balance owing by the County under the Agreement to make Installment Payments. No assurance can be given that such proceeds will be sufficient to pay the principal and interest components of the Installment Payments with respect to all Outstanding Bonds. IN ADDITION, SECTION 160A-20(F) OF THE NORTH CAROLINA GENERAL STATUTES PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT AND THAT THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE BY THE COUNTY UNDER THE AGREEMENT. See the captions "THE INSTALLMENT FINANCING AGREEMENT--Remedies on Default" and "THE DEED OF TRUST--Foreclosure" in Appendix C hereto and the caption "CERTAIN RISKS OF 2024 BOND OWNERS" herein.

Additional Bonds

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then outstanding 2024 Bonds, Additional Bonds may be delivered and secured on parity with the 2024 Bonds. See the caption "THE TRUST AGREEMENT--Additional Bonds" in Appendix C hereto.

AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS

General

The County may pay its Installment Payments from any source of funds legally available to it in each year and appropriated therefor during the term of the Agreement.

General Fund Revenues

The County ended fiscal year 2024 with general fund revenues of approximately $150 million (unaudited). General fund revenues are derived from various sources, including property taxes (which account for approximately 58% of the general fund revenues), sales taxes, fees and charges, as well as intergovernmental revenues. For the fiscal year ending June 30, 2025, the County imposed a property tax rate of $0.499 per $100 of assessed value. For the fiscal year ending June 30, 2025, $0.01 per $100 of assessed value is expected to generate approximately $1,950,000. The General Statutes of North Carolina permit counties to impose ad valorem taxes of up to $1.50 per $100 assessed value for certain purposes without the requirement of voter approval. See Appendix B hereto for a detailed description of the sources and uses of the County's general fund revenues for the fiscal year ended June 30, 2023, which is the most recent fiscal year for which an audit has been performed with respect to the County's financial statements.

INSTALLMENT PAYMENT SCHEDULE

The following schedule sets forth the amount of principal and interest required to be paid each fiscal year pursuant to the Agreement with respect to the 2024 Bonds.

Fiscal Year Ending June 30	Principal Component of Installment Payments	Interest Component of Installment Payments	Total
2025		$ 867,133	$ 867,133
2026	$ 1,365,000	1,299,925	2,664,925
2027	1,365,000	1,231,675	2,596,675
2028	1,365,000	1,163,425	2,528,425
2029	1,365,000	1,095,175	2,460,175
2030	1,365,000	1,026,925	2,391,925
2031	1,360,000	958,800	2,318,800
2032	1,360,000	890,800	2,250,800
2033	1,360,000	822,800	2,182,800
2034	1,360,000	754,800	2,114,800
2035	1,360,000	686,800	2,046,800
2036	1,360,000	618,800	1,978,800
2037	1,360,000	550,800	1,910,800
2038	1,360,000	482,800	1,842,800
2039	1,360,000	414,800	1,774,800
2040	1,360,000	346,800	1,706,800
2041	1,360,000	278,800	1,638,800
2042	1,360,000	210,800	1,570,800
2043	1,360,000	142,800	1,502,800
2044	1,360,000	81,600	1,441,600
2045	1,360,000	27,200	1,387,200
Total	$27,225,000	$13,953,458	$41,178,458

CERTAIN RISKS OF 2024 BOND OWNERS

Insufficiency of Installment Payments

If Installment Payments by the County are insufficient to pay the principal and interest with respect to all Outstanding Bonds as the same become due or if another event of default occurs under the Agreement, the Trustee may accelerate the Outstanding Bonds and all unpaid principal amounts due by the County under the Agreement, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Deed of Trust, take possession of the Mortgaged Property and attempt to dispose of the Mortgaged Property. See the caption "THE INSTALLMENT FINANCING AGREEMENT" in Appendix C hereto.

Zoning restrictions and other land use factors relating to the Mortgaged Property may limit the use of the Mortgaged Property and may affect the proceeds obtained on any disposition by the Deed of Trust Trustee. THERE CAN BE NO ASSURANCE THAT THE MONEYS AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH

DISPOSITION OF THE MORTGAGED PROPERTY WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST WITH RESPECT TO ALL OUTSTANDING BONDS. SECTION 160A-20(F) OF THE GENERAL STATUTES OF NORTH CAROLINA PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE AGREEMENT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS ON A DEFAULT BY THE COUNTY UNDER THE AGREEMENT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA, INCLUDING FORECLOSING ON THE DEED OF TRUST.

Risk of Nonappropriation

The appropriation of moneys to make the Installment Payments is within the sole discretion of the Board of Commissioners. If the Board of Commissioners fails to appropriate such moneys, the only sources of payment for the 2024 Bonds will be the moneys, if any, available in certain funds and accounts held by the Trustee under the Trust Agreement and the proceeds of any attempted foreclosure on the County's interest in the Mortgaged Property under the Deed of Trust.

Uninsured Casualty

If all or any part of the Mortgaged Property is partially or totally damaged or destroyed by any casualty or taken by any governmental authority, the County is obligated under the Agreement to apply any Net Proceeds from insurance or condemnation to repair or replace the Mortgaged Property. If the Net Proceeds are not sufficient to repair or replace the Mortgaged Property to its condition prior to such damage, destruction or taking, the value of the Mortgaged Property would be reduced. The Agreement requires that certain insurance be maintained with respect to the Mortgaged Property. Such insurance may not, however, cover all perils to which the Mortgaged Property is subject.

Outstanding General Obligation Debt of the County

The County has issued general obligation bonds and may issue general obligation bonds and notes in the future. The County will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes to be issued. See Appendix A, "THE COUNTY--Debt Information" hereto. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY INSTALLMENT PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE AGREEMENT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

Environmental Risks

The County has owned the Mortgaged Property since 1995 and the existing jail was built in 1998. The County has not performed a recent Phase I environmental assessment on the Mortgaged Property. The County is not aware of any environmental contamination on the Mortgaged Property. Undiscovered or future environmental contamination could have a material adverse effect on the value of the Mortgaged Property; however, the County is required under the Agreement to undertake whatever environmental remediation may be required by law.

Additional Bonds

The Corporation may execute and deliver Additional Bonds under the Trust Agreement that are secured by the Mortgaged Property, thereby diluting the relative value of the collateral with respect to the 2024 Bonds.

Bankruptcy

Under North Carolina law, a local governmental unit such as the County may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of §109(c) of the United States Bankruptcy Code. If the County were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. §109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2024 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2024 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2024 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy. Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the 2024 Bonds.

Cybersecurity

The County, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats involving, but not limited to, hacking, phishing viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the County may be the target of cybersecurity incidents that could result in adverse consequences to the County and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the County invests in multiple forms of cybersecurity and operational safeguards. While the County's cybersecurity and operational safeguards are periodically tested, the County cannot give any assurances that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the County's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto or protecting against future attacks could be substantial and insurance (if any can be obtained), may not be adequate to cover such losses or other consequential County costs and expenses. Further, cybersecurity breaches could expose the County to material litigation and other legal risks, which could cause the County to incur material costs related to such legal claims or proceedings.

Climate Change

The State is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes, which could result in negative economic impacts on communities like the County. These effects may be amplified by a prolonged global temperature increase over the next several decades (commonly referred to as “climate change”). No assurances can be given that a future extreme weather event driven by climate change will not adversely affect the operations of the County.

THE COUNTY

General

See Appendix A for a description of the County.

Contingent Liabilities and Litigation

It is the opinion of the County Attorney that there is no known litigation involving the County that will materially affect the ability of the County to meet its financial obligations.

Financial Information

The financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2023. Excerpts from the financial statements of the County for the fiscal year ended June 30, 2023 are available in Appendix B hereto. Copies of the complete financial statements containing the unqualified report of the independent certified public accountants are available in the office of Deanna Rios, Finance Director (704-736-8488), County of Lincoln, 353 N. Generals Boulevard, Lincolnton, North Carolina 28092.

THE CORPORATION

The Corporation was incorporated as a nonprofit corporation under the laws of the State on August 14, 2003. The Board of Directors of the Corporation consists of three directors who serve until their successors are elected. The following individuals are currently serving as the directors of the Corporation and hold the following offices:

Name	Office
Davin Madden	Chair
Deanna Rios	Vice Chair and Treasurer
Crystal Watson	Secretary

The officers and directors of the Corporation presently serve without compensation. The Corporation has no assets or employees.

LEGAL MATTERS

Litigation

To the best of the knowledge of the County, no litigation is now pending or threatened against or affecting the County which seeks to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds, the Agreement or the Deed of Trust, or which contests the County’s creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the County’s authorization, execution and delivery of the Agreement or the Deed of Trust, or the County’s authority to carry out its obligations thereunder or which would have a material adverse impact on the County’s condition, financial or otherwise. In addition, to the best of the knowledge of the Corporation, no litigation is now pending or threatened against or affecting the Corporation which seeks to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds, the Trust Agreement or the Agreement or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2024 Bonds or the Corporation's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the Corporation's authorization, execution and delivery of the 2024 Bonds, the Trust Agreement or the Agreement, or the Corporation's authority to carry out its obligations thereunder.

Opinions of Counsel

Legal matters related to the execution and delivery of the 2024 Bonds are subject to the approval of Robinson, Bradshaw & Hinson, P.A., Charlotte, North Carolina, Bond Counsel. Certain legal matters will be passed on for the County by the County Attorney and for the Corporation by its counsel, Megan H. Gilbert, Esq., Lincolnton, North Carolina, and for the Underwriter by its counsel, Womble Bond Dickinson (US) LLP, Raleigh, North Carolina. The opinion of Robinson, Bradshaw & Hinson, P.A., as Bond Counsel, substantially in the form set forth in Appendix D hereto, will be delivered at the time of the delivery of the 2024 Bonds.

Bond Counsel and Womble Bond Dickinson (US) LLP, counsel to the Underwriter, have represented the Underwriter from time to time as counsel in other financing transactions. Neither the County nor the Underwriter have conditioned the future employment of either of these firms in connection with any proposed financing issues for the County or for the Underwriter on the successful execution and delivery of the 2024 Bonds.

TAX TREATMENT

General. The opinion of Bond Counsel will state that (a), under existing law and subject to compliance with the provisions of the Code, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations and (b) under existing law, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxes.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order for the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2024 Bonds to the United States Treasury; restrictions on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities refinanced with proceeds of the 2024 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County and the Corporation subsequent to the execution and delivery of the 2024 Bonds to maintain the exclusion of the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds from income for federal income taxation purposes. Failure to comply with certain of such requirements may cause the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds to be included in gross income retroactively to the date of execution and delivery of the 2024 Bonds. The County and the Corporation have covenanted to comply with these requirements. The opinion of Bond Counsel delivered on the date of the execution and delivery of the 2024 Bonds will be conditioned on the compliance by the County and the Corporation with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the execution and delivery of the 2024 Bonds.

Prospective purchasers of the 2024 Bonds should be aware that ownership of the 2024 Bonds may result in collateral federal, state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2024 Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences. Prospective purchasers of the 2024 Bonds should consult their tax advisors regarding collateral tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds under federal or state law and could affect the market price or marketability of the 2024 Bonds.

Original Issue Discount. The original issue discount in the selling price of each 2024 Bond maturing on October 1, 2043 and 2044, to the extent properly allocable to each owner of such 2024 Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated prepayment price at maturity of such 2024 Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the 2024 Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to any owner of a 2024 Bond during any accrual period generally equals (i) the issue price of such 2024 Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such 2024 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable with respect to such 2024 Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such 2024 Bond. Purchasers of any 2024 Bond at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such 2024 Bond.

Original Issue Premium. The 2024 Bonds maturing on October 1, 2025 to 2042, inclusive, have been sold at initial public offering prices that are in excess of the amount payable at maturity. An amount equal to the excess of the purchase price of a 2024 Bond over its stated prepayment price at maturity constitutes premium on such 2024 Bond. A purchaser of a 2024 Bond must amortize any premium over such 2024 Bond's term using constant yield principles, based on such 2024 Bond's yield to maturity. As premium is amortized, the purchaser's basis in such 2024 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such 2024 Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any 2024 Bond at a premium, whether at the time of initial execution or delivery or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such 2024 Bond.

CONTINUING DISCLOSURE OBLIGATION

In the Agreement, the County has undertaken, for the benefit of the beneficial owners of the 2024 Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ended June 30, 2024, audited financial statements of the County for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the County are not available by seven months from the end of such fiscal year, unaudited financial statements of the County for such fiscal year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ended June 30, 2024, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the captions "--DEBT INFORMATION" and "-TAX INFORMATION" in Appendix A to this Official Statement (excluding any information on overlapping or underlying units) and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the financial statements referred to in (a) above;

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2024 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on any debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of

the 2024 Bonds, or other material events affecting the tax status of the 2024 Bonds;

(7) modification to the rights of the beneficial owners of the 2024 Bonds, if material;

(8) call of any of the 2024 Bonds for prepayment, if material, and tender offers;

(9) defeasance of any of the 2024 Bonds;

(10) release, substitution or sale of any property securing repayment of the 2024 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer of the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional Trustee or the change of name of a Trustee, if material;

(15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect securities holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties; and

(d) in a timely manner, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described herein will be provided in an electronic format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

For purposes of this undertaking, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12").

The County may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized by the United States Securities and Exchange Commission.

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The Agreement also provides that, if the County fails to comply with the undertaking described above, any beneficial owner of 2024 Bonds then Outstanding may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Installment Payments. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the 2024 Bonds.

Pursuant to the Agreement, the County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as the Trustee or nationally recognized bond counsel) or by the approving vote of the Owners of a majority in principal amount of the 2024 Bonds then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate on payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the Installment Payments with respect to all the 2024 Bonds.

For the fiscal year ended June 30, 2019, the County did not include certain financial information including water and sewer capacity and consumption figures, rates, other fees and charges, active accounts and major customers as part of its required annual financial information that was filed on December 31, 2019. The County did not timely file its combined budget for the fiscal year ended June

30, 2022. For the fiscal years ended June 30, 2019 through 2023, inclusive, the County did not timely file certain information concerning authorized and unissued general obligation bonds. For the fiscal years ended June 30, 2021 and 2022, the County did not timely file certain financial information, including water and sewer capacity and consumption figures, rates, other fees and charges, active accounts and major customers as part of its annual financial information. For the fiscal year ended June 30, 2023, the County did not timely file certain financial information, including the customer account mix (i.e., residential and industrial) for water system and the wastewater system as part of its annual financial information. The County has since provided all such information.

Except as disclosed in the preceding paragraph, over the past five years, the County has, to the best of its knowledge, complied in all material respects with its continuing disclosure obligations pursuant to Rule 15c2-12.

UNDERWRITING

The Underwriter has agreed under the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") to purchase all of the 2024 Bonds, if any of the 2024 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount of the 2024 Bonds, plus a net original issue premium of $2,947,487.90, and less an Underwriter's discount of $93,897.69. The Underwriter's obligation to purchase the 2024 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the sole underwriter of the 2024 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the 2024 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2024 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2024 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

Davenport & Company LLC, Charlotte, North Carolina, is serving as Financial Advisor to the County in connection with the execution and delivery of the Agreement.

RATINGS

Moody's, S&P and Fitch have assigned their respective ratings to the 2024 Bonds set forth on the front cover, which long-term ratings are based on information regarding the County. Further explanation of the significance of such ratings may be obtained from Moody's, S&P and Fitch. The County has provided to Moody's, S&P and Fitch certain information that has not been included in this Official Statement. The ratings are not a recommendation to buy, sell or hold the 2024 Bonds and should be evaluated independently. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of Moody's, S&P or Fitch, circumstances so warrant. Neither the County nor the Underwriter have any responsibility to either bring to the attention of Owners of the 2024 Bonds any proposed revision or withdrawal of the ratings or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2024 Bonds.

MISCELLANEOUS

All quotations from and summaries and explanations of the Agreement, the Deed of Trust and the Trust Agreement contained herein or in Appendix C hereto do not purport to be complete, and reference is made to such documents for full and complete statements of their respective provisions. The Appendices attached hereto are a part of this Official Statement. Copies in reasonable quantity of the Agreement, the Deed of Trust and the Trust Agreement may be obtained during the offering period from Wells Fargo Bank, National Association at 550 S. Tryon Street, 27th Floor, Charlotte, North Carolina 28202, Attention: Edward Boyles, Managing Director.

The information contained in this Official Statement has been compiled or prepared from information obtained from the County and other sources deemed to be reliable and, although not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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APPENDIX A

THE COUNTY OF LINCOLN

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THE COUNTY

General Description

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 2022 population of 11,467 according to the North Carolina Office of State Budget and Management, is the County seat.

There is growing suburban development and extensive construction in the eastern portion of the County along and near Lake Norman (the "Lake"), one of the nation's largest man-made lakes by surface area, with approximately 520 miles of shoreline. Sixty-seven miles of such shoreline are located within the County. This area is within 30 minutes of uptown Charlotte and has experienced significant residential and commercial growth in recent years.

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the County to be as follows:

2000	2010	2020
63,780	78,265	86,810

The estimated 2023 population of the County is 95,675, according to the North Carolina Office of State Budget and Management.

Per capita income figures for the County and the State are presented in the following table:

Year	County	State
2018	$45,791	$46,040
2019	47,178	48,366
2020	51,873	51,781
2021	56,061	56,705
2022	58,227	58,109

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

Commerce and Industry

General. The County's economy is supported by diversified industries, including agricultural production, major distribution, tourism and vacation. The main agricultural products include poultry production, dairy farming, apple production, field crops and vegetable production, along with a growing focus on blackberries. Major industrial employers include metal and electronics manufacturing, specialty textiles, home products, food processing and motorsports.

Manufacturing and Other Development. In December 2023, New Jersey-based Hospitality Seating Concepts, a high quality furniture manufacturer, announced that it expects to invest approximately $6.6

million into a former manufacturing facility in Lincolnton. It is anticipated that the investment will create approximately 20 new jobs in its initial phase.

In June 2023, Robert Bosch Tool Corporation ("Bosch") announced a significant building and machinery expansion at its Lincolnton facility in the County. The expansion represents the largest in the history of the County, with an estimated capital investment of $109 million and the anticipated creation of approximately 233 new jobs. Bosch plans to construct a 325,000 square foot facility that will cater to the growing cutting tool division, serving the industrial, professional and do-it-yourself sectors in North America. It is anticipated that the expansion will be completed in approximately five years, with a total investment at such time of $130 million.

In November 2023, Wanzl North America ("Wanzl"), a leading manufacturer of shopping carts, announced that it is relocating its headquarters to the unincorporated community of Denver in the County. Wanzl will establish its North American headquarters at the newly developed Lincoln Commerce Center in Denver in an approximately 98,000 square foot facility. The expansion is expected to include plans to enhance Wanzl's manufacturing facility in neighboring Catawba County, North Carolina. It is anticipated that Wanzl's investment in the County will be more than $10 million and will create approximately 30 jobs.

In April 2023, Timken Company, a global manufacturer of bearings and power transmission products, announced an additional investment in the County of approximately $1.5 million. The investment is anticipated to be used on improvements to Timken Company's existing facility and equipment and is expected to create 15 new employee positions.

In October 2023, Cataler North American Corp. ("Cataler"), an automotive exhaust catalysts manufacturer, announced that it plans to invest approximately $18 million at its manufacturing facility in the County. The investment is also anticipated to create 3 new jobs. Cataler is a division of Toyota and presently has approximately 370 employees in the County.

In May 2024, Green New Materials, Inc. announced its plan to establish its first manufacturing operation in the United States in the County. It is anticipated that the project will create approximately 545 new jobs, with an investment of $140 million in the Denver community. Green New Materials, Inc. is a manufacturer of a component used in making lithium-ion batteries.

Duke Energy, the County's largest taxpayer, is in the process of building a 402-megawatt natural gas-fired plant at its existing Lincoln Combustion Turbine Station. It is anticipated that Duke Energy will begin operations at the facility in 2024 and will use the facility to generate electricity during peak demand times.

Tourism. The Lake is the largest man-made lake in the State. Created by Duke Energy in 1963, the Lake has 520 miles of shoreline and a surface area of more than 32,475 acres. There are two primary marinas in the Denver and Westport area of the County, Lake Norman Marina and West Port Marina. The Lake is used for water sports activities including sailing, water skiing, swimming and boating. Two golf courses are located near the Lake. There are also several parks near the Lake which offer various amenities including picnic shelters, disc golf, a walking trail, a volleyball court, horseshoe pits, a splash park area, children's play areas and an amphitheater.

In recent years, the County has experienced significant economic development along the Lake, particularly in the Catawba Springs Township area, which consists of the three unincorporated communities of Denver, Westport and Lowesville. Several significant residential developments are located along the Lake in the eastern part of the County. These developments include Sailview, Trilogy Lake Norman and Governors Island.

The following table lists the major manufacturing employers in the County for the 3rd quarter of 2023:

Employer	Service	Approximate Number of Employees
The Timken Company	Bearing Manufacturer	500-999
American Woodmark Corporation	Cabinet Making	500-999
Julius Blum Inc.	Architectural Metal Components	250-499
VT Leeboy Inc.	Asphalt Paving Equipment	250-499
Cataler North America	Auto Parts Manufacturer	250-499
AptarGroup, Inc.	Packaging	100-249
Cosette Pharmaceuticals	Pharmaceuticals	100-249
Husky Rack and Wire	Material Handling Equipment	100-249

Source: North Carolina Department of Commerce, Division of Labor and Economic Analysis (3rd Quarter 2023)

The following table lists the major non-manufacturing employers in the County for the 3rd quarter of 2023:

Employer	Service	Approximate Number of Employees
Lincoln County Schools	Education Services	1000+
Atrium Health (formerly Carolinas Health Care System)		1000+
Lincoln County	Public Administration	500-999
Wal-Mart Associates Inc.	Trade, Transportation & Utilities	500-999
Robert Bosch Tool Corporation	Transportation and Warehousing	500-999
Amerihealth Caritas Services LLC	Finance and Insurance	250-499
Medline Industries Inc.	Wholesale Trade	250-499
Lowes Home Centers Inc.	Retail Trade	250-499
Food Lion	Retail Trade	250-499
Lincoln Charter School Incorporated	Education Services	250-499
Amec Foster Wheeler Kamtech Inc.	Construction	500-999

Source: North Carolina Department of Commerce, Division of Labor and Economic Analysis (3rd Quarter 2023)

The following table reflects the total taxable sales for the County during the five fiscal years ended June 30, 2019 through 2023 and the first nine months of the fiscal year ended June 30, 2024:

Fiscal Year Ended June 30	Total Taxable Sales	Increase (Decrease) Over Previous Year
2019	$ 911,636,932	17.0%
2020	1,012,853,827	11.1
2021	1,259,403,941	24.3
2022	1,411,862,233	12.1
2023	1,515,026,672	7.3
2024 (9 months)[1]	1,190,591,519	--

Source: North Carolina Department of Revenue.
[1] For the comparable nine-month period ended March 31, 2023, total taxable sales were $1,111,419,980.

Construction activity in the County for the five calendar years ended June 30, 2020 through 2024 is shown in the following table:

	Non-Residential Permits		Residential Permits		
Calendar Year	Number	Value	Number	Value	Total Value
2020	443	$105,701,403	4,609	$232,431,433	$338,332,836
2021	721	163,434,453	4,357	252,494,218	416,128,671
2022	793	79,270,496	3,447	239,407,360	318,678,356
2023	669	218,840,214	3,090	220,663,601	439,503,815
2024 (5 months)	276	28,714,250	1,329	94,732,280	123,448,530

Source: County Planning and Inspections Department

Employment

The North Carolina Department of Commerce, Labor and Economic Analysis Division has estimated the percentage of unemployment in the County to be as follows:

	2020	2021	2022	2023	2024		2020	2021	2022	2023
January	3.7%	5.2%	3.5%	3.2%	3.2%	July	7.7%	4.3%	3.4%	3.0%
February	3.5	5.0	3.3	3.1	3.2	August	5.8	4.2	3.6	3.3
March	4.3	4.7	3.0	3.0	3.2	September	5.2	3.5	2.9	2.9
April	13.6	4.3	2.8	2.6	2.9	October	4.7	3.5	3.2	3.0
May	11.4	4.3	3.1	3.0	3.0	November	4.7	3.3	3.2	3.0
June	8.3	4.7	3.5	3.1	N/A	December	4.8	2.8	2.8	2.8

Government and Major Services

Government Structure. The County is governed by a Board of Commissioners (the "Board") consisting of five members elected at large on a partisan basis for four-year staggered terms. The Board takes office on the first Monday in December following each election, at which time the Board elects a chairman and vice-chairman from among its members.

The major duties of the Board include adoption of the annual budget, setting the annual property tax rate, appointment of various officials (County Manager, County Attorney, and members of County boards and commissions), adoption of policies concerning the operation of the County, planning for County needs and enactment of local ordinances.

The County Manager is the chief administrative officer of the County. The Manager is appointed by the Board and serves at the Board's pleasure. The major duties of the Manager include supervising and coordinating the activities of the County departments, executing all orders and policies set forth by the Board, attending all Board meetings, purchasing, preparing and recommending an annual budget, representing the County in business with other agencies and performing other duties assigned by the Board.

Education. The County has a consolidated County-wide school system, operated and administered by an elected Board of Education, which appoints a school superintendent. State law provides a basic minimum educational program for each school administrative unit or district which is supplemented by the County and federal government. The minimum program provides funds for operational costs only, but the building of public school facilities has been a joint State and County effort. Local financial support is provided by the County for capital and operating expenses not provided by the State. For the fiscal year ended June 30, 2024, appropriations from the County to the school system were $26,816,196 for operating expenses and $4,029,091 for capital outlay (excluding the proceeds of County debt issued for school improvements). For the fiscal year ending June 30, 2025, budgeted appropriations from the County to the school system are $32,917,949 for operating expenses and $5,709,091 for capital outlay (excluding the proceeds of County debt issued for school improvements).

The following table shows the number of schools by grade level and average daily membership for the Lincoln County School Administrative Unit:

	Elementary Grades K-5		Intermediate Grades 6-8		Secondary Grades 9-12		
School Year	Number of Schools	ADM	Number of Schools	ADM	Number of Schools	ADM	Total
2019-20	13	5,106	4	2,675	6	3,525	11,306
2020-21	13	4,720	4	2,600	6	3,491	10,811
2021-22	13	4,910	4	2,612	6	3,559	11,081
2022-23	13	5,088	4	2,619	6	3,662	11,329
2023-24 (6 months)	13	5,097	4	2,624	6	3,658	11,379

Note: ADM or Average Daily membership (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The Average Daily membership computations are used as a basis for teacher allotments and for distribution of local funds if there is more than one school unit within the County.

Source: Superintendent's Office of the Lincoln County School Administrative Unit.

There is also located in the County a branch of Gaston College, a community college that teaches high school equivalency, adult basic education, continuing education and college credit courses. Gaston College is one of the State's largest community colleges and offers over 170 programs to help students obtain a diploma, certificate or two-year associate degree. Serving both the County and Gaston County, Gaston enrolls approximately 16,000 students annually in its continuing education programs.

Other higher education institutions located near the County include Central Piedmont Community College, Davidson College, UNC Charlotte, Lenoir-Rhyne University, Queens University, Montreat

College, Wingate University, Gardner Webb University, Pfeiffer University, Kings College, Johnson and Wales University, Johnson C. Smith University and Belmont Abbey College.

Transportation. The County is served by U.S. Highway 321 and North Carolina Highways 16, 27, 73 and 150. The County has no responsibility for any part of the federal, State or local highways or roads in the County. U.S. Highway 321, a four-lane divided highway which bisects the County, connects Interstate Highway 85 to the south with Interstate Highway 40 to the north. In addition to these two interstate highways, Interstate Highway 77 is located approximately five miles east of the County. N.C. Highway 16, located in the eastern portion of the County, was relocated and expanded to four lanes to improve access to and from Charlotte.

The County is provided air service by Charlotte/Douglas International Airport, which serves Charlotte and its metropolitan areas, Hickory Municipal Airport in Catawba County and the Lincolnton-Lincoln County Regional Airport. Charlotte/Douglas International Airport and Hickory Municipal airports are within a 35-minute drive of Lincolnton. Charlotte-Douglas International Airport served a total of 25.4 million passengers enplaned during the fiscal year ended June 30, 2023. The airport is one of the busiest in the world, ranking 10th in the nation in passenger traffic for calendar year 2022. During the fiscal year ended June 30, 2023, the airport provided an average of 634 daily departures to 185 destinations in 25 countries.

The Lincolnton-Lincoln County Airport is a 473-acre general aviation airport with a 5,500-foot paved runway that was opened in 1986 and has been designated as a reliever airport for Charlotte/Douglas International Airport. Work has been recently completed on federal and State funded improvements to the airport, including construction of water lines to the airport to provide connection to the County water system, an obstruction removal project to remove trees that intruded or had the potential of intruding into the flight surface, relocation and installation of a new automated weather observation station, and construction of a new terminal building. A glideslope was constructed to be used with the current localizer to improve the instrument approach capability of the airport. The runway is served by instrument and GPS approaches. Federal funding was approved for the construction of wastewater collection lines, connecting the airport to the City of Lincolnton wastewater system, to provide improved sewer service for the airport which was completed in 2015.

The County is provided freight rail service by CSX Transportation.

The Gaston-Cleveland-Lincoln Metropolitan Planning Organization ("GCLMPO") is a multi-jurisdictional entity made up of 34 local governments, including the County, tasked with planning and monitoring transportation systems to the three-county region. The GCLMPO is 1,140 square miles and stretches about 27 miles from north to south and 45 miles from east to west. The three counties in the GCLMPO together have a population of 414,272, based on the 2020 Census. This number is expected to grow close to 500,000 by 2050. As a combined effort of the GCLMPO, a Comprehensive Transportation Plan (the "CTP") has been prepared for Gaston, Cleveland, and Lincoln Counties. The CTP is a long range planning document that will assist the local government and its representatives in making transportation decisions over the next 30 years. The CTP is a joint effort between the GCLMPO, local counties, cities, towns, and the NCDOT – Transportation Planning Division (TPD). The CTP involves both government officials and the public in an effort to determine the area's future transportation needs.

Human Services. Human services programs in the State are financed by a combination of federal, State and local funds. On the County level, these services include Social Services, Health, Mental Health, and Aging. For the fiscal year ended June 30, 2024, the County expended approximately $27.9 million for these services. For the fiscal year ending June 30, 2025, the County has budgeted $25.1 million for these services.

Parks and Recreation. The County's Parks & Recreation department maintains seven parks, three community centers and two gyms. These facilities offer walking trails, disc golf, volleyball, basketball, baseball, splash pads and special programming. For the fiscal year ended June 30, 2024, the County expended approximately $1.4 million for these services. For the fiscal year ending June 30, 2025, the County has budgeted $1.3 million for these services.

Medical Facilities. Atrium Health-Lincoln is a 101-bed general and acute care hospital owned and operated by The Charlotte-Mecklenburg Hospital Authority ("CMHA-Atrium"). The contemporary facility provides comprehensive cardiac care services, trauma care and a wide range of services including imaging, rehabilitation and pain management. The Lincoln Same-Day Surgery facility is a new medical office complex offering outpatient surgical services on the campus of Atrium-East Lincoln Medical Plaza. All financial reporting and major decisions other than day-to-day operations are made by CMHA-Atrium. The County is not financially responsible for the hospital and does not participate in its operation.

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

Public Service Enterprises. The County currently operates the following public service enterprises: water and sewer, and a landfill. The County's water system was established in 1984 to provide potable water to much of the County and to provide an alternative water source. Prior to the development of the water system, the only source for public water in the County was the South Fork River. Because the South Fork River's water supply fluctuates during periods of drought, the County saw the need to construct a new treatment facility on the Lake. This treatment facility has a current capacity of 3.99 million gallons per day ("MGD") with an ultimate capacity of 12 MGD. The plant was recently expanded to a capacity of 6 MGD.

The County's sewer plant currently has a capacity of 3 MGD, and plans are under review to expand the plant to 6 MGD to meet the growing needs of development in the eastern part of the County. For more information regarding the expansion of the County's sewer plant, see the heading "DEBT OUTLOOK" herein.

The County operates a sanitary landfill for the disposal of solid waste in the County in compliance with applicable federal and State requirements. In 2017, the County opened a new lined cell after the current lined cell reached capacity. Through increased efforts in recycling and the construction of a debris landfill, the current sanitary landfill is expected to remain in operation for an additional 25 years.

Debt Information

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County had the statutory capacity to incur additional net debt in the approximate amount of $918,750,000 as of June 30, 2023.

Outstanding General Obligation Debt.

	Principal Outstanding as of June 30,			
	2021	2022	2023	2024
School Refunding Bonds[1]	$33,317,000	$26,673,000	$20,126,000	$13,772,000

[1] Latest Bonds Issued:

2018-19 $10,230,000 2019 School Refunding issued to refund the 2010A School and Public Facilities Bond.

[2] Does not include bonds which have been advance refunded and for which funds have been escrowed for payment of the debt.

General Obligation Debt Ratios.

At June 30	Total GO Debt[1]	Assessed Valuation	Total GO Debt to Assessed Valuation	Population[2]	Total GO Debt Per Capita
2021	$33,317,000	$11,508,616,193	0.29%	88,699	$375.62
2022	26,673,000	12,015,359,451	0.22	89,670	297.46
2023	20,126,000	12,649,188,692	0.16	92,170	218.36
2024[3]	13,772,000	18,967,400,000[4]	0.07	95,675	143.95

[1] Does not include refunded bonds as described under "Outstanding General Obligation Debt" above.

[2] Estimate of North Carolina Office of Budget and Management. Estimates are as of the beginning of the fiscal year.

[3] The most recent 2023 population estimate is being used.

[4] Estimated. The significant increase in assessed valuation is due to the most recent revaluation in the County.

General Obligation Debt Service Requirements as of June 30, 2024.

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 3,591,000	$ 465,377	$ 4,056,377
2026	3,550,000	330,737	3,880,737
2027	3,507,000	201,443	3,708,443
2028	2,095,000	71,540	2,166,540
2029-2033	1,029,000	23,564	1,052,564
Total	$13,772,000	$1,092,661	$14,864,661

Other Long-Term Commitments. The County has issued certain limited obligation bonds and entered into certain installment financing agreements (subject to annual appropriation) for land, buildings and equipment payable through the fiscal year ending June 30, 2042. The following table sets forth the future payments with respect to those financings:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 6,289,833	$ 1,660,650	$ 7,950,483
2026	6,282,833	1,509,146	7,791,979
2027	6,274,833	1,357,847	7,632,680
2028	4,948,833	1,210,350	6,159,183
2029	4,735,015	1,089,258	5,824,273
2030	4,306,000	973,372	5,279,372
2031	4,305,000	866,072	5,171,072
2032	4,310,000	758,735	5,068,735
2033	4,314,000	651,312	4,965,312
2034	3,878,001	548,987	4,426,988
2035	3,116,000	451,748	3,567,748
2036	3,121,000	377,732	3,498,732
2037	3,126,000	303,622	3,429,622
2038	2,805,000	232,497	3,037,497
2039	2,805,000	164,406	2,969,406
2040	2,805,000	96,315	2,901,315
2041	980,000	28,224	1,008,224
2042	980,000	9,408	989,408
Total	$69,382,348	$12,289,681	$81,672,029

Additionally, the County has issued water and sewer combined enterprise system revenue bonds to finance various water and sewer infrastructure projects, $37,000,000 principal amount of which was outstanding as of June 30, 2024. Net revenues of the County's water and sanitary sewer system are pledged as security for these revenue bonds. The County also has approximately $19.36 million principal amount of state revolving loan notes outstanding as of June 30, 2024. Such notes are treated as subordinated indebtedness to the County's water and sanitary sewer revenue bonds.

General Obligation Bonds Authorized and Unissued.

Purpose	Date Approved	Authorized and Unissued
Refunding[1]	4/15/2019	$2,370,000

[1] The County does not intend to issue these bonds.

General Obligation Debt Information for Underlying Unit as of June 30, 2024.

Unit	2022 Estimated Population	Assessed Valuation	Tax Rate Per $100	GO Debt Authorized and Unissued		Total GO Debt		Total GO Debt Per Capita
				Utility	Other	Utility	Other	
Lincolnton	11,467	$1,037,670,717	0.6190	--	--	--	--	--

Sources: North Carolina Office of State Budget and Management; County Budget and Finance Office.

Debt Outlook.

The County regularly examines the capital needs associated with its obligations to provide certain public services and may consider future debt issuance as appropriate. The County anticipates that it will issue debt for two school-related financings in the fiscal years ending June 30, 2026 and June 30, 2028, for a combined total of approximately $70 million for school expansion related projects.

Tax Information

General Information.

	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024 (Unaudited)	2025 (Estimated)
Assessed Valuation:					
Assessment Ratio[1]	100%	100%	100%	100%	100%
Real Property[2]	$ 9,091,640,284	$ 9,413,861,991	$ 9,829,293,893	$15,838,212,334	$16,226,196,584
Personal Property	817,778,695	887,370,132	950,222,723	1,109,706,893	1,136,883,615
Public Service Companies[3]	498,105,561	530,721,512	572,648,005	605,608,783	620,440,142
Registered Vehicles	1,101,091,653	1,183,405,816	1,297,024,071	1,335,571,513	1,368,279,659
Total Assessed Valuation	$11,508,616,193	$12,015,359,451	$12,649,188,692	$18,889,099,523	$19,351,800,000
Rate per $100	$0.599	$0.619	$0.619	$0.499	$0.499
Levy[4]	$69,100,072	$74,648,172	$78,472,225	$94,347,908	$96,656,782

[1] Percentage of appraised value has been established by statute.

[2] Revaluation of real property became effective with the 2023-2024 tax levy. The next revaluation of real property will become effective with the 2027-2028 tax levy.

[3] Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

[4] The assessed value times the tax rate will not equal the amount of the levy because the levy includes discoveries and releases at prior years' rates. The levy includes penalties.

The total levies, including the County-wide levy and the levies for the special fire protection districts, for the years shown are as follows:

	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024 (Unaudited)	2025 (Estimated)
County-wide	$69,100,072	$74,648,172	$78,472,225	$94,347,908	$96,656,782
Special Fire Districts	10,888,034	12,325,970	13,228,526	17,905,238	13,389,151
Total Levy	$79,988,106	$86,974,142	$91,700,751	$112,253,146	$110,045,933

Tax Collections.

Fiscal Year Ended June 30	Prior Years' Levy Collected	Current Year's Levy Collected	Percentage of Current Year's Levy Collected
2020	$722,595	$65,519,926	99.10%
2021	695,181	68,666,401	99.37
2022	481,981	74,234,155	99.45
2023	414,799	78,070,753	99.49
2024 (11 months)	352,616	93,583,490	99.19

Note: Taxes collected for prior year's levy, current year's levy and the percentage of the current year's levy are updated as actual collections occur for taxes in the respective year of the levy.

Ten Largest Tax Payers for the Fiscal Year Ended June 30, 2024.

Name	Product or Service	Assessed Valuation	Tax Levy
Duke Energy Carolinas LLC	Utility	$436,631,688	$2,178,792
Robert Bosch Tool Corp	Manufacturing	112,085,932	559,309
The Timken Company	Bearing Manufacturing	89,870,020	448,451
Julius Blum Inc.	Architectural Metal Components	86,631,075	432,289
Cataler North America Corp.	Auto Parts Manufacturer	77,336,612	385,910
Charlotte Ind. LL LLC	Manufacturing	75,978,944	379,135
Lincolnton Partners LLC	Real Estate/Manufacturing	74,522,977	371,870
Denver-SI LLC	Real Estate	59,472,775	296,769
Hawthorne at Westport	Real Estate	56,868,682	283,774
Aptargroup	Packaging	54,107,790	269,998

2023-2024 Budget Commentary

The County adopted a General Fund budget in the amount of $143,492,147 for the fiscal year ended June 30, 2024, an increase of $7,547,044, or 5.6%, from the fiscal year ended June 30, 2023 budget. For the first nine months of the fiscal year ended June 30, 2024, General Fund revenues were approximately $136,385,676, an increase of $17,305,268 over the same period for the prior fiscal year, and approximately 95% of budget. General Fund expenditures for such period were $95,314,709, an increase of $8,212,879 over the same period for the prior fiscal year, and approximately 65% of budget.

2024-25 Budget Outlook

The County adopted a General Fund budget in the amount of $159,050,474 for the fiscal year ending June 30, 2025, an increase of $7,317,525, or 5%, from the fiscal year ended June 30, 2024 budget. The fiscal year 2025 budget was based on conservative estimates of revenues to allow for the current economy. Projections were based on the past year's outcomes. It was projected that the economy will slow further, but economic conditions have remained stable for the fiscal year ended June 30, 2024 despite inflation. It is projected that the County's economy will have approximately 2.0% growth. Revenues from property taxes were expected to increase by approximately 5.08% percent, primarily due to increased residential and commercial growth. It is anticipated that property tax collections in the County will be approximately 99.0%.

Post-Employment Benefits

Retirement Plan. The County participates in the North Carolina Local Governmental Employees Retirement System and the Supplemental Retirement Income Plan of North Carolina.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System (the "System") is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contribution to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The employer contribution rate for fiscal year 2023-24 was 12.9% for general employees and 14.04% for law enforcement officers. The employer contribution rate for fiscal year 2024-25 is 13.64% for general employees and 15.04% for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits for general employees are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service and; regardless of age, with at least 30 years of creditable service. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

For information concerning the County's participation in the North Carolina Local Governmental Employee's Retirement System and the Supplemental Retirement Income Plan of North Carolina see the Notes to the Basic Financial Statements in Appendix B hereto.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Annual Comprehensive Financial Report ("ACFR") for the State. Please refer to the State's ACFR for additional information.

Other Post-Employment Benefits. The County offers post-employment health care benefits to all full-time County employees who retire with at least 15 years of service (this was terminated on July 1, 2013 for new hires after that date), under the Local Government Retirement System. After the employees reach age 65 or until they are eligible to receive Medicare Benefits, whichever occurs sooner, the coverage will be terminated and the County will provide a Medicare supplement. The County pays the same percentage for the post-retirement health care cost for individual coverage as it does for current employees. The County funds this benefit on a pay-as-you-go basis for the current year. The amount of post-retirement health care benefits appropriated by the County for the fiscal year ended June 30, 2024 was $1,300,000 and the amount appropriated for the fiscal year ending June 30, 2025 is $1,300,000.

The County engaged the actuarial consulting firm of JLM Actuarial to prepare an analysis of the liability and annual required contribution ("ARC") for its OPEB benefits for the fiscal year ended June 30, 2023 and thereafter. The County is not required to fully fund the ARC. However, pursuant to GASB Statement No. 75, the County has recognized OPEB expense reduction of $11,895,196 for the fiscal year ended June 30, 2023. The total OPEB Liability as of June 30, 2023 was reported as $47,590,271. For more information for the fiscal year ended June 30, 2023, see Note 2 to the Financial Statements in Appendix B hereto.

Contingent Liabilities

The County has no contingent liabilities which, in the opinion of the County Attorney, would adversely and materially affect the County's ability to meet its financial obligations. See the caption, "LEGAL MATTERS – Litigation" herein.

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APPENDIX B

MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS OF THE COUNTY OF LINCOLN, NORTH CAROLINA

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Management's Discussion and Analysis

The following is Management's Discussion and Analysis of the financial activities of County, lifted from the Annual Comprehensive Financial Report of County for the fiscal year ended June 30, 2023. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of County's financial activities based on currently known facts, decisions or conditions. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of management and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

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Management's Discussion and Analysis

As management of Lincoln County, we offer readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2023. 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.

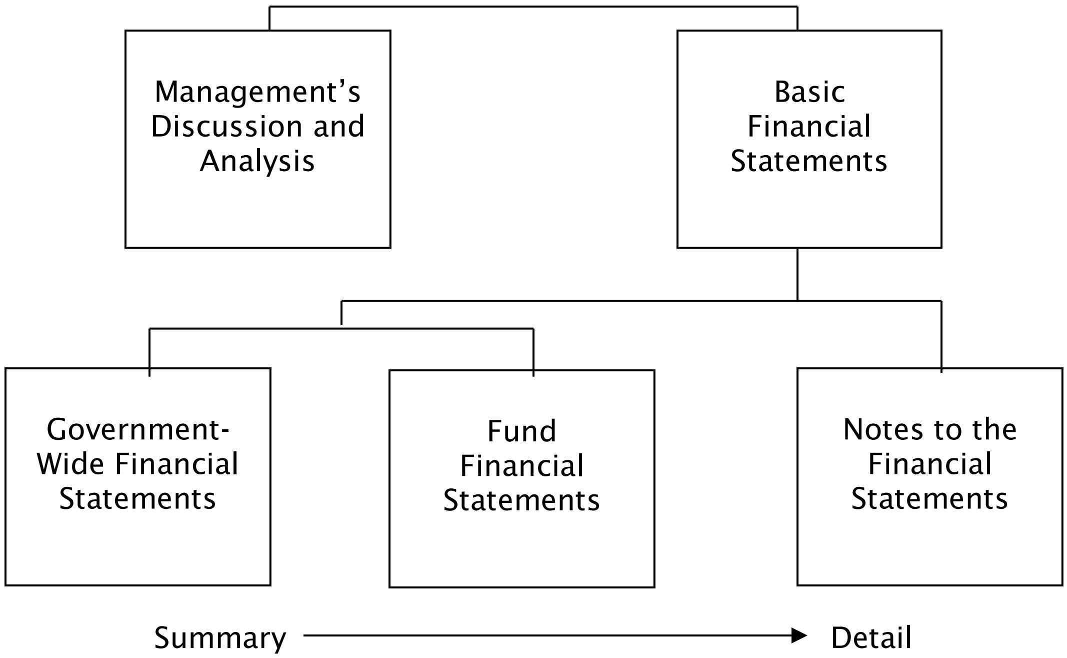
Financial Highlights

- The assets and deferred outflows of resources of Lincoln County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $224,751,889 *(net position)*.
- Current year increase in the sales tax, effective tax collections, Federal American Rescue Plan Act funds and other grants received, and conservative spending were the primary factors contributing to the increase in the government's total net position of $54,620,271.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of $113,671,468, an increase of $14,850,106, in comparison with the prior year amount. This increase was primarily due to the multiple Federal and State grants that the County was awarded. Approximately 44% of this amount, or $49,792,876, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $33,111,094, or 25.7%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total long term debt decreased by $3,635,160, or 2.36%, during the current fiscal year. The key factor in this decrease was the payment of debt.
- Standard and Poor's Corporation increased Lincoln County's bond rating from AA- to AA+ in September 2014. Moody's Investors Service increased Lincoln County's bond rating from Aa3 to Aa2 in 2019. Fitch Ratings rated the County AA as a result of our last ratings in September 2013. Standard and Poor's Corporation rated the County's initial Enterprise Fund Revenue Bonds at AA in August, 2018.

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 K) 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 fund statements, 2) the budgetary comparison statements, 3) the proprietary fund statements and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes of North Carolina can also be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the County provides to customers for a fee. These include the water, sewer and solid waste 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. Lincoln Community Friends, a 501(c)(3) corporation, was founded to obtain grants for Lincoln County. Lincoln Community Friends is made up of a nine-member board, all of whom are appointed by the County Commissioners.

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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is 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.

Proprietary Funds. Lincoln County has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lincoln County uses enterprise funds to account for its water and sewer activity and for its solid waste collection and disposal. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Lincoln County. The County uses internal service funds to account for health insurance and workers' compensation. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Lincoln County has four fiduciary funds, which are custodial 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 K of this report.

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

Interdependence with Other Entities. The County depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Lincoln County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	$ 148,037,821	$ 122,383,644	$ 55,208,366	$ 52,722,250	$203,246,187	$175,105,894
Capital assets	149,691,688	134,492,409	140,435,279	131,567,874	290,126,967	266,060,283
Total assets	297,729,509	256,876,053	195,643,645	184,290,124	493,373,154	441,166,177
Deferred outflows of resources	29,159,396	25,248,341	2,828,544	2,567,274	31,987,940	27,815,615
Liabilities:						
Long-term liabilities outstanding	174,199,082	178,921,330	83,447,822	73,162,533	257,646,904	252,083,863
Other liabilities	23,038,044	21,045,485	3,457,627	7,470,198	26,495,671	28,515,683
Total liabilities	197,237,126	199,966,815	86,905,449	80,632,731	284,142,575	280,599,546
Deferred inflows of resources	15,115,643	16,633,015	1,350,987	1,617,613	16,466,630	18,250,628
Net Position:						
Net investment in capital assets	89,677,014	80,496,053	74,775,941	85,975,909	164,452,955	166,471,962
Restricted	49,903,706	44,152,021	-	-	49,903,706	44,152,021
Unrestricted	(25,044,584)	(59,123,510)	35,439,812	18,631,145	10,395,228	(40,492,365)
Total net position	$ 114,536,136	$ 65,524,564	$110,215,753	$104,607,054	$224,751,889	$170,131,618

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Lincoln County exceeded liabilities and deferred inflows of resources by $224,751,889, as of June 30, 2023. The County's net position increased by $54,620,271, for the fiscal year ended June 30, 2023. One of the largest portions, $164,452,955, reflects the County's net investment in capital assets (e.g. land, buildings, machinery and equipment). Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, $49,903,706, represents resources that are subject to external restrictions on how they may be used.

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

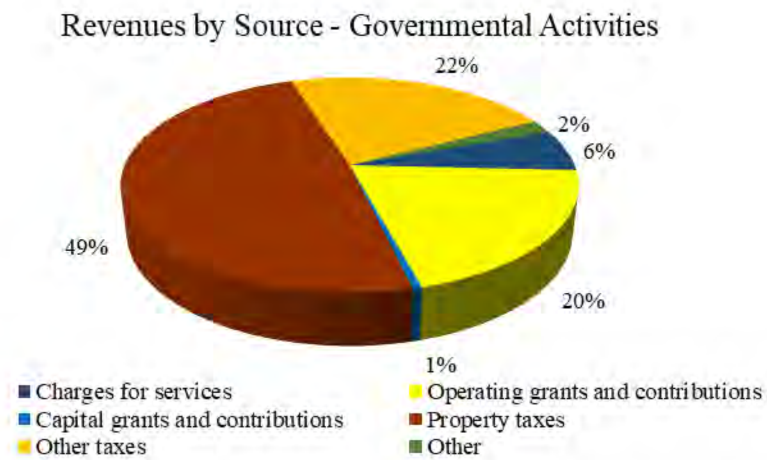
- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.49%.
- Long-term liabilities decreased due to normally scheduled debt payments. Also, in North Carolina counties issue debt for school construction, but school systems report the assets.
- An increase in ad valorem tax revenue with an increase in sales tax revenue due to a general increase in retail sales in the County, most likely due to online shopping due to the lingering effects of the pandemic.
- Continued low cost of debt due to the County's high bond rating.

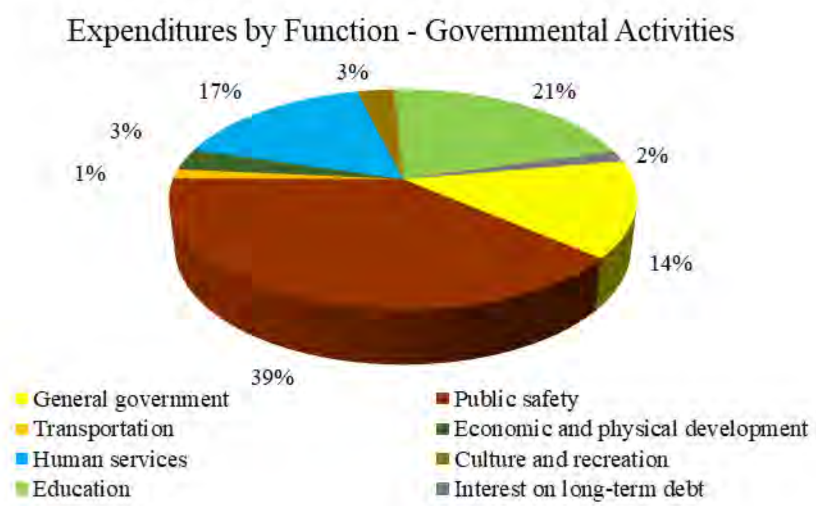
Lincoln County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 11,783,129	$ 12,150,268	$ 24,436,013	$ 24,631,068	$ 36,219,142	$ 36,781,336
Operating grants and contributions	37,220,415	18,728,957	-	2,000	37,220,415	18,730,957
Capital grants and contributions	1,044,314	788,070	3,264,119	2,649,817	4,308,433	3,437,887
General revenues:						
Property taxes	90,844,156	86,106,451	415	338	90,844,571	86,106,789
Other taxes	41,744,638	38,951,043	-	-	41,744,638	38,951,043
Other	3,679,240	214,990	1,152,259	(46,454)	4,831,499	168,536
Total revenues	186,315,892	156,939,779	28,852,806	27,236,769	215,168,698	184,176,548
Expenses:						
General government	19,382,116	19,030,850	-	-	19,382,116	19,030,850
Public safety	53,210,555	48,904,609	-	-	53,210,555	48,904,609
Transportation	1,926,212	1,745,663	-	-	1,926,212	1,745,663
Economic and physical development	4,309,136	3,590,114	-	-	4,309,136	3,590,114
Culture and recreation	4,230,728	3,933,893	-	-	4,230,728	3,933,893
Education	29,253,570	27,265,673	-	-	29,253,570	27,265,673
Human services	22,733,273	21,166,193	-	-	22,733,273	21,166,193
Interest on long-term debt	2,258,730	2,532,813	-	-	2,258,730	2,532,813
Water and sewer	-	-	17,203,533	13,988,552	17,203,533	13,988,552
Solid waste	-	-	6,040,574	5,266,656	6,040,574	5,266,656
Total expenses	137,304,320	128,169,808	23,244,107	19,255,208	160,548,427	147,425,016
Change in net position	49,011,572	28,769,971	5,608,699	7,981,561	54,620,271	36,751,532
Net Position						
Beginning of year - July 1	65,524,564	36,754,593	104,607,054	96,625,493	170,131,618	133,380,086
End of year - June 30	$114,536,136	$ 65,524,564	$110,215,753	$104,607,054	$224,751,889	$170,131,618

Governmental Activities. Governmental activities increased the County's net position by $49,011,572. The key elements of this increase are as follows:

- The current year property taxes increased by $4,737,705, or 5.5%, compared to the prior year due to increased construction on the east end of the County and collection rate of 99.45%.
- Increased operating grants and contributions of $18,491,458, or 98.73%, this is due to increased grant funds available for local governments.
- Expenses for education increased by $1,987,897 over the previous year.
- Lapsed salaries due to the highly competitive job market also influenced the positive net position.





Business-type Activities. Business-type activities increased Lincoln County's net position by $5,608,699. The business-type activities increase was primarily related to increased capital grants and contributions.

Financial Analysis of the County's Fund

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, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Lincoln County. At the end of the current fiscal year, available fund balance of the General Fund was $59,916,539, while total fund balance was $71,705,403. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 46.5% of total General Fund expenditures, while total fund balance represents 55.7% of the same amount. This percentage increase is the result of larger sales tax revenues, multiple grant awards and savings due to unfilled personnel positions.

The Special Grants Fund is used to account for financial resources to be used for activities required by various grantors. At the end of the current fiscal year, the total fund balance of the Special Grants Fund was $2,438,197, an increase of $738,672. The increase is due to several grants received from the State of North Carolina, and the Federal Government.

The Opioid Settlement Fund is used to account for funds used for opioid abatement and remediation activities within the County. In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion dollar nationwide settlement related to multiple lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded. The funds are restricted until expended. No funds have been expended as of June 30, 2023. The County received $773,842 as part of the opioid settlement in Fiscal Year 2023.

The Capital Reserve Fund is used to account for financial resources to be used in the acquisition and construction of future capital projects within the County. At the end of the current fiscal year, total fund balance in the Capital Reserve Fund was $21,097,950, an increase of $7,070,090. This increase is due to a one-time increase in funding from the General Fund to offset proposed increases in construction on capital construction projects currently in the planning stages.

At June 30, 2023, the governmental funds of Lincoln County reported a combined fund balance of $113,671,468 a 15.03% increase from last year.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget projections on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by $6,603,992. The largest part of this increase, $4,148,926, was to increase Education expenditures and increase Sales Tax revenues that are allotted to the Schools. The other increases were to account for grants and to carryover encumbered funds from the previous year in various departments.

Proprietary Funds. Lincoln County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water and Sewer Fund equaled $36,410,458, and the Solid Waste Fund at the end of the fiscal year amounted to ($970,646). The total change in net position for the two funds was $4,406,287 and $1,202,412, respectively. The increase in the Water and Sewer Fund is primarily due to increases in charges for services from a rate increase, as well as capital contributions. 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

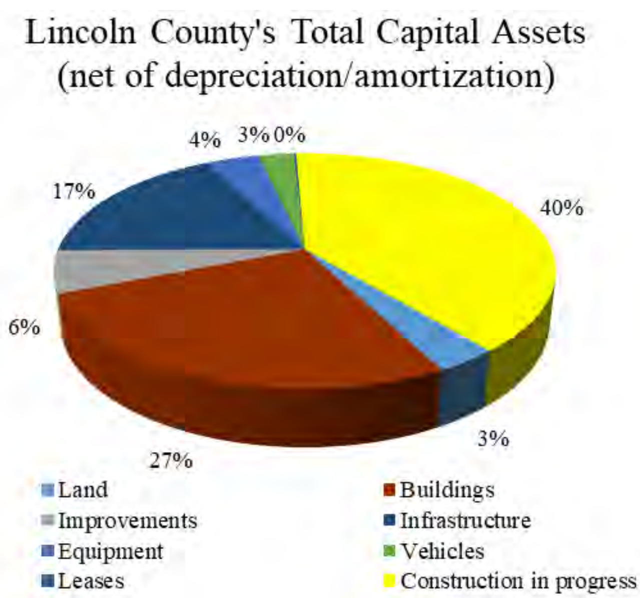
Capital Assets. Lincoln County's capital assets for its governmental and business-type activities as of June 30, 2023 totals $290,126,967 (net of accumulated depreciation/amortization). These assets include land, buildings, water and sewer lines, treatment facilities, machinery and equipment, park facilities, vehicles and right to use assets for leases.

Major capital asset transactions during the year include:

- Reepsville Road Waterline construction was completed.
- Water Treatment Plant expansion was nearly completed.
- The Courthouse Construction was completed.
- Waste Water Treatment Plant expansion has continued.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land	$ 8,429,358	$ 8,394,859	$ 1,479,075	$ 1,479,075	$ 9,908,433	$ 9,873,934
Buildings	54,407,425	55,883,958	23,152,696	24,500,755	77,560,121	80,384,713
Improvements	11,136,679	10,653,754	5,908,688	6,592,421	17,045,367	17,246,175
Infrastructure	-	-	50,356,523	50,434,897	50,356,523	50,434,897
Equipment	9,009,135	9,580,875	3,126,667	2,329,196	12,135,802	11,910,071
Vehicles	6,052,980	5,497,851	1,786,717	1,744,314	7,839,697	7,242,165
Right to use assets:						
Leases	529,167	600,707	-	-	529,167	600,707
Construction in progress	60,126,944	43,880,405	54,624,913	44,487,216	114,751,857	88,367,621
Total	$149,691,688	$134,492,409	$140,435,279	$131,567,874	$290,126,967	$266,060,283



Additional information on the County's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2023, Lincoln County had total general obligation bonded debt outstanding of $20,126,000, 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	
	2023	2022
Direct placement general obligation bonds	$ 20,126,000	$ 26,673,000

Lincoln County's total general obligation bonded debt decreased by $6,547,000, or 24.5%, during the past fiscal year, primarily due to paying off debt.

As of June 30, 2023, Lincoln County had total enterprise revenue bonded debt outstanding of $38,695,000, all of which is debt backed by the revenues of the water and sewer utility system.

Enterprise Revenue Bonds
Figure 6

	Business-Type Activities	
	2023	2022
Revenue bonds	$ 38,695,000	$ 39,940,000

Lincoln County's total enterprise revenue bonded debt decreased by $1,245,000, during the past fiscal year, due to paying off debt.

As mentioned in the financial highlight section of this document, Lincoln County, through rating confirmations, earned an Aa2 bond rating from Moody's Investor Service and maintained an AA+ rating from Standard and Poor's Corporation, and an AA rating from Fitch Ratings. Standard and Poor's Corporation (S&P) rated the County's Enterprise Fund Revenue Bonds at AA. These bond ratings are a clear indication of the sound financial condition of Lincoln County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is approximately $918,750,000.

Additional information regarding Lincoln County's long-term debt can be found in Note 5 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.

- The County's unemployment rate for 2022-2023 averaged approximately 3.1%, slightly lower than the State average of 3.4%.
- The Lincoln County Industrial Park now has over 3.5 million square feet representing over $250 million in investments.
- In March 2010, Site Selection Magazine ranked the Lincolnton and Lincoln County Micropolitan Area 4th nationally for its ability to secure new and expanded corporate facility projects.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The tax rate of $0.499 per $100 of valuation is the 6th lowest tax rate of adjoining counties and we have the 3rd lowest tax rate among similar counties in North Carolina.
- Lincoln County had the first LEED Certified (Silver) distribution center in North Carolina, built during 2009.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The County adopted a General Fund budget in the amount of $143,492,147 for the fiscal year ending June 30, 2024, an increase of $13,110,651, or 10.06%, from the fiscal year 2023 budget. The majority of the budget increases were in Public Safety and Education.

Business-type Activities. The Water and Sewer and Solid Waste funds have budgets that allow them to continue to be self-sufficient and provide necessary services for the citizens of the County.

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, PO Box 738, Lincolnton, North Carolina 28093.

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Financial Information

The financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2023. Copies of these financial statements containing the unqualified report of the independent certified public accountant are available from Deanna Rios, Finance Director, County of Lincoln, North Carolina, 353 N. Generals Boulevard, Lincolnton, North Carolina 28092; Telephone: (704) 736-8488.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the past 28 years through the fiscal year ended June 30, 2023. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report which complies with both generally accepted accounting principles and applicable legal requirements. The County believes that the annual financial report for the fiscal year ended June 30, 2024 will continue to meet the requirements under the Certificate of Achievement Program and will submit it to the GFOA for review.

The following financial statements are the Basic Financial Statements of the County and the notes thereto, lifted from the Annual Comprehensive Financial Report of the County for the fiscal year ended June 30, 2023.

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements present a condensed overview of the financial position and results of operations of the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

Included within the Basic Financial Statements are notes intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincoln Community Friends
Assets:					
Cash and cash equivalents	$ 108,182,977	$ 50,596,201	$ 158,779,178	$ 1,017,926	$ 43,258
Taxes receivable (net)	630,838	-	630,838	-	-
Accounts receivable (net)	2,908,192	1,584,767	4,492,959	-	-
Due from other governments	9,228,346	560,624	9,788,970	-	-
Inventory	-	-	-	873,815	-
Lease receivable, current	3,514	-	3,514	-	-
Prepaid items	314,217	2,538	316,755	-	-
Cash and cash equivalents, restricted	20,096,828	2,464,236	22,561,064	-	-
Net pension asset	132,008	-	132,008	-	-
Accounts receivable, non-current (net)	6,534,662	-	6,534,662	-	-
Lease receivable, non-current	6,239	-	6,239	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	68,556,302	56,103,988	124,660,290	2,056,146	-
Other assets, net of depreciation	80,606,219	84,331,291	164,937,510	2,266,284	-
Right to use assets, net of amortization	529,167	-	529,167	-	-
Total capital assets	149,691,688	140,435,279	290,126,967	4,322,430	-
Total assets	297,729,509	195,643,645	493,373,154	6,214,171	43,258
Deferred Outflows of Resources:					
Pension deferrals	20,519,683	1,897,426	22,417,109	159,272	-
OPEB deferrals	7,973,376	788,576	8,761,952	-	-
Charge on refunding of debt	666,337	142,542	808,879	-	-
Total deferred outflows of resources	29,159,396	2,828,544	31,987,940	159,272	-
Liabilities:					
Accounts payable and other accrued liabilities	11,525,934	1,510,501	13,036,435	420,212	-
Advance from grantor	11,089,478	916,450	12,005,928	-	-
Liabilities to be paid from restricted assets:					
Accounts payable	422,632	901,086	1,323,718	-	-
Customer deposits	-	129,590	129,590	-	-
Long-term liabilities:					
Due within one year	13,535,866	3,721,880	17,257,746	-	-
Due in more than one year	160,663,216	79,725,942	240,389,158	889,707	-
Total liabilities	197,237,126	86,905,449	284,142,575	1,309,919	-
Deferred Inflows of Resources:					
Prepaid taxes	420,703	-	420,703	-	-
Leases	9,603	-	9,603	-	-
Pension deferrals	1,294,697	26,638	1,321,335	760	-
OPEB deferrals	13,390,640	1,324,349	14,714,989	-	-
Total deferred inflows of resources	15,115,643	1,350,987	16,466,630	760	-
Net Position:					
Net investment in capital assets	89,677,014	74,775,941	164,452,955	3,612,686	-
Restricted for Stabilization by State statute	27,521,463	-	27,521,463	-	-
Restricted for general government	1,089,753	-	1,089,753	-	-
Restricted for Register of Deeds' pension plan	201,441	-	201,441	-	-
Restricted for public safety	5,609,570	-	5,609,570	-	-
Restricted for transportation	1,745,275	-	1,745,275	-	-
Restricted for economic and physical dev.	2,889,239	-	2,889,239		
Restricted for culture and recreation	1,683,784	-	1,683,784	-	-
Restricted for human services	9,163,181	-	9,163,181	-	-
Restricted for working capital	-	-	-	268,061	-
Unrestricted	(25,044,584)	35,439,812	10,395,228	1,182,017	43,258
Total net position	$ 114,536,136	$ 110,215,753	$ 224,751,889	$ 5,062,764	$ 43,258

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental Activities:				
General government	$ 19,382,116	$ 2,527,923	$ 2,871,356	$ -
Public safety	53,210,555	7,147,042	11,879,887	575,784
Transportation	1,926,212	690,085	388,339	-
Economic and physical development	4,309,136	298,905	628,739	-
Culture and recreation	4,230,728	136,148	209,129	-
Education	29,253,570	-	-	468,530
Human services	22,733,273	983,026	21,242,965	-
Interest and fees	2,258,730	-	-	-
Total governmental activities	137,304,320	11,783,129	37,220,415	1,044,314
Business-Type Activities:				
Water and sewer	17,203,533	18,319,117	-	2,430,569
Solid waste	6,040,574	6,116,896	-	833,550
Total business-type activities	23,244,107	24,436,013	-	3,264,119
Total primary government	$ 160,548,427	$ 36,219,142	$ 37,220,415	$ 4,308,433
Component Units:				
Lincoln County ABC Board	$ 6,144,769	$ 6,990,073	$ -	$ -
Lincoln Community Friends	-	-	2,500	-
Total component units	$ 6,144,769	$ 6,990,073	$ 2,500	$ -

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Net (Expense)Revenue and Changes in Net Position				
	Primary Government			Component Units	
Functions/Programs:	**Governmental Activities**	**Business-Type Activities**	**Total**	**Lincoln County ABC Board**	**Lincoln Community Friends**
Primary Government:					
Governmental Activities:					
General government	$ (13,982,837)	$ -	$ (13,982,837)		
Public safety	(33,607,842)	-	(33,607,842)		
Transportation	(847,788)	-	(847,788)		
Economic and physical development	(3,381,492)	-	(3,381,492)		
Culture and recreation	(3,885,451)	-	(3,885,451)		
Education	(28,785,040)	-	(28,785,040)		
Human services	(507,282)	-	(507,282)		
Interest and fees	(2,258,730)	-	(2,258,730)		
Total governmental activities	(87,256,462)	-	(87,256,462)		
Business-Type Activities:					
Water and sewer	-	3,546,153	3,546,153		
Solid waste	-	909,872	909,872		
Total business-type activities	-	4,456,025	4,456,025		
Total primary government	$ (87,256,462)	$ 4,456,025	$ (82,800,437)		
Component Units:					
Lincoln County ABC Board				$ 845,304	$ -
Lincoln Community Friends				-	2,500
Total component units				$ 845,304	$ 2,500
General Revenues:					
Ad valorem taxes	90,844,156	415	90,844,571	-	-
Local option sales tax	38,869,378	-	38,869,378	-	-
Utility franchise tax	192,495	-	192,495	-	-
Real estate transfer tax	2,281,678	-	2,281,678	-	-
Other taxes	401,087	-	401,087	-	-
Unrestricted intergovernmental	355,105	-	355,105	-	-
Investment earnings	3,324,135	1,152,259	4,476,394	2,037	-
Total general revenues	136,268,034	1,152,674	137,420,708	2,037	-
Change in net position	49,011,572	5,608,699	54,620,271	847,341	2,500
Net position, beginning	65,524,564	104,607,054	170,131,618	4,215,423	40,758
Net position, ending	$ 114,536,136	$ 110,215,753	$ 224,751,889	$ 5,062,764	$ 43,258

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds				Nonmajor Funds	
	General Fund	Special Grants Fund	Opioid Settlement Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	$ 69,176,399	$ 2,398,976	$ -	$ 21,084,412	$ 10,542,357	$ 103,202,144
Taxes receivable, net	543,568	-	-	-	87,270	630,838
Accounts receivable, net	1,375,399	36,250	8,010,197	13,538	4,334	9,439,718
Due from other governments	8,444,114	168,438	-	-	615,794	9,228,346
Lease receivable	9,753	-	-	-	-	9,753
Prepaid items	304,217	-	-	-	-	304,217
Cash and cash equivalents, restricted	324,836	10,764,642	788,783	-	8,218,567	20,096,828
Total assets	$ 80,178,286	$ 13,368,306	$ 8,798,980	$ 21,097,950	$ 19,468,322	$ 142,911,844
Liabilities:						
Accounts payable and other accrued liabilities	$ 6,646,831	$ 165,467	$ -	$ -	$ 1,317,791	$ 8,130,089
Advance from grantor	324,836	10,764,642	-	-	-	11,089,478
Liabilities to be paid from restricted assets:						
Accounts payable	-	-	-	-	422,632	422,632
Total liabilities	6,971,667	10,930,109	-	-	1,740,423	19,642,199
Deferred Inflows of Resources:						
Unavailable taxes	543,568	-	-	-	87,270	630,838
Leases	9,603	-	-	-	-	9,603
Prepaid taxes	420,703	-	-	-	-	420,703
Deferred revenue	527,342	-	8,009,691	-	-	8,537,033
Total deferred inflows of resources	1,501,216	-	8,009,691	-	87,270	9,598,177
Fund Balances:						
Non-spendable:						
Prepaid items	304,217	-	-	-	-	304,217
Leases	150	-	-	-	-	150
Restricted:						
Stabilization by State statute	11,484,497	4,076,420	506	13,538	11,946,502	27,521,463
General government	-	603,205	-	-	1,930,828	2,534,033
Public safety	2,485,811	1,372	-	-	9,474,042	11,961,225
Transportation	-	1,745,275	-	-	-	1,745,275
Economic and physical development	-	-	-	-	2,889,239	2,889,239
Culture and recreation	-	79,390	-	-	1,604,394	1,683,784
Human services	244,362	8,955	788,783	-	111,390	1,153,490
Committed	2,136,000	-	-	21,084,412	1,450,704	24,671,116
Assigned	21,939,272	-	-	-	-	21,939,272
Unassigned	33,111,094	(4,076,420)	-	-	(11,766,470)	17,268,204
Total fund balances	71,705,403	2,438,197	789,289	21,097,950	17,640,629	113,671,468
Total liabilities, deferred inflows of resources and fund balances	$ 80,178,286	$ 13,368,306	$ 8,798,980	$ 21,097,950	$ 19,468,322	

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

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

		Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:		
Total Fund Balance, Governmental Funds		113,671,468
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		149,162,521
Right to use assets, net of accumulated amortization, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		529,167
Deferred charges related to advance refunding of long-term debt are not current financial resources and, therefore, are not reported in the funds.		
Deferred cost of refunding	$ 1,722,743	
Less accumulated amortization	(1,056,406)	666,337
Net pension asset - ROD		132,008
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		5,226,375
Total pension liability - LEOSSA		(3,901,463)
Net pension liability - LGERS		(28,284,118)
Total OPEB liability		(47,590,271)
Pension related deferrals		13,998,611
OPEB related deferrals		(5,417,264)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(94,423,230)
Accrual of interest payable for debt reported in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported in the funds.		(288,075)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.		9,167,871
An Internal Service Fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		1,886,199
Net position of governmental activities, per Exhibit A		$ 114,536,136

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, 2023

	Major Funds				Nonmajor Funds	
	General Fund	Special Grants Fund	Opioid Settlement Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	$77,740,991	$ -	$ -	$ -	$ 13,108,524	$ 90,849,515
Local option sales taxes	38,869,378	-	-	-	-	38,869,378
Other taxes and licenses	2,875,260	-	-	-	-	2,875,260
Unrestricted intergovernmental revenues	355,105	-	-	-	-	355,105
Restricted intergovernmental revenues	13,170,561	14,987,943	773,842	-	1,117,413	30,049,759
Permits and fees	3,188,481	-	-	-	-	3,188,481
Sales and service	7,430,926	55,594	-	-	-	7,486,520
Miscellaneous	1,566,064	-	-	-	-	1,566,064
Investment earnings	1,905,774	543,430	15,447	419,823	354,128	3,238,602
Total revenues	147,102,540	15,586,967	789,289	419,823	14,580,065	178,478,684
Expenditures:						
Current:						
General government	17,562,834	2,738,671	-	-	-	20,301,505
Public safety	37,101,381	750,607	-	-	13,365,228	51,217,216
Transportation	1,637,069	95,904	-	-	-	1,732,973
Economic and physical development	4,073,494	-	-	-	-	4,073,494
Culture and recreation	3,495,051	70,206	-	-	-	3,565,257
Education	29,253,570	-	-	-	-	29,253,570
Human services	19,939,993	1,492,441	-	-	229,254	21,661,688
Capital outlay	-	-	-	-	15,331,428	15,331,428
Debt service:						
Principal repayments	12,927,561	-	-	-	-	12,927,561
Interest	2,763,886	-	-	-	-	2,763,886
Total expenditures	128,754,839	5,147,829	-	-	28,925,910	162,828,578
Revenues over (under) expenditures	18,347,701	10,439,138	789,289	419,823	(14,345,845)	15,650,106
Other Financing Sources (Uses):						
Transfers from other funds	10,800,000	299,534	-	10,409,360	6,370,497	27,879,391
Transfers to other funds	(14,120,298)	(10,000,000)	-	(3,759,093)	(800,000)	(28,679,391)
Total other financing sources (uses)	(3,320,298)	(9,700,466)	-	6,650,267	5,570,497	(800,000)
Net change in fund balances	15,027,403	738,672	789,289	7,070,090	(8,775,348)	14,850,106
Fund balances, beginning	56,678,000	1,699,525	-	14,027,860	26,415,977	98,821,362
Fund balances, ending	$71,705,403	$ 2,438,197	$ 789,289	$21,097,950	$ 17,640,629	$113,671,468

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

LINCOLN COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D)	$ 14,850,106
Capital outlays and right to use assets are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay and right to use assets are not expenses, rather they are an increase in assets.	20,604,918
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,390,787)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(14,852)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,118,128
Benefit payments and administrative costs for LEOSSA are not included on the Statement of Activities	108,247
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,671,110
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	(5,359)
Opioid settlement funds	8,009,691
Other fees for service	(252,657)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	113,507
Pension expense	(8,698,064)
OPEB plan expense	(1,416,705)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	12,927,561
Accrued interest and amortization of refunding costs and premiums and amortized expenses that do not require current financial resources are not reported as expenditures in the governmental funds statement.	373,649
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	1,013,079
Change in net position of governmental activities	$ 49,011,572

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

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund				Opioid Settlement Fund			
	Budgeted Amounts			Variance with Final Budget	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over/Under	Original	Final	Actual	Over/Under
Revenues:								
Ad valorem taxes	$76,737,000	$77,003,909	$77,740,991	$ 737,082	$ -	$ -	$ -	$ -
Local option sales taxes	27,176,065	31,324,991	38,869,378	7,544,387	-	-	-	-
Other taxes and licenses	2,013,000	2,530,838	2,875,260	344,422	-	-	-	-
Unrestricted intergovernmental revenues	315,000	315,000	355,105	40,105	-	-	-	-
Restricted intergovernmental revenues	12,974,419	14,051,563	13,170,561	(881,002)	-	733,655	773,842	40,187
Permits and fees	3,142,920	3,215,409	3,188,481	(26,928)	-	-	-	-
Sales and service	5,803,634	6,078,167	7,430,926	1,352,759	-	-	-	-
Miscellaneous	1,061,000	1,307,153	1,566,064	258,911	-	-	-	-
Investment earnings	118,073	118,073	1,905,774	1,787,701	-	-	15,447	15,447
Total revenues	129,341,111	135,945,103	147,102,540	11,157,437	-	733,655	789,289	55,634
Expenditures:								
Current:								
General government	17,479,854	20,348,708	17,562,834	2,785,874	-	-	-	-
Public safety	37,325,313	40,035,977	37,101,381	2,934,596	-	-	-	-
Transportation	1,765,058	1,813,058	1,637,069	175,989	-	-	-	-
Economic and physical development	3,507,635	4,831,551	4,073,494	758,057	-	-	-	-
Culture and recreation	4,144,947	4,374,310	3,495,051	879,259	-	-	-	-
Education	24,666,232	29,287,866	29,253,570	34,296	-	-	-	-
Human services	22,524,052	23,045,332	19,939,993	3,105,339	-	733,655	-	733,655
Debt service:					-	-	-	
Principal	12,860,742	13,260,742	12,927,561	333,181	-	-	-	-
Interest and fees	2,755,253	3,155,253	2,763,886	391,367	-	-	-	-
Total expenditures	127,029,086	140,152,797	128,754,839	11,397,958	-	733,655	-	733,655
Revenues over (under) expenditures	2,312,025	(4,207,694)	18,347,701	22,555,395	-	-	789,289	789,289
Other Financing Sources (Uses):								
Transfers from other funds	800,000	10,800,000	10,800,000	-	-	-	-	-
Transfers to other funds	(3,352,410)	(14,120,298)	(14,120,298)	-	-	-	-	-
Fund balance appropriated	240,385	7,527,992	-	(7,527,992)	-	-	-	-
Total other financing sources (uses)	(2,312,025)	4,207,694	(3,320,298)	(7,527,992)	-	-	-	-
Net change in fund balance	$ -	$ -	15,027,403	$ 15,027,403	$ -	$ -	789,289	$ 789,289
Fund balance, beginning of year			56,678,000				-	
Fund balance, end of year			$71,705,403				$ 789,289	

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	$ 40,025,410	$ 10,570,791	$ 50,596,201	$ 4,980,833
Accounts receivable, net	1,427,381	157,386	1,584,767	3,136
Due from other governments	406,014	154,610	560,624	-
Prepaid items	754	1,784	2,538	10,000
Cash and cash equivalents, restricted	1,544,971	919,265	2,464,236	-
Total current assets	43,404,530	11,803,836	55,208,366	4,993,969
Capital assets:				
Non-depreciable capital assets	55,445,340	658,648	56,103,988	-
Depreciable capital assets, net	75,216,394	9,114,897	84,331,291	-
Total non-current assets	130,661,734	9,773,545	140,435,279	-
Total assets	174,066,264	21,577,381	195,643,645	4,993,969
Deferred Outflows of Resources:				
Pension deferrals	1,264,951	632,475	1,897,426	-
OPEB deferrals	525,717	262,859	788,576	-
Deferred charges, net	142,542	-	142,542	-
Total deferred outflows of resources	1,933,210	895,334	2,828,544	-
Liabilities:				
Current liabilities:				
Accounts payable and other accrued liabilities	1,308,821	201,680	1,510,501	3,107,770
Advance from grantor	-	916,450	916,450	
Current portion of compensated absences	106,578	45,509	152,087	-
Current portion of long-term debt	3,065,702	504,091	3,569,793	-
Liabilities to be paid from restricted assets:				
Accounts payable	901,086	-	901,086	-
Customer deposits	126,775	2,815	129,590	-
Total current liabilities	5,508,962	1,670,545	7,179,507	3,107,770
Non-current liabilities:				
Accrued landfill closure/post-closure care costs	-	9,498,237	9,498,237	-
Compensated absences	63,547	53,443	116,990	-
Net pension liability	1,864,887	932,443	2,797,330	-
Total OPEB liability	3,137,820	1,568,910	4,706,730	-
Long-term debt	60,061,417	2,545,238	62,606,655	-
Total non-current liabilities	65,127,671	14,598,271	79,725,942	-
Total liabilities	70,636,633	16,268,816	86,905,449	3,107,770
Deferred Inflows of Resources:				
Pension deferrals	17,759	8,879	26,638	-
OPEB deferrals	882,899	441,450	1,324,349	-
Total deferred inflows of resources	900,658	450,329	1,350,987	-
Net Position:				
Net investment in capital assets	68,051,725	6,724,216	74,775,941	-
Unrestricted	36,410,458	(970,646)	35,439,812	1,886,199
Total net position	$ 104,462,183	$ 5,753,570	$ 110,215,753	$ 1,886,199

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues:				
Charges for services	$ 17,872,354	$ 910,115	$ 18,782,469	$ -
Water and sewer taps	209,240	-	209,240	-
Availability fee	-	4,854,083	4,854,083	-
Other operating revenues	237,523	11,261	248,784	10,737,508
Total operating revenues	18,319,117	5,775,459	24,094,576	10,737,508
Operating Expenses:				
Water treatment and maintenance	8,471,389	-	8,471,389	-
Sewage collection	3,540,411	-	3,540,411	-
Landfill operations	-	3,664,773	3,664,773	-
Landfill closure and post-closure costs	-	1,129,985	1,129,985	-
Other services	-	-	-	10,609,962
Depreciation	3,640,309	1,178,345	4,818,654	-
Total operating expenses	15,652,109	5,973,103	21,625,212	10,609,962
Operating income (loss)	2,667,008	(197,644)	2,469,364	127,546
Non-Operating Revenues (Expenses):				
Ad valorem taxes	415	-	415	-
Investment earnings	859,719	292,540	1,152,259	85,533
Gain(Loss) on disposal of capital assets	5,474	12,000	17,474	-
White goods disposal tax	-	24,178	24,178	-
Tire disposal tax	-	169,052	169,052	-
Franchise fees	-	48,258	48,258	-
Solid waste disposal tax	-	84,419	84,419	-
NC electronics management fund distribution	-	15,530	15,530	-
Federal and State grants, non-capital	-	833,550	833,550	-
Interest and fees	(1,556,898)	(79,471)	(1,636,369)	-
Total non-operating revenues (expenses)	(691,290)	1,400,056	708,766	85,533
Income (loss) before contributions and transfers	1,975,718	1,202,412	3,178,130	213,079
Capital contributions	2,430,569	-	2,430,569	-
Transfers from other funds	-	-	-	800,000
Change in net position	4,406,287	1,202,412	5,608,699	1,013,079
Net position, beginning	100,055,896	4,551,158	104,607,054	873,120
Net position, ending	$ 104,462,183	$ 5,753,570	$ 110,215,753	$ 1,886,199

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities			
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 18,550,499	$ 5,821,808	$ 24,372,307	$ 10,735,161
Cash paid for goods and services	(11,407,468)	(1,213,331)	(12,620,799)	(10,406,300)
Cash paid on behalf of employees	(3,873,334)	(2,965,571)	(6,838,905)	-
Net cash provided by operating activities	3,269,697	1,642,906	4,912,603	328,861
Cash flows from noncapital financing activities:				
Ad valorem taxes	415	-	415	-
White goods disposal tax	-	24,178	24,178	-
Tire disposal tax	-	169,052	169,052	-
Franchise fees	-	48,258	48,258	-
Solid waste disposal tax	-	84,419	84,419	-
NC electronics management fund distribution	-	15,530	15,530	-
Transfers in	-	-	-	800,000
Net cash provided by non-capital financing activities	415	341,437	341,852	800,000
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(10,695,347)	(1,234,143)	(11,929,490)	-
Debt issued	12,333,375	-	12,333,375	-
Debt principal paid	(2,611,702)	(496,091)	(3,107,793)	-
Interest and fees paid	(1,556,898)	(79,471)	(1,636,369)	-
Capital contributions	674,000	-	674,000	-
Proceeds from sale of assets	5,474	12,000	17,474	-
Net cash (used) by capital and related financing activities	(1,851,098)	(1,797,705)	(3,648,803)	-
Cash flows from investing activities:				
Interest on investments	859,719	292,540	1,152,259	85,533
Net increase (decrease) in cash and cash equivalents	2,278,733	479,178	2,757,911	1,214,394
Cash and cash equivalents - beginning	39,291,648	11,010,878	50,302,526	3,766,439
Cash and cash equivalents - ending	$ 41,570,381	$ 11,490,056	$ 53,060,437	$ 4,980,833

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities			
	Water and Sewer Fund	**Solid Waste Fund**	**Total Enterprise Funds**	**Internal Service Funds**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 2,667,008	$ (197,644)	$ 2,469,364	$ 127,546
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,640,309	1,178,345	4,818,654	-
Amortization of deferred debt premium	(269,321)	-	(269,321)	-
Amortization of deferred charges of debt issuances	12,422	-	12,422	-
Landfill closure and postclosure care costs	-	1,129,985	1,129,985	-
Change in assets, liabilities, and deferred outflows and inflows of resources:				
(Increase) in receivables	(376,279)	(7,341)	(383,620)	(2,347)
Decrease in due from other governments	601,881	53,286	655,167	-
(Increase) decrease in prepaid items	(44)	292	248	8,650
(Increase) in deferred outflows-pension	(497,446)	(248,723)	(746,169)	-
Decrease in deferred outflows-OPEB	230,915	241,562	472,477	-
Increase in net pension liability	1,386,810	693,404	2,080,214	-
(Decrease) in net OPEB liability	(827,878)	(1,074,889)	(1,902,767)	-
(Decrease) in deferred inflows - pension	(680,950)	(340,475)	(1,021,425)	-
Increase in deferred inflows - OPEB	541,169	213,630	754,799	-
Increase (decrease) in accounts payable	(3,185,101)	(104)	(3,185,205)	195,012
Increase in customer deposits	5,780	404	6,184	-
Increase in compensated absences payable	20,422	1,174	21,596	-
Total adjustments	602,689	1,840,550	2,443,239	201,315
Net cash provided (used) by operating activities	$ 3,269,697	$ 1,642,906	$ 4,912,603	$ 328,861
Non-cash investing, capital, and financing activities:				
Contributed depreciable assets, net of accumulated depreciation	$ 1,756,569	$ -	$ 1,756,569	$ -

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Funds
Assets:	
Cash and cash equivalents	$ 185,468
Taxes receivable for other governments, net	56,633
Accounts receivable, net	3,380
Due from other governments	66,122
Total assets	311,603
Liabilities:	
Accounts payable and other accrued liabilities	88,929
Total liabilities	88,929
Net Position:	
Restricted:	
Individuals, organizations, and other governments	222,674
Total net position	$ 222,674

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	$ 5,862,696
Collections of gathered evidence	54,052
Collections of executed court orders	46,721
Collections on behalf of inmates	214,946
Total additions	6,178,415
Deductions:	
Tax distributions to other governments	5,876,859
Distribution of gathered evidence	23,309
Distribution of executed court orders	46,731
Payments on behalf of inmates	206,579
Total deductions	6,153,478
Net change in fiduciary net position	24,937
Net Position, beginning	197,737
Net Position, ending	$ 222,674

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

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Units

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., PO Box 680668, Charlotte, North Carolina 28216.

Lincoln Community Friends

Lincoln Community Friends, a 501(c)(3) corporation, was founded to obtain grants for Lincoln County. Lincoln Community Friends is made up of a nine-member Board, all of whom are appointed by the County Commissioners. The county can remove any member of the entity with or without cause. Lincoln Community Friends does not issue separate financial statements.

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government net position (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, although interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items, such as investment earnings, are ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the County. It is used to account for all financial resources of the general government, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, Federal and State grants, and user fees. The primary expenditures are for public safety, economic and physical development, human services, cultural and recreational, transportation, education, and general governmental services. Debt service payments of general long-term debt are accounted for in the General Fund.

Special Grants Fund. The Special Grants Fund is used to account for Federal and State grants that have been awarded to the County. This fund contains ARPA Funds and several smaller State and Federal grants.

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

Opioid Settlement Fund. The Opioid Settlement Fund is used to account for Opioid settlement monies that have been awarded to the County.

The County reports the following non-major governmental funds:

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

Capital Projects Funds. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The County has the following nonmajor capital projects funds: the School Capital Reserve Fund and the General Capital Projects Fund. The School Capital Reserve Fund is a legally adopted Capital Reserve Funds under North Carolina General Statutes. However, for statement presentation, in accordance with GASB Statement No. 54, the School Capital Reserve Fund is presented as a Capital Projects Funds. The budgetary comparison for the School Capital Reserve Fund and the General Capital Projects Fund have been included in the supplemental information.

The County reports all of its enterprise funds as major:

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

The County reports the following fund types:

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

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The county maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the county for the Municipality within the County, but that are not revenues of the County; the Sheriff Evidence Fund, which holds evidence monies until their disposition after court proceedings; the Sheriff Execution Fund, which accounts for funds seized by the Sheriff's Department at the direction of the legal system; and the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting a new customer to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. 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 judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable is not accrued as revenue in the governmental funds statement because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Capital Reserve Funds, enterprise funds and special revenue funds, except for two special revenue funds – Representative Payee Fund and Special Grants Fund. All unencumbered annual appropriations lapse at fiscal year-end. However, encumbered appropriations are re-appropriated in the ensuing year's budget. Project ordinances are adopted for the capital project funds and two special revenue funds – Representative Payee Fund and Special Grants Fund. All budgets are prepared using the modified accrual basis of accounting.

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

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

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

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

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

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

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

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

State law [G.S. 150-30] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both 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, the North Carolina Capital Management Trust (NCCMT), and the North Carolina Cooperative Liquid Assets Securities System (North Carolina CLASS). The County's investments are carried at fair value as determined by quoted market prices. The NCCMT is authorized by G.S 159-30. The NCCMT is an SEC registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody's Investor Services. The Government Portfolio is reported at fair value.

The North Carolina Cooperative Liquid Assets Securities System (NC CLASS) is an investment pool authorized by North Carolina General Statutes Section 159-30(c)(10) and was established by an Interlocal Agreement dated March 1, 2023, as amended, by the local governments pursuant to Section 160A-460 through Section 160A-464. The investments within North Carolina CLASS are limited to those qualifying for investment under Section 159-30(c). North Carolina CLASS has been rated AAAm by S & P.

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

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

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

Ad Valorem Taxes Receivable. In accordance with North Carolina G.S. 105.347 and G.S. 159-13(a), the County levies ad valorem taxes on all real and personal property sited within the County. Other than taxes on motor vehicles, taxes are levied on July 1 of the fiscal year and are due 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, 2022. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Restricted Assets. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The unexpended bond proceeds are classified as restricted assets, because their use is completely restricted to the purpose for which the bonds were originally issued. Unearned revenue, prepaid grants are grants awarded and paid to the County before grant activities have commenced. Unexpended settlement proceeds are classified as restricted assets because these funds have been awarded to the County and the use is completely restricted by the agreement between the State of North Carolina and the pharmaceutical companies involved in the opioid litigation.

Fund	Description	Amount
General Fund	Unearned revenue, prepaid grants	$ 324,836
General Capital Projects Fund	Unexpended proceeds	8,218,567
Special Revenue - Special Grants Fund	Unearned revenue, prepaid grants	10,764,642
Special Revenue - Opioid Settlement Fund	Unexpended settlement proceeds	788,783
Water and Sewer Fund	Unexpended proceeds	1,418,196
Water and Sewer Fund	Customer deposits	126,775
Solid Waste Fund	Customer deposits	2,815
Solid Waste Fund	Unearned revenue, prepaid grants	916,450
Total restricted cash		$ 22,561,064

Lease Receivable. The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

Inventory. The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for resale, and is reported at lower of cost or market.

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items for the County's governmental funds are treated using the consumption method.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Lincoln County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Lincoln County Board of Education.

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) in accordance with the requirements of GASB 87.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

Asset	Years
Buildings	25-50 years
Infrastructure	30-50 years
Furniture and office equipment	5-20 years
Equipment	7-15 years
Heavy duty vehicles	10 years
Vehicles	6 years
Computer software	5 years
Water and sewer lines	25-80 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet this criteria – a charge on refunding, and pension and OPEB related deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, property taxes receivable unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, pension and OPEB related deferrals.

Long Term Obligations

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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 debt proceeds received, are reported as debt service expenditures.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. In the County’s governmental and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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.

Opioid Settlement Funds

In April, 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

1) 15% directly to the State (State Abatement Fund)
2) 80% to abatement funds established by Local Governments ("Local Abatement Funds")
3) 5% to a County incentive

The County received $773,842 as part of this settlement in Fiscal Year 2023. Per the terms of the MOA, the County put these funds in the Special Revenue – Opioid Settlement Fund, to account for them. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic, and Option B, which allows additional opioid remediation activities.

Reimbursement for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replaced lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated $16,726,052 of fiscal recovery funds to be paid in two equal installments. The first installment of $8,363,026 was received in July, 2021. The second installment was received in August, 2022. In Fiscal Year 2023, County staff and the Board of Commissioners have elected to use $10,000,000 of the ARPA funds for revenue replacement, $26,480 for an Interactive Voice Response System for Billing and Collections, $1,142,436 on HVAC upgrades on several County buildings, and $721,329 to reimburse the Health Fund for COVID expenditures. The remaining funds will be used on various projects allowed by the ARPA.

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

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

The governmental fund types classify fund balances as follows:

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

Prepaid items – portion of fund balance that is not an available resource, because it represents prepaid amounts, which are not spendable resources. Non-spendable fund balance for prepaid items was $304,217 at June 30, 2023.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource. The lease receivable excess balance was $150 at June 30, 2023. This is an immaterial amount, but GASB requires us to disclose.

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

Restricted for Stabilization by State Statute – North Carolina GS 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in GS 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State Statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaid items as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for General Government – portion of fund balance restricted by State statute for unspent debt proceeds, and Register of Deeds automation enhancement (software) improvements.

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

Restricted for Transportation – portion of fund balance restricted by revenue source to be used to support public transit activities.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source to be used for economic development activities.

Restricted for Culture and Recreation – portion of fund balance restricted by revenue sources to be used for parks and libraries.

Restricted for Human Services – portion of fund balance restricted by revenue sources to be used for human service activities, such as health administration.

Restricted fund balance at June 30, 2023 is as follows:

Purpose:	General Fund	Special Grants Fund	Opioid Settlement Fund	Capital Reserve Fund	Other Governmental Funds
Restricted, All Other:					
Stabilization by State statute	$ 11,484,497	$ 4,076,420	$ 506	$ 13,538	$ 11,946,502
General government	-	603,205	-	-	1,930,828
Public safety	2,485,811	1,372	-	-	9,474,042
Transportation	-	1,745,275	-	-	-
Economic and physical development	-	-	-	-	2,889,239
Culture and recreation	-	79,390	-	-	1,604,394
Human Services	244,362	8,955	788,783	-	111,390
	$ 14,214,670	$ 6,514,617	$ 789,289	$ 13,538	$ 27,956,395

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds less payables from these proceeds of $7,795,935, Register of Deeds' Pension Plan of $201,441 and unexpended opioid settlement proceeds of $8,009,691 for a net difference of $415,197.

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

Committed for General Government – portion of fund balance committed by the Board to be used for future traffic flow studies in various areas of the County.

Committed for Public Safety – portion of fund balance committed by the Board of Commissioners for construction of a new animal shelter and an emergency services facility.

Committed for Economic and Physical Development – portion of fund balance committed by the Board to be used for future business parks.

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

Committed for Culture and Recreation – portion of fund balance committed by the Board of Commissioners for construction of recreational facilities in the County.

Committed fund balance at June 30, 2023 is as follows:

Purpose:	General Fund	Capital Reserve Fund	Other Governmental Funds
General government	$ 2,136,000	$ -	$ -
Future Capital Projects:			
Public safety	-	15,003,827	-
Economic and physical development	-	3,157,095	-
Culture and recreation	-	2,923,490	-
Education	-	-	1,450,704
	$ 2,136,000	$ 21,084,412	$ 1,450,704

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

Assigned for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approved the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by function or appropriation within funds up to $50,000.

Assigned for General Government – portion of fund balance assigned for possible building renovations and increase pension costs.

Assigned for Public Safety – portion of fund balance assigned for an expansion of the Jail facility, increased costs for a new Animal Services facility, a firing range and the addition of School Resource Officers to each elementary school in the County.

Assigned for Economic Development – portion of fund balance assigned for future business parks and development.

Assigned for Culture and Recreation – portion of fund balance assigned for possible expansion of the County public library system.

Assigned fund balance at June 30, 2023 is as follows:

Purpose:	General Fund
Subsequent year's expenditures	$ 2,450,632
Future Projects:	
General government	3,401,401
Public safety	10,726,952
Economic development	1,290,287
Culture and recreation	4,070,000
	$ 21,939,272

Unassigned Fund Balance. Represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

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

Lincoln County has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of expenditures.

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

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

Total fund balance, General Fund	$ 71,705,403
Less:	
Prepaids	(304,217)
Leases	(150)
Stabilization for State statute	(11,484,497)
Fund balance available for appropriation	$ 59,916,539

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

	General Fund	Special Grants Fund	Other Governmental Funds
Encumbrances	$ 2,192,326	$ 3,871,732	$ 11,326,374

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

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.

Note 2. Deposits and Investments.

A. Deposits

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

At June 30, 2023, the carrying amount of the County's deposits with banks was $37,270,005. Balances with banks equaled $37,733,679. Of the bank balances, $1,000,000 was covered by federal depository insurance and $36,733,679 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The total amount of cash on hand and petty cash was $9,562.

B. Investments

At June 30, 2023, the County's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	$ 94,287,667	N/A	N/A
NC Cooperative Liquid Assets Securities System(NC CLASS)	Fair Value - Level 1	6,057,681	N/A	N/A
US government agencies	Fair Value - Level 2	18,904,616	18,904,616	-
Commercial Paper	Fair Value - Level 2	24,996,179	19,203,000	5,793,179
Total investments		$ 144,246,143	$ 38,107,616	$ 5,793,179

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service.

NC CLASS Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. NC CLASS has an AAAm rating from S & P.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2023 the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by

S&P and AAA-mf by Moody's Investor Services as of June 30, 2023. The County's Investment in the North Carolina Cooperative Liquid Assets Securities System carried a credit rating of AAAm by Standard and Poor's. The County's investments in US government agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. The County has a policy that investments will be diversified to alleviate the risk of over concentration of assets in a specific issuer or a specific class of securities. More than 5% of the County's investments in commercial paper are in Toyota. This investment is 6.14% of the County's total investments.

Note 3. Receivables

A. Detail

Receivables at the government-wide level at June 30, 2023 were as follows:

	Taxes	Accounts	Due from Other Governments	Lease	Total
Governmental activities:					
General Fund	$ 920,993	$ 3,050,122	$ 8,444,114	$ 9,753	$ 12,424,982
Special Grants Fund	-	36,250	168,438	-	204,688
Opioid Settlement Fund	-	10,012,619	-	-	10,012,619
Capital Reserve Fund	-	13,538	-	-	13,538
Other governmental Funds	137,977	4,334	615,794	-	758,105
Total receivables	1,058,970	13,116,863	9,228,346	9,753	23,413,932
Allowance for doubtful accounts	(428,132)	(3,674,009)	-	-	(4,102,141)
Total governmental activities	$ 630,838	$ 9,442,854	$ 9,228,346	$ 9,753	$ 19,311,791
Business-type activities:					
Water and Sewer Fund	$ 2,385	$ 1,709,906	$ 406,014	$ -	$ 2,118,305
Solid Waste Fund	-	244,648	154,610	-	399,258
Total receivables	2,385	1,954,554	560,624	-	2,517,563
Allowance for doubtful accounts	(2,385)	(369,787)	-	-	(372,172)
Total business-type activities	$ -	$ 1,584,767	$ 560,624	$ -	$ 2,145,391

The total due from other governments consists of the following:

Governmental activites	$ 9,228,346
Business-type activities	560,624
Total due from other governments	$ 9,788,970
Local option sales tax	$ 6,109,416
Various federal and state grants	821,040
Ambulance Cost Settlement	348,852
Local reimbursements and utility revenues	25,485
Scrap tire tax	43,032
Solid waste disposal tax	20,972
Sales tax reimbursements	1,570,764
Vehicle tax system	849,409
Total due from other governments	$ 9,788,970

On 07/01/2021, Lincoln County entered into a 56-month lease as Lessor for the use of a Nursing Home. An initial lease receivable was recorded in the amount of $16,680. As of 06/30/2023, the value of the lease receivable is $9,753. The lessee is required to make monthly fixed payments of $300. The lease has an interest rate of 1.0590%. The Land estimated useful life was zero months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was $9,603, and Lincoln County recognized lease revenue of $3,539 during the fiscal year. The lessee has one extension option(s), each for 180 months.

At June 30, 2023, taxes receivable for other governments in the Custodial Fund is net of an allowance for doubtful accounts of $53,705.

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

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

Year Levied	Tax	Interest	Total
2020	2,042,979	485,208	2,528,187
2021	2,127,239	313,769	2,441,008
2022	2,154,236	123,869	2,278,105
2023	2,452,725	-	2,452,725
Total	$ 8,777,179	$ 922,846	$ 9,700,025

Note 4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	$ 8,394,859	$ 34,499	$ -	$ -	$ 8,429,358
Construction in Progress	43,880,405	16,255,164	-	(8,625)	60,126,944
Total Capital Assets Not Being Depreciated	52,275,264	16,289,663	-	(8,625)	68,556,302
Capital Assets Being Depreciated:					
Buildings	74,340,344	-	-	-	74,340,344
Improvements	17,409,029	1,218,835	-	-	18,627,864
Equipment	21,598,855	1,107,524	(21,542)	8,625	22,693,462
Vehicles	15,289,749	1,988,896	(339,985)	-	16,938,660
Total Capital Assets Being Depreciated	128,637,977	4,315,255	(361,527)	8,625	132,600,330
Less: Accumulated depreciation for:					
Buildings	(18,456,386)	(1,476,533)	-	-	(19,932,919)
Improvements	(6,755,275)	(735,910)	-	-	(7,491,185)
Equipment	(12,017,980)	(1,673,037)	6,690	-	(13,684,327)
Vehicles	(9,791,898)	(1,433,767)	339,985	-	(10,885,680)
Total accumulated depreciation	(47,021,539)	(5,319,247)	346,675	-	(51,994,111)
Total capital assets being depreciated, net	81,616,438				80,606,219
Capital Assets Being Amortized:					
Right to use assets:					
Leased buildings	563,141	-	-	-	563,141
Leased equipment	105,724	-	-	-	105,724
Total Capital Assets Being Amortized	668,865	-	-	-	668,865
Less: Accumulated amortization for:					
Right to use assets:					
Leased buildings	(42,035)	(45,417)	-	-	(87,452)
Leased equipment	(26,123)	(26,123)	-	-	(52,246)
Total accumulated amortization	(68,158)	(71,540)	-	-	(139,698)
Total capital assets being amortized, net	600,707				529,167
Governmental Activities Capital assets, net	$ 134,492,409				$ 149,691,688

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	$ 838,427	$ -	$ -	$ -	$ 838,427
Construction in Progress	44,487,216	10,467,866	-	(348,169)	$ 54,606,913
Total Capital Assets Not Being Depreciated	45,325,643	10,467,866	-	(348,169)	55,445,340
Capital Assets Being Depreciated:					
Buildings	41,787,579	-	-	-	41,787,579
Improvements	935,461	-	-	-	935,461
Water lines	53,180,408	1,049,848	-	-	54,230,256
Sewer lines	27,680,516	825,463	-	-	28,505,979
Equipment	4,076,638	108,739	-	348,169	4,533,546
Vehicles	1,387,130	-	(15,275)	-	1,371,855
Total Capital Assets Being Depreciated	129,047,732	1,984,050	(15,275)	348,169	131,364,676
Less: Accumulated depreciation for:					
Buildings	(17,534,689)	(1,337,281)	-	-	(18,871,970)
Improvements	(540,909)	(40,898)	-	-	(581,807)
Water lines	(21,799,557)	(1,147,002)	-	-	(22,946,559)
Sewer lines	(8,626,470)	(806,683)	-	-	(9,433,153)
Equipment	(2,940,937)	(218,832)	-		(3,159,769)
Vehicles	(1,080,686)	(89,613)	15,275	-	(1,155,024)
Total accumulated depreciation	(52,523,248)	(3,640,309)	15,275	-	(56,148,282)
Total capital assets being depreciated, net	76,524,484				75,216,394
Water & Sewer Fund Capital assets, net	121,850,127				130,661,734
Solid Waste Fund:					
Capital Assets Not Being Depreciated:					
Land	640,648	-	-	-	640,648
Construction in Progress	-	18,000	-	-	18,000
Total Capital Assets Not Being Depreciated	640,648	18,000	-	-	658,648
Capital Assets Being Depreciated:					
Buildings	538,923	-	-	-	538,923
Improvements	18,092,989	-	-	-	18,092,989
Equipment	4,301,826	833,281	-		5,135,107
Vehicles	3,206,073	382,862	(140,819)	-	3,448,116
Total Capital Assets Being Depreciated	26,139,811	1,216,143	(140,819)	-	27,215,135
Less: Accumulated depreciation for:					
Buildings	(291,058)	(10,778)	-	-	(301,836)
Improvements	(11,895,120)	(642,835)	-	-	(12,537,955)
Equipment	(3,108,331)	(273,886)	-	-	(3,382,217)
Vehicles	(1,768,203)	(250,846)	140,819	-	(1,878,230)
Total accumulated depreciation	(17,062,712)	(1,178,345)	140,819	-	(18,100,238)
Total capital assets being depreciated, net	9,077,099				9,114,897
Solid Waste Fund capital assets, net	9,717,747				9,773,545
Business-type activities capital assets, net	$ 131,567,874				$ 140,435,279

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

General government	$ 1,574,623
Public Safety	2,592,319
Transportation	132,604
Economic and Physical Development	189,523
Culture & Recreation	651,178
Human Services	250,540
Total	$ 5,390,787
Business-Type Activities	
Water and sewer	$ 3,640,309
Solid Waste	1,178,345
	$ 4,818,655

Net Investment in Capital Assets

	Governmental Activities	Water & Sewer Fund	Solid Waste Fund	Business-type Activities
Capital assets, net	$ 149,162,521	$ 130,661,734	$ 9,773,545	$ 140,435,279
Right to use leased assets, net	529,167	-	-	-
	149,691,688	130,661,734	9,773,545	140,435,279
Long-term debt outstanding	(91,696,444)	(63,127,119)	(3,049,329)	(66,176,448)
School debt for which the County does not hold asset title	22,979,579	-	-	-
Premium on school related debt	922,743	-	-	-
Discount on school related debt	(16,487)	-	-	-
Unspent debt proceeds	7,795,935	517,110	-	517,110
Total related debt	(60,014,674)	(62,610,009)	(3,049,329)	(65,659,338)
Net investment in capital assets	$ 89,677,014	$ 68,051,725	$ 6,724,216	$ 74,775,941

Note 5. Liabilities

A. Payables

Payables at the government-wide level at June 30, 2023 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental activities:					
General Fund	$ 3,234,313	$ 2,520,890	$ 288,075	$ 3,999,398	$ 10,042,676
Special Grants Fund	165,467	-	-	-	165,467
Other governmental Funds	452,454	-	-	1,287,969	1,740,423
Total governmental activities	$ 3,852,234	$ 2,520,890	$ 288,075	$ 5,287,367	$ 11,948,566
Business-type activities:					
Water and Sewer Fund	$ 1,300,249	$ 128,206	$ 711,541	$ 69,911	$ 2,209,907
Solid Waste Fund	102,089	76,024	23,567	-	201,680
Total business-type activities	$ 1,402,338	$ 204,230	$ 735,108	$ 69,911	$ 2,411,587

Construction Commitments

The government has active construction projects as of June 30, 2023. At that date, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Animal Services Expansion	$ 931,608	$ 322,717
Courthouse Construction	37,440,294	1,924,051
West Lincoln Passive Park	1,686,009	1,149,391
Emergency Services Facility	13,546,538	5,953,462
Communication/CAD System	1,943,024	1,017,699
Jail Expansion	690,730	959,342
Airport Land Grading	19,782	2,089,239
Beattys Ford Park	18,047	421,953
NC 16 Waterline Phase II	646,892	1,753,108
St James/Kidville Waterline	29,747	1,170,253
Water Transmission Line	210,924	5,889,076
Water Treatment Plant Expansion	12,478,013	2,199,644
Reepsville Road Waterline	8,081,904	165,061
Pump Station 29	39,970	690,030
Wastewater Treatment Plant Exp	32,953,512	3,606,988
Total	$ 110,716,994	$ 29,312,014

B. Long-Term Debt

Leases Payable. The County has entered into agreements to lease building space and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On July 1, 2021, Lincoln County entered into a 48 month lease as Lessee for the use of Sharp-Copiers. An initial lease liability was recorded in the amount of $105,724. As of June 30, 2023, the value of the lease liability is $53,317. Lincoln County is required to make monthly payments of $2,242. The lease has an interest rate of 0.8930%. The Equipment has an estimated useful life of forty eight months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of $105,724 with accumulated amortization of $52,245 is included with leased equipment on the capital assets activities table.

On July 1, 2021, Lincoln County entered into a 360 month lease as Lessee for the use of Howards Creek VFD. An initial lease liability was recorded in the amount of $472,499. As of June 30, 2023, the value of the lease liability is $450,415. Lincoln County is required to make annual fixed payments of $22,797. The lease has an interest rate of 2.583%. The buildings estimated useful life was two hundred forty months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of $472,499 with accumulated amortization of $31,451 is included with leased buildings on the capital assets activities table.

On August 12, 2021, Lincoln County entered into a 36 month lease as Lessee for the use of Sheriff Space. An initial lease liability was recorded in the amount of $90,642. As of June 30, 2023, the value of the lease liability is $34,843. Lincoln County is required to make monthly fixed payments of $2,500. The lease has an interest rate of 0.719%. The Building estimated useful life was 36 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of $90,642 with accumulated amortization of $56,002 is included with leased buildings on the capital assets activities table.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	67,550	12,154	79,704
2025	43,224	11,480	54,704
2026	11,747	11,050	22,797
2027	12,050	10,747	22,797
2028	12,361	10,435	22,796
2029-2033	66,764	47,220	113,984
2034-2038	75,843	38,140	113,983
2039-2043	86,158	27,826	113,984
2044-2048	97,875	16,108	113,983
2049-2052	65,003	3,387	68,390
Total	$ 538,575	$ 188,547	$ 727,122

General Obligation Indebtedness. All general obligation bonds serviced by the County's General Fund are backed by the full-faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Each issuance has been collateralized by the asset being financed.

The County's general obligation bonds at June 30, 2023 are comprised of the following issues:

Governmental Activities:	
Direct Placement General Obligation Bonds	
$17,895,000 2012A Advance Refunding School serial bonds, due in annual installments ranging from $100,000 to $3,195,000 through June 1, 2024; interest rates from 2.00% to 4.00%; due June 1 and December 1	2,725,000
$13,190,000 2017 School Refunding issued to refund the 2010B and 2011B bonds, due in annual installments from $124,000 to $2,095,000 through June 1, 2029; interest at 2.29%; due June 1 and December 1	9,991,000
$10,230,000 2019 School Refunding issued to refund the 201A School and Public Facilities Bond, due in annual installments of $685,000 to $1,845,000 through June 1, 2027; interest at 5%, due June 1 and December 1	7,410,000
Total direct placment general obligation bonds	$ 20,126,000

Revenue Bond Indebtedness. All enterprise revenue bonds serviced by the County's Water and Sewer Fund are backed by the revenues of the water and sewer utility system. Principal and interest requirements are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Each issuance has been collateralized by the revenues of the utility system.

The County's revenue bonds at June 30, 2023 are comprised of the following issues:

Business-Type Activities:	
Revenue Bonds	
$13,895,000 2018 Enterprise Revenue Bonds, due in annual installments ranging from $280,000 to $825,000 through August 1, 2043; interest rates from 3.25% to 5.00%; due August 1 and February 1	$ 12,045,000
$28,435,000 2020 Enterprise Revenue Bonds, due in annual installments ranging from $880,000 to $1,820,000 through August 1, 2041; interest rate of 1.65%, due August 1 and February 1	26,650,000
Total revenue bonds Water and Sewer Fund	$ 38,695,000

Installment Purchase Agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchases. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. Each issuance has been collateralized by the asset being financed. Installment purchase contracts at June 30, 2023, are comprised of the following individual agreements:

Governmental Activities:	
General Fund:	
Direct Placements:	
$19,640,000 2021 installment financing contract, issued to fund the Emergency Services facility, due in annual installments from $980,000 to $985,000 through October 1, 2041; interest payments due April 1 and October 1 at 4.00%	$ 18,655,000
$7,845,000 2013 School Refunding installment contract issued to partially refund the 2006 COPS; due in annual installments from $93,000 to $1,078,000 through June 1, 2027; interest from 1.776% to 2.252%; interest payments due June 1 and December 1	3,951,000
$1,650,000 2008 State Revolving Loan issued for water source protection and passive park; due in annual installments of $82,500 through May 1, 2028; interest at 1.00%; interest payments due May 1 and November 1	412,500
$11,139,000 2017 installment financing contract, issued to fund the Health Department renovation and VIPER construction, due in annual installments from $441,000 to $1,240,000 through October, 2032; interest at 2.35% due April 1 and October 1	5,089,000
$6,115,000 2014 installment financing contract, issued to fund various capital projects; due in semi-annual installments of $216,667, plus interest at 3.02%; through June 26, 2029	2,445,922
$8,858,000 2016 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from $280,000 to $646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15	1,459,000
$11,511,000 2019 installment financing contract, issued to fund various capital projects in the General Fund and Solid Waste Fund; due in semi annual installments of $768,000 through April, 2034; interest at 3.04%	6,972,750
$36,500,000 2020 installment financing contract, issued to fund the construction of a new Courthouse; due in semi annual installments of $1,825,000 through June 1, 2040; interest at 2.70%	31,025,000
Total governmental activities	$ 70,010,172

Business-Type Activities:	
Water and Sewer Fund:	
Direct Borrowings:	
$2,295,067 Federal Revolving Loan issued for water system improvements; due in annual installments of $135,004 through May 1, 2024; interest at 2.66%; due May 1 and November 1	$ 135,004
$7,513,965 Federal Revolving Loan issues for water system improvements; due in annual installments; interest at 1.13% due May 1 and November 1	3,123,398
$14,000,000 Federal Revolving Loan issued for water system improvements; due in annual installments; interest at 1.35%; due May 1 and November 1	12,600,000
Total direct borrowings	15,858,402
Direct Placements:	
$8,858,000 Sewer, Solid Waste and Building Refunding issued to refund various projects; due in annual installments from $280,000 to $646,000 through July 15, 2036; interest at 2.33% due January 15 and July 15	2,620,000
Total Water and Sewer Fund	18,478,402
Solid Waste Fund:	
Direct Placements:	
$385,000 2014 installment financing contract for land and vehicles, due in semi-annual installments of $12,827; plus interest at 3.02%; through June 26, 2029	154,077
$11,511,000 2019 installment financing contract, issued to fund various capital projects in the General Fund and Solid Waste Fund; due in semi-annual installments of $768,000 through April, 2034; interest at 3.04%	1,466,252
$8,858,000 Sewer, Solid Waste and Building Refunding issued to refund various projects; due in annual installments from $280,000 to $646,000 through July 15, 2036; interest at 2.33% due January 15 and July 15	1,429,000
Total Solid Waste Fund	3,049,329
Total business-type activities	21,527,731
Total direct borrowings and direct placements	$ 91,537,903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Changes in Long-Term Debt. The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Bonds payable					
Direct placement general obligation bonds					
Direct placement	$ 26,673,000	$ -	$ 6,547,000	$ 20,126,000	$ 6,354,000
Premium	1,526,185	-	470,599	1,055,586	-
Discount	(19,235)	-	(2,748)	(16,487)	-
Total direct placement general obligation bonds	28,179,950	-	7,014,851	21,165,099	6,354,000
Direct placement installment purchase					
Direct placement	76,323,914	-	6,313,742	70,010,172	5,632,742
Discount	(19,143)	-	(1,741)	(17,402)	-
Total direct placement installment purchase	76,304,771	-	6,312,001	69,992,770	5,632,742
Lease liabilities	605,394	-	66,819	538,575	67,550
Compensated absences	2,840,293	1,691,469	1,804,976	2,726,786	1,481,574
Net pension liability (LGERS)	7,250,835	21,033,283	-	28,284,118	-
Total pension liability (LEOSSA)	4,254,620	-	353,157	3,901,463	-
Net OPEB liability	59,485,467	-	11,895,196	47,590,271	-
Total governmental activities	$ 178,921,330	$ 22,724,752	$ 27,447,000	$ 174,199,082	$ 13,535,866
Business-type activities:					
Water and Sewer Fund:					
Bonds payable					
Revenue bonds	$ 39,940,000	$ -	$ 1,245,000	$ 38,695,000	$ 1,695,000
Premium	6,223,038	-	269,321	5,953,717	-
Total revenue bonds	46,163,038	-	1,514,321	44,648,717	1,695,000
Direct borrowings	4,735,729	12,333,375	1,210,702	15,858,402	1,210,702
Direct placement installment purchase	2,776,000	-	156,000	2,620,000	160,000
Compensated absences	149,703	145,157	124,735	170,125	106,578
Net pension liability (LGERS)	478,077	1,386,810	-	1,864,887	-
Net OPEB liability	3,965,698	-	827,878	3,137,820	-
Total Water and Sewer Fund	58,268,245	13,865,342	3,833,636	68,299,951	3,172,280
Solid Waste Fund:					
Direct placement installment purchase	3,545,420	-	496,091	3,049,329	504,091
Accrued landfill closure and post-closure care costs	8,368,252	1,129,985	-	9,498,237	-
Compensated absences	97,778	58,237	57,063	98,952	45,509
Net pension liability (LGERS)	239,039	693,404	-	932,443	-
Net OPEB liability	2,643,799	-	1,074,889	1,568,910	-
Total Solid Waste Fund	14,894,288	1,881,626	1,628,043	15,147,871	549,600
Total business-type activities	$ 73,162,533	$ 15,746,968	$ 5,461,679	$ 83,447,822	$ 3,721,880

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

At June 30, 2023, Lincoln County had a legal debt margin of approximately $918,750,000.

Revenue Bonds. In October, 2018, the County issued $13,895,000 Enterprise System Revenue Bonds to finance capital improvements at the Water Treatment Plant. With interest rates between 3.25% and 5%, the interest on the bonds is payable on February 1 and August 1. The revenue bonds, which mature on August 1, 2043 are reported in the Water and Sewer Fund. The net revenues of the Water and Sewer Fund have been pledged to secure the repayment of the bonds. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. The Principal and Interest payments made during the fiscal year on these bonds totaled $840,400. The net revenues of the Water and Sewer Fund for FY 23 were $18,319,117.

In October, 2020, the County issued $28,435,000 Enterprise System Revenue Bonds to finance capital improvements for the Wastewater Treatment Plant. The interest rate of 1.65% is payable on February 1 and August 1. The revenue bonds, which mature on August 1, 2041 are reported in the Water and Sewer Fund. The net revenues of the Water and Sewer Fund have been pledged to secure the repayment of the bonds. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order. In the event of a default, the county agrees to pay the Purchaser, on demand, interest on any and all amounts due and owing by the County under these agreements. The Principal and Interest payments made during the fiscal year on these bonds totaled $1,999,925. The net revenues of the Water and Sewer Fund for FY 23 were $18,319,117. Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2024	1,695,000	1,521,825
2025	1,770,000	1,435,200
2026	1,855,000	1,344,575
2027	1,940,000	1,249,700
2028	2,035,000	1,150,325
2029-2033	10,010,000	4,216,450
2034-2038	9,595,000	2,468,875
2039-2043	8,970,000	820,769
2044-2048	825,000	15,469
Total	$ 38,695,000	$ 14,223,188

The County is in compliance with the covenants as to rates, fees, rentals and charges in Section 7.4 of the Bond Order authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2018 and Series 2020. Section 7.4(a) of the Bond Order requires the debt service coverage ratio to be no less than 120% of the Revenue Bond debt service for the year. In addition, Section 7.4(b) of the Bond Order also requires that the debt service coverage ratio be no less than 100% of the Long Term Debt Service Requirement for Parity Indebtedness, Subordinated Indebtedness, System G.O. Indebtedness and System Other Indebtedness for such Fiscal Year.

The debt service coverage ratio calculations for the year ended June 30, 2023, is as follows:

Operating revenues	$	18,319,117
Operating expenses*		12,011,800
Operating income		6,307,317
Nonoperating revenues (expenses)		(691,290)
Income available for debt service		5,616,027
15% of unrestricted net position of System		5,461,569
Available for debt service	$	11,077,596
Debt service, principal and interest paid (Revenue bond only)	$	2,545,066
Debt service coverage ratio		435.26%

*Per rate covenants, this does not include the depreciation expense of $3,640,309.

Total debt service coverage ratio:

Operating revenues	$	18,319,117
Operating expenses*		12,011,800
Operating income		6,307,317
Nonoperating revenues (expenses)		(691,290)
Income available for debt service	$	5,616,027
Debt service, principal and interest paid	$	4,168,600
Debt service coverage ratio		134.72%

*Per rate covenants, this does not include the depreciation expense of $3,640,309.

Future Maturities for Long-Term Indebtedness. The following tables summarize the annual requirements to amortize all long-term debt outstanding (excluding compensated absences, law enforcement officers' unfunded retirement contribution, other post-employment benefits, and accrued landfill closure/post-closure care costs):

	Direct Placement General Obligation Bonds		Direct Placement Installment Purchase Agreements	
	Principal	**Interest**	**Principal**	**Interest**
Governmental Activities:				
2024	$ 6,354,000	$ 708,294	$ 5,632,742	$ 1,692,114
2025	3,591,000	465,377	5,613,742	1,554,805
2026	3,550,000	332,737	5,594,916	1,417,924
2027	3,507,000	201,443	5,573,916	1,281,477
2028	2,095,000	71,540	4,410,076	1,145,497
2029-2033	1,029,000	23,564	20,540,041	4,132,701
2034-2038	-	-	15,074,739	1,878,386
2039-2043	-	-	7,570,000	298,352
Total	$ 20,126,000	$ 1,802,955	$ 70,010,172	$ 13,401,256

	Revenue Bonds		Direct Borrowings		Direct Placement Installment Purchase Agreements	
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
Business-Type Activities:						
2024	$ 1,695,000	$ 1,521,825	$ 1,210,702	$ 177,306	$ 664,091	$ 120,237
2025	1,770,000	1,435,200	864,389	164,571	676,091	105,843
2026	1,855,000	1,344,575	864,389	155,428	687,917	91,223
2027	1,940,000	1,249,700	864,389	146,286	700,917	76,370
2028	2,035,000	1,150,325	864,389	137,143	334,917	64,853
2029-2033	10,010,000	4,216,450	4,321,945	548,570	1,634,133	206,048
2034-2038	9,595,000	2,468,875	4,321,945	320,000	971,263	36,198
2039-2043	8,970,000	820,769	2,546,254	91,429	-	-
2044-2048	825,000	15,469	-	-	-	-
Total	$ 38,695,000	$ 14,223,188	$ 15,858,402	$ 1,740,733	$ 5,669,329	$ 700,772

Debt Related to Capital Activities

Of the total governmental activities debt listed, $67,156,593 relates to assets to which the County holds title, while the remaining $22,979,579 is related to assets owned and utilized by the school system. Unspent restricted cash related to this debt amount amounts to $7,795,935.

Advance Refunding

On August 21, 2017 the County issued $13,190,000 in installment debt for the purpose of an advance refunding of the Series 2010B and 2011B General Obligation Bonds in the amount of $12,175,000. The proceeds were placed in an irrevocable trust to be used for all future debt service payments. As a result, the Bonds are considered to be defeased, and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $874,827. This amount is being netted against the new debt and amortized over the life of the refunded debt. This refunding is related to assets owned and utilized by the school system. This advance refunding was undertaken to reduce total debt service payments over the life of the debt by $845,360 and resulted in an economic gain of $743,226.

Refunding

On June 19, 2019 the County issued $10,230,000 general obligation current refunding bonds to provide resources to refund $11,800,000 general obligation bonds, Series 2010A, dated February 9, 2010. As a result, the refunded bonds are defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $236,753. The refunding was undertaken to reduce total debt service payments by $1,138,336 and resulted in an economic gain of $1,063,694.

On August 26, 2020 the County issued $13,760,000 Enterprise Revenue Bonds to provide resources to refund $7,940,000 enterprise revenue bonds, Series 2019, dated October 10, 2019 and $8,811,000 in State Revolving Loan, dated 2010. As a result, the refunded bonds are defeased and the liability has been removed from the business-type activities of the statement of net position. The refunding was undertaken to reduce total debt service payments by $1,765,191 and resulted in an economic gain of $1,566,741.

Note 6. Pension Plan Obligations

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Plan (RODSPF) (collectively, the "State-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the State-administered defined benefit pension plans and additions to/deductions from the State administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the State-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the State-administered defined benefit pension plans.

A. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, and the State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service, or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service, or within 180 days of their last day of service, and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty), or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service, and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as an LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Lincoln County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Lincoln County's contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from Lincoln County were $5,613,841 for the year ended June 30, 2023.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported a liability of $31,081,448 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing the updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the County's proportion was 0.55095% (measured as of June 30, 2022), which was an increase of 0.03139% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023 the County recognized pension expense of $9,087,391. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,339,271	$ 131,308
Changes of assumptions	3,101,231	-
Net difference between projected and actual earnings on pension plan investments	10,272,744	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	755,434	164,672
County contributions subsequent to the measurement date	5,613,841	-
Total	$ 21,082,521	$ 295,980

$5,613,841 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		Amount
2024	$	4,859,039
2025		4,057,753
2026		1,361,781
2027		4,894,127
2028		-
Thereafter		-
Total	$	15,172,700

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality tables that vary by age, gender, employee group (i.e., general and law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. public plan population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projects are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Oppportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with an investing consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.5%. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.5%) or one-percentage point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
County's proportionate share of the net pension liability (asset)	$ 56,098,010	$ 31,081,448	$ 10,466,348

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

B. Law Enforcement Officers' Special Separation Allowance

Description. Lincoln County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined-benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual base rate of compensation multiplied by total creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. North Carolina G.S. 143-12D assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	123
Total	130

A separate report was not issued for the plan.

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. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25 - 7.75% including inflation and productivity factor
Discount rate	4.31%

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality Assumptions: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward 3 years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior To Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Contribution Requirements and Contributions Made. The County is required by North Carolina G.S. 143-12D to provide these retirement benefits and has chosen to fund benefit payments on a pay-as-you-go basis through appropriations in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established by statute and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investments earnings. The County paid $108,247 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported a total pension liability of $3,901,463. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of $487,183.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 445,185	$ 305,547
Changes of assumptions	704,835	712,920
County benefit payments and plan administrative expense made subsequent to the measurement date	108,247	-
Total	$ 1,258,267	$ 1,018,467

$108,247, reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		**Amount**
2024	$	110,348
2025		142,104
2026		96,237
2027		(72,799)
2028		(122,300)
Thereafter		(22,037)
Total	$	131,553

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 2.25 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.25 percent) or one-percentage-point higher (3.25 percent) than the current rate.:

	1% Decrease (3.31%)	**Current Discount Rate (4.31%)**	**1% Increase (5.31%)**
Total pension liability	$ 4,239,745	$ 3,901,463	$ 3,595,115

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

		2023
Beginning balance	$	4,254,620
Service cost		268,641
Interest on the total pension liability		94,120
Difference between expected and actual experience		161,471
Changes of assumptions and other inputs		(734,386)
Benefit payments		(143,003)
Ending balance of the total pension liability	$	3,901,463

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% at the December 31, 2021 measurement date to 4.31% at the December 31, 2022 measurement date.

Change in benefit terms. Reported compensation was adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. North Carolina G.S. 135-5 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

North Carolina G. S. 143-12E requires the County to contribute each month an amount equal to 5% 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, 2023 were $533,636 which consisted of $388,514 from the County and $145,122 from the law enforcement officers. No amounts were forfeited.

D. Registers of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, and the State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $9,532 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported an asset of $132,008 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023, the County's proportion was 0.99704%, (measured as of June 30, 2022) which was a decrease of 0.02862% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of $18,677. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,017	$ 2,393
Changes of assumptions	6,989	-
Net different between projected and acutal earnings on pension plan investments	54,867	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,916	4,495
County contributions subsequent to the measurement date	9,532	-
Total	$ 76,321	$ 6,888

$9,532, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	$ 13,724
2025	14,112
2026	18,266
2027	13,799
2028	-
Thereafter	-
Total	$ 59,901

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.9% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 is 1.1%.

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one-percentage-point lower (2.00%) or one-percentage-point higher (4.00%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	$ (152,158)	$ (132,008)	$ (224,673)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

E. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2022, with an actuarial valuation date of December 31, 2021. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	$ 31,081,448	$ (132,008)	n/a	$ 30,949,440
Proportion of the Net Pension Liability (Asset)	0.55095%	-0.99704%	n/a	n/a
Total Pension Liability	-	-	3,901,463	3,901,463
Pension Expense	$ 9,087,391	$ 18,677	$ 487,183	$ 9,593,251

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 1,339,271	$ 1,017	$ 445,185	$ 1,785,473
Changes of assumptions	3,101,231	6,989	704,835	3,813,055
Net difference between projected and actual earnings on plan investments	10,272,744	54,867	-	10,327,611
Changes in proportion and differences between County contributions and proportionate share of contributions	755,434	3,916	-	759,350
County contributions (LGERS, ROD) benefit payments and administration costs (LEOSSA) subsequent to the measurement date	5,613,841	9,532	108,247	5,731,620
Total Deferred Outflows of Resources	$ 21,082,521	$ 76,321	$ 1,258,267	$ 22,417,109
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 131,308	$ 2,393	$ 305,547	$ 439,248
Changes of assumptions	-	-	712,920	712,920
Net difference between projected and actual earnings on plan investments	-	-		-
Changes in proportion and differences between County contributions and proportionate share of contributions	164,672	4,495	-	169,167
Total Deferred Inflows of Resources	$ 295,980	$ 6,888	$ 1,018,467	$ 1,321,335

Note 7. Death Benefit Plan

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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. The County considers these contributions to be immaterial.

Note 8. Other Post-Employment Benefits (OPEB)

Plan Description. The County administers a single-employer, defined-benefit healthcare plan (the "HCB Plan"), which provides post-retirement healthcare, prescription drug, and dental benefits to retirees of the County, provided that they meet any of the retirement options available through the North Carolina Local Governmental Employees' Retirement System (LGERS), have at least 15 years of creditable service with the County, and were hired before July 1, 2013. The County pays the same cost of coverage for these benefits as current full-time employees pay. Also, retirees can purchase coverage for their dependents at the County's group rates. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Commencement of Service	Years of Creditable Service	County Contribution
Prior to September 1, 2005	20	County pays cost of coverage until sooner of 65th birthday or Medicare eligibility, then Medicare supplement until death
Prior to July 1, 2013	25	County pays cost of coverage until sooner of 65th birthday or Medicare eligibility, then Medicare supplement until death
Prior to July 1, 2013	15	Retiree may participate by paying full cost of coverage until the sooner of 65th birthday or Medicare eligibility
On or after July 1, 2013	Not eligible	Not eligible

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	173
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	242
Total	415

Total OPEB Liability

The County's total OPEB liability of $52,297,001 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Payroll growth assumption	3.25%
Salary increases, including wage inflation	
General Employees	3.3% - 8.3%
Firefighters	3.3% - 8.3%
Law Enforcement Officers	3.3% - 7.8%
Municipal Bond Index Rate	
Prior Measurement Date	2.16%
Measurement Date	3.69%
Health Care Cost Trends	
Pre-Medicare	7.5 % for 2022 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.5 % for 2022 decreasing to an ultimate rate of 4.50% by 2030
Dental	3.50%

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Balance as of June 30, 2022	$	66,094,964
Changes for the year		
Service cost		1,396,640
Interest		1,410,231
Changes of benefit terms		-
Differences between expected and actual experience		(3,499,128)
Changes in assumptions or other inputs		(11,385,987)
Benefit payments		(1,719,719)
Net changes		(13,797,963)
Balance at June 30, 2023	$	52,297,001

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.69%

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the December 31, 2019 actuarial valuation, adopted by the LGERS Board.

The remaining actuarial assumption (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.69%) or one-percentage-point higher (4.69%) than the current discount rate:

	1% Decrease (2.69%)	**Current Discount Rate (3.69%)**	**1% Increase (4.69%)**
Total OPEB liability	$ 60,769,172	$ 52,297,001	$ 45,550,108

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	**Current Discount Rate**	**1% Increase**
Total OPEB liability	$ 45,163,538	$ 52,297,001	$ 61,312,215

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the County recognized OPEB expense of ($132,247). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 207,751	$ 4,750,732
Changes of assumptions	6,717,816	9,964,257
County contributions subsequent to the measurement date	1,836,385	-
Total	$ 8,761,952	$ 14,714,989

$1,836,385 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ending June 30, 2024.

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	
2024	$ (2,939,118)
2025	(2,212,409)
2026	(2,679,568)
2027	41,673
2028	-
Thereafter	-
Total	$ (7,789,422)

Note 9. Closure and Post-Closure Care Costs – Landfill Facility

The County's landfill consists of Phases I through VIII and an area used for construction and debris (C&D) materials. Cells have been constructed in Phase I, II, and III, accordingly, along with the C&D area. Federal and State laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $9,498,237 reported as landfill closure and post-closure care liability at June 30, 2023 represents a cumulative amount reported to date based on the use of landfill capacity in the County's sanitary and C&D

landfill sections. The sanitary landfill reported a cumulative amount of $8,029,100 to date based on the use of 64% of Phase I through IV's estimated capacity. The C&D portion reported a cumulative amount of $1,469,137 to date based on the use of 90% of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $4,679,606 as the remaining estimated capacity is filled. Of this amount, $4,516,369 is related to the remaining capacity in the sanitary landfill, and $163,237 is related to the C&D portion. The amounts are based on what it would cost to perform all closure and post-closure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phases I through III in the year 2026 for the sanitary portion and that same year for the C&D portion.

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

Note 10. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred charges	$ 808,879	$ -
(Pensions, OPEB) - difference between expected and actual experience	1,993,224	5,189,980
(Pensions) - Net difference between projected and actual investment earnings	10,327,611	-
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	759,350	169,167
(Pensions, OPEB) - change in assumptions	10,530,871	10,677,177
Contributions to pension plan subsequent to measurement date (LGERS, OPEB, LEOSSA)	7,558,473	-
Benefit payments and admin costs paid subsequent to the measurement date (ROD)	9,532	-
Leases		9,603
Prepaid taxes not yet earned	-	420,703
Government-wide deferred outflows and inflows of resources	31,987,940	16,466,630
Taxes receivable, net (General)	-	543,568
Taxes receivable, net (Special Revenue)	-	87,270
Opioid settlement receivable, net (Special Revenue)	-	8,009,691
Other receivables, net (General)	-	527,342
Total	$ 31,987,940	$ 25,634,501

Note 11. 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 two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of $2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of $250,000 per occurrence; and workers' compensation excess coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of $500,000, up to a $2 million limit for liability coverage, and single occurrence losses in excess of $750,000 for worker's compensation. Through the captive, the Liability and Property Pool is reinsured for $2,000,000 of annual aggregate losses in excess of $250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of $498 million purchased through a group of commercial carriers through the multi-state public entity captive.

In accordance with G.S. 159-29, the County's employees that have access to $100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director, Controller and Tax Collector are each individually bonded for $50,000. The Register of Deeds and the Sheriff are each individually bonded for $25,000. The remaining employees who have access to funds are bonded under a blanket bond for $250,000. Effective with the bond renewal on July 1, 2023 the County increased the bonding for the Finance Director to $1,000,000 in order to comply with S.L. 2022-53, Section 9(a).

The County carries flood insurance through the NCACC. This coverage provides flood insurance with a $25,000 deductible per occurrence.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities of the Health Benefits Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). The County's claims that are incurred, but not reported, are considered a current liability and are included in accounts payable of the Health Benefits Fund and the Workers' Compensation Fund (the internal service funds). The County has recognized provisions of $2,638,327 for claims incurred, but not reported, in the Health Benefits Fund and $244,541 for claims incurred, but not reported, in the Workers' Compensation Fund. These provisions are estimated based upon analysis of historical claims experience reviewed by the County's third-party administrator.

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

	2023	2022
Unpaid claims, beginning	$ 2,615,072	$ 1,882,022
Incurred claims	9,627,370	10,136,430
Claim payments	(9,359,574)	(9,403,380)
Unpaid claims, ending	$ 2,882,868	$ 2,615,072

Note 12. Interfund Activity

The transfer to/from other funds for the year ended June 30, 2023 were for the purpose of funding capital projects and consist of the following:

From	To	Purpose	Amount
General Fund	General Capital Projects Fund	Annual transfer to project fund	$ 2,491,780
Special Grants Fund	General Fund	To close projects	10,000,000
General Fund	Special Grants Fund	County match for grant projects	299,534
School Capital Reserve Fund	General Fund	Transfer for school monies from the lottery	800,000
Water & Sewer Capital Projects Fund	Water and Sewer Fund	To close projects	1,185,881
Capital Reserve Fund	General Capital Projects Fund	To fund projects	3,759,093
Water and Sewer Fund	Water & Sewer Capital Projects Fund	Annual transfer to project fund	365,000
General Fund	Health Internal Service Fund	To cover deficit	800,000
General Fund	E911 Fund	To match grant expenditures	119,624
General Fund	Capital Reserve Fund	Annual transfer of 1 cent	10,409,360
Total			$ 30,230,272

Note 13. Claims and Judgments

At June 30, 2023 the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

Note 14. Summary Disclosure of Significant Contingencies

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

Note 15. Related Organizations

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

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

Note 16. Related Party Transactions

The County and its discretely presented component unit engaged in the following transactions during the year ended June 30, 2023:

Lincoln County ABC Board:		
Payments to the County:		
For profit distributions	$	204,000
For law enforcement		62,800
For alcohol education		87,919
Total	$	354,719

Note 17. Joint Ventures

The County, in conjunction with Gaston, Cleveland, Catawba, Burke, Surry, Yadkin and Iredell counties, participates in Partners Behavioral Health Management ("Partners"). Partners manages a comprehensive array of services to children, adolescents, and adults with mental health, substance abuse, and developmental disabilities needs. Service delivered is offered by numerous providers throughout the multi-County area. Partners received the majority of its financial support through federal and State sources, as well as direct payments by clients and insurers for services rendered.

The County has an ongoing financial responsibility to supplement these funds, and for the year ended June 30, 2023 provided no additional dollars in support of Partners' services, due to unspent funds from prior years in Partners' possession. The County does not have an equity interest in Partners; therefore, no equity interest has been reflected in the financial statements at June 30, 2023. Complete financial statements for Partners may be obtained from Partners' administrative offices at 901 South New Hope Road, Gastonia, North Carolina 28054.

The County, in conjunction with the City of Lincolnton, participates in a general aviation airport. The County appoints four out of the five members on the Board, one of which must be a City resident, and the City appoints the remaining member. The Airport is a joint venture established to facilitate economic expansion within the County and to improve the quality of life for its citizens. The Airport has been in existence since 1986, but it is not yet self-sustaining. The County has an ongoing financial responsibility for the Airport, because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed $104,400 to the Airport during the fiscal year ended June 30, 2023. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2023. Complete financial statements for the Airport can be obtained from Lincoln County's administrative offices at PO Box 738, Lincolnton, NC 28093.

Note 18. Jointly Governed Organization

The County, in conjunction with seven other counties and 50 municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of $20,917 to the Council during the fiscal year ended June 30, 2023.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of $279,499 for operations for the year ended June 30, 2023.

The County's Board of Commissioners appoints one of the Lake Norman Marine Commission Board of Directors. The County provided funding of $35,000 for the year ended June 30, 2023.

Note 19. Subsequent Event

In the Fiscal Year 2024 North Carolina State budget, the County was awarded $18,000,000 for capital improvements at the Lincoln County Library, and $11,450,000 for the Water and Sewer Fund. The Water and Sewer Fund will utilize the monies for construction of a waterline on Laboratory Road, and other necessary improvements to the system.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by generally accepted accounting principles

- Schedule of the Changes in Total Pension Liability and Pension Liability as a Percentage of Covered Employee Payroll for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Proportionate Share of Net Pension Liability for Local Governmental Employees' Retirement System.
- Schedule of Contributions to Local Governmental Employees' Retirement System.
- Schedule Proportionate Share of Net Pension Asset for Register of Deeds' Supplemental Pension Fund.
- Schedule of Contributions to Register of Deeds' Supplemental Pension Fund.
- Schedule of the Changes in Total OPEB Liability and Related Ratios.

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF THE CHANGES IN TOTAL PENSION LIABILITY AND PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
Beginning balance of the total pension liability	$ 4,254,620	$ 4,561,498	$ 2,716,033	$ 2,265,319	$ 2,320,148	$ 2,102,988	$ 2,030,142
Service cost	268,641	254,382	165,291	137,311	142,100	122,073	122,695
Interest on the total pension liability	94,120	86,979	86,821	80,809	72,123	79,548	71,269
Differences between expected and actual experience in the measurement of the total pension liability	161,471	(420,880)	426,784	239,370	(100,372)	(58,864)	-
Changes of assumptions or other inputs	(734,386)	(117,717)	1,272,201	83,810	(93,140)	158,714	(53,489)
Benefit payments	(143,003)	(109,642)	(105,632)	(90,586)	(75,540)	(84,311)	(67,629)
Ending balance of the total pension liability	$ 3,901,463	$ 4,254,620	$ 4,561,498	$ 2,716,033	$ 2,265,319	$ 2,320,148	$ 2,102,988
Covered employee payroll	$ 7,164,412	$ 6,592,637	$ 6,454,955	$ 5,553,346	$ 5,139,122	$ 4,882,311	$ 4,574,742
Total pension liability as a percentage of covered employee payroll	54.46%	64.54%	70.67%	48.91%	44.08%	47.52%	45.97%

Notes to the Required Schedules:

The amounts presented for each fiscal year were determined as of the prior December 31.

Lincoln County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 nor does the plan provide pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Schedule A-2

LINCOLN COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS*

Local Governmental Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.55095%	0.51956%	0.53182%	0.50284%	0.48901%	0.48765%	0.47918%	0.48338%	0.47701%	0.46080%
County's proportionate share of the net pension liability (asset) ($)	$ 31,081,448	$ 7,967,951	$ 19,004,194	$ 13,732,168	$ 11,600,990	$ 7,449,941	$ 10,169,807	$ 2,169,381	$ (2,813,149)	$ 5,554,409
County's covered payroll	$ 43,515,964	$ 37,578,807	$ 36,390,836	$ 34,211,530	$ 30,707,248	$ 28,920,587	$ 28,375,873	$ 26,371,714	$ 26,134,922	$ 23,251,657
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.43%	21.20%	52.22%	40.14%	37.78%	25.76%	35.84%	8.23%	-10.76%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

LINCOLN COUNTY, NORTH CAROLINA

LINCOLN COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	Local Governmental Employees' Retirement System									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 5,613,841	$ 4,972,393	$ 3,847,368	$ 3,296,009	$ 2,688,102	$ 2,339,096	$ 2,141,858	$ 1,925,926	$ 1,892,547	$ 1,847,353
Contributions in relation to the contractually required contribution	5,613,841	4,972,393	3,847,368	3,296,009	2,688,102	2,339,096	2,141,858	1,925,926	1,892,547	1,847,353
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$43,968,454	$43,515,964	$37,578,807	$36,390,836	$34,211,530	$30,707,248	$28,920,587	$28,375,873	$26,371,714	$26,134,922
Contributions as a percentage of covered payroll	12.77%	11.43%	10.24%	9.06%	7.86%	7.62%	7.41%	6.79%	7.18%	7.07%

LINCOLN COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS*

Register of Deeds' Supplemental Pension Fund

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.99704%	1.02566%	0.95985%	0.81840%	0.95402%	0.92902%	0.89590%	0.84183%	0.80800%	0.79900%
County's proportionate share of the net pension liability (asset) ($)	$(132,008)	$(197,060)	$(219,978)	$(161,569)	$(158,014)	$(158,574)	$(167,497)	$(195,086)	$(183,245)	$ 170,709
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the ROD plan.

LINCOLN COUNTY, NORTH CAROLINA

LINCOLN COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Register of Deeds' Supplemental Pension Fund

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 9,532	$ 11,430	$ 12,309	$ 9,191	$ 7,779	$ 8,164	$ 8,072	$ 7,320	$ 6,736	$ 6,601
Contributions in relation to the contractually required contribution	9,532	11,430	12,309	9,191	7,779	8,164	8,072	7,320	6,736	6,601
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
Beginning balance	$ 66,094,964	$ 64,126,575	$ 55,722,570	$ 50,470,936	$ 51,200,087	$ 54,218,205
Service cost	1,396,640	1,350,071	1,320,880	1,179,195	1,530,860	1,744,086
Interest on the total OPEB liability	1,410,231	1,405,728	1,969,263	1,929,361	1,799,667	1,611,903
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(3,499,128)	-	(4,788,884)	443,027	(260,403)	238,436
Changes of assumptions or other inputs	(11,385,987)	673,093	11,473,854	3,462,816	(2,492,541)	(5,269,369)
Benefit payments	(1,719,719)	(1,460,503)	(1,571,108)	(1,762,765)	(1,306,734)	(1,343,174)
Other changes	-	-	-	-	-	-
Ending balance of the total OPEB liability	$ 52,297,001	$ 66,094,964	$ 64,126,575	$ 55,722,570	$ 50,470,936	$ 51,200,087
Covered employee payroll	$ 13,676,461	$ 14,509,648	$ 14,509,648	$ 16,586,437	$ 16,586,437	$ 17,459,427
Total OPEB liability as a percentage of covered employee payroll	382.39%	455.52%	441.96%	335.95%	304.29%	293.25%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2023	3.69%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

* Plan measurement date is one year prior to the reporting date.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

The following is a brief summary of the provisions of the Installment Financing Agreement, the Trust Agreement and the Deed of Trust. This summary is not intended to be definitive and is qualified in its entirety by reference to each of the aforementioned documents for the complete terms thereof. Copies of said documents are available upon request from the County.

DEFINITIONS

The following are summaries of definitions of certain terms used in this Official Statement. All capitalized terms not defined here or elsewhere in this Official Statement have the meanings set forth in the Installment Financing Agreement, the Trust Agreement, or the Deed of Trust.

“Additional Bonds” means any Bonds issued pursuant to the Trust Agreement (i) to pay the cost of any Improvements and applicable Delivery Costs or (ii) to refund all or any portion of the 2024 Bonds, any Additional Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes and paying applicable Delivery Costs.

“Additional Payments” means payments in addition to Installment Payments which the County is required to pay, or cause to be paid to such persons as are entitled thereto, to the extent permitted by law, in such amounts as shall be required for the payment of all administrative costs relating to the Project Facilities or the Bonds, including, without limitation, (i) all expenses, compensation and indemnification of the Trustee payable by the Corporation under the Trust Agreement and by the County under the Installment Financing Agreement, (ii) taxes of any sort whatsoever payable by the Corporation as a result of its undertaking of the transactions contemplated in the Installment Financing Agreement or in the Trust Agreement, (iii) any payments of prepayment premiums in the event of prepayment of the Installment Payments as described under “THE 2024 BONDS—Prepayment Provisions” in this Official Statement of which this Appendix is a part, (iv) fees of auditors, accountants, attorneys or engineers for services rendered relating thereto, and (v) all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement or to indemnify Persons specified in the Installment Financing Agreement and their officers, employees and directors.

“Authorized Denomination” means $5,000 or any integral multiple thereof.

“Bond Payment Dates” means April 1 and October 1 of each year, commencing April 1, 2025 with respect to the interest payments evidenced by the 2024 Bonds, and October 1 of each year, commencing October 1, 2025 with respect to the principal payments evidenced by the 2024 Bonds, and, with respect to any Additional Bonds, the dates stated in the resolution of the Corporation authorizing their delivery or in a supplement to the Trust Agreement with respect thereto.

"Bond Prepayment Date" means any date on which Bonds are prepaid, in whole or in part, pursuant to the Trust Agreement.

"Bonds" means the 2024 Bonds and all Additional Bonds.

"Business Day" means any day of the year on which banks in New York, New York or in the city in which the Principal Office of the Trustee is located are not authorized or obligated by law or executive order to remain closed and on which the New York Stock Exchange is not closed.

"Closing Date" means the respective day when the 2024 Bonds or any Additional Bonds, duly authenticated by the Trustee, are delivered to the purchasers thereof.

"Code" means the Internal Revenue Code of 1986, as amended, where all citations shall be deemed to refer to corresponding sections in such Code, and all regulations promulgated, from time to time, thereunder.

"Contractors" means, along with Vendors, the persons with whom contracts are entered for the construction and other accomplishment of the Project.

"County Representative" means the County Manager or Finance Director of the County or any person authorized by the County Manager, as evidenced by a certificate of the County Manager delivered to the Trustee, to act on behalf of the County with respect to any matter under or with respect to the Installment Financing Agreement or the Trust Agreement.

"Credit Facility" means a line of credit, letter of credit, standby bond purchase agreement, financial guaranty insurance policy or similar liquidity or credit facility permitted by the General Statutes of North Carolina and established or obtained in connection with the execution and delivery of any Additional Bonds.

"Credit Provider" means a Person providing a Credit Facility, as designated in any resolution of the Board of Directors of the Corporation authorizing the execution and delivery of Additional Bonds. If and to the extent permitted by the General Statutes of North Carolina, the County may be a Credit Provider with the approval of the Local Government Commission of North Carolina.

"Deed of Trust" means the Deed of Trust, Security Agreement, Fixture Filing and Financing Statement, dated as of August 1, 2024, between the County and the Deed of Trust Trustee.

"Deed of Trust Trustee" means the person at the time serving as trustee under the Deed of Trust.

"Defeasance Obligations" means (i) Government Obligations, (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations, (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, and (v) full faith and credit obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody's.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and by Moody's, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) Government Obligations or (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, and the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the financing of a portion of the cost of the 2024 Project from the proceeds of the 2024 Bonds or the financing of the cost of any Improvements or the refunding of any Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes, as amended, from the proceeds of any Additional Bonds, as may be applicable, including, but not limited to, costs provided in the related Bond purchase contracts with the purchasers thereof, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and charges of the Trustee and any escrow agent, the premium for any Credit Facility, legal fees and charges, financing and other professional consultant fees, costs of rating agencies or credit ratings, fees for execution, transportation and safekeeping of the related Bonds and charges and fees in connection with the foregoing.

"Event of Default" means an event of default under the Installment Financing Agreement or the Trust Agreement, as the case may be.

"Event of Nonappropriation" means (i) the County's failure, for any reason, to budget and appropriate, specifically with respect to the Installment Financing Agreement, moneys sufficient to pay all Installment Payments and reasonably estimated Additional Payments coming due in any Fiscal Year or (ii) the County's deletion from its duly adopted budget of any appropriation for the purposes specified in clause (i) hereof.

"Fiscal Year" means the fiscal year of the County beginning on July 1 of each year and ending on June 30 of the following year, or such other period of 12 consecutive months as may be adopted by the County.

"Government Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Treasury) or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

"Improvements" means any additions, modifications or improvements to the Project Facilities or to other real or personal property or any acquisition or construction of real or personal property other than the Project Facilities which the County determines to make, or cause to be made, or acquire, from time to time, in accordance with the terms of the Installment Financing Agreement.

"Installment Financing Agreement" means the Installment Financing Agreement, dated as of August 1, 2024, between the Corporation and the County.

"Installment Payment Dates" means the dates on which the Installment Payments are payable by the County to the Trustee, as such dates are set forth in the Installment Financing Agreement, and the dates specified for the payment of Installment Payments by the County in connection with the delivery of Additional Bonds pursuant to the Trust Agreement.

"Installment Payment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Installment Payments" means the payments required to be paid by the County to the Corporation pursuant to the Installment Financing Agreement which shall be sufficient as to amounts and times to pay when due the principal and interest represented by the Bonds on each Bond Payment Date.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the County.

"Mortgaged Property" means the land and the real estate improvements thereon and appurtenances thereto, as more particularly described in the Deed of Trust, and any real property added to the Mortgaged Property in connection with the delivery of Additional Bonds.

"Net Proceeds" means any proceeds of casualty insurance and any other available funds from any alternative risk management program required or permitted by the Installment Financing Agreement, any proceeds of title insurance required by the Installment Financing Agreement and any proceeds of any taking by eminent domain or condemnation paid with respect to the Mortgaged Property remaining after payment therefrom of any expenses (including attorneys' fees) incurred in the collection thereof.

"Net Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Original Purchaser" means Wells Fargo Bank, National Association, or any successors or assigns thereof, as original purchaser of the 2024 Bonds.

"Outstanding," when used as of any particular time with respect to Bonds, means (subject to certain provisions of the Trust Agreement regarding votes of Bond Owners) all Bonds theretofore authenticated and delivered by the Trustee under the Trust Agreement except--

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or prepayment of which moneys or Defeasance Obligations, together with interest earned thereon, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Bonds), provided that, if such Bonds are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice, and in the event of an advance refunding, the County shall cause to be delivered to the Trustee a verification report of a firm of experts in the field as to the sufficiency of any escrow fund created in connection therewith; and

(c) Bonds in lieu of or in exchange for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Trust Agreement.

The term “Outstanding” specifically includes any Bond with respect to which the principal or interest has been paid by a Credit Provider.

“Owner” or “Bond Owner” or “Owner of a Bond,” or any similar term, when used with respect to a Bond, means the person in whose name such Bond is registered on the registration books maintained by the Trustee.

“Permitted Encumbrances” means, as of any particular time:

(i) the Deed of Trust; (ii) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the provisions of the Installment Financing Agreement, permit to remain unpaid; (iii) the Installment Financing Agreement, as it may be amended from time to time; (iv) easements, rights of way, mineral rights, drilling rights and other similar rights, reservations, covenants, conditions or restrictions which the County certifies in writing will not materially impair the use of the Mortgaged Property for its intended purposes by the County; (v) the Trust Agreement; (vi) any lease by the County in conformity with the provisions of the Installment Financing Agreement and (vii) any other exceptions or other encumbrances described in the policy evidencing the title insurance required pursuant to the Installment Financing Agreement.

“Permitted Investments” means any obligations as are now and may at any time hereafter be authorized by applicable law, including but not limited to § 159-30 of the North Carolina General Statutes, as amended.

“Person” includes corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons.

“Prepayment” means any payment made by the County pursuant to the Installment Financing Agreement as a prepayment of the Installment Payments.

“Prepayment Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Principal Office" means, initially, the corporate trust office of the Trustee in Wilson, North Carolina and, thereafter, the corporate trust office designated by the Trustee to the Corporation and the County in writing.

"Project Costs" means, with respect to any item or portion of the 2024 Project, the contract price paid or to be paid therefor in connection with the construction or other accomplishment thereof, in accordance with a purchase order or contract therefor. Project Costs include the administrative, engineering, legal, financial and other costs incurred in connection with the construction and other accomplishment of the 2024 Project and all applicable charges resulting therefrom. Project Costs do not include sales tax.

"Project Facilities" means the facilities and improvements resulting from the Project.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Release" means, with the consent of the Beneficiary and at any time so long as there is no Event of Default, any whole or partial release of the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust or incurrence of any encumbrance upon the Mortgaged Property.

"Requisition" means the form of written requisition substantially in the form attached the Trust Agreement.

"S&P" means S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the County.

"Securities Depository" means The Depository Trust Company, a New York corporation, or other recognized securities depository selected by the Corporation, with the approval of the County, which maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Trustee the Bonds to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

"State" means the State of North Carolina.

"Term" means the time during which the Installment Financing Agreement is in effect as set forth in the Installment Financing Agreement.

"Trust Agreement" means the Trust Agreement, dated as of August 1, 2024, between the Corporation and the Trustee, together with any amendments thereof or supplements thereto permitted thereunder.

“Vendors” means, along with the Contractors, the persons with whom contracts are entered for the construction and other accomplishment of the Project.

THE INSTALLMENT FINANCING AGREEMENT

Construction and Other Accomplishment of Project. The County will arrange for, supervise and provide for, or cause to be supervised and provided for, the construction and other accomplishment of the 2024 Project. (Section 3.2).

Title to Mortgaged Property. Title to the Mortgaged Property will be held by the County from and after the date of the execution and delivery of the Installment Financing Agreement subject to Permitted Encumbrances and, upon the payment of all Installment Payments by the County, will be owned free and clear of any lien or security interest of the Corporation, the Trustee or Deed of Trust Trustee therein. The ownership interest of the County may be terminated by action taken by the Deed of Trust Trustee to enforce the Deed of Trust. Prior to or simultaneously with the execution and delivery of the Installment Financing Agreement, the County will either record the Deed of Trust or deliver to the Deed of Trust Trustee, for the benefit of the Corporation, the Deed of Trust (see “THE DEED OF TRUST” herein) in form suitable for recordation. Upon payment in full of all of the County’s obligations under the Installment Financing Agreement, including all Installment Payments and all other payments due thereunder, and when the Outstanding Bonds shall be paid and discharged in accordance with the Trust Agreement, the Deed of Trust Trustee, at the County’s expense and request, will cancel of record the Deed of Trust. (Section 7.2)

Term of Installment Financing Agreement. The term of the Installment Financing Agreement begins on the Closing Date and terminates upon the earlier of the following events: (a) such date as all Installment Payments and Additional Payments required under the Installment Financing Agreement will be paid and (b) such date as all proceeds derived from (i) a foreclosure sale of the last remaining parcel of real property constituting a part of the Mortgaged Property or the exercise of any other right or remedy under the Deed of Trust and (ii) the exercise by the Trustee of its remedies as the assignee of a secured party under the Uniform Commercial Code have been applied by the Trustee to the payment, in whole or in part, of the Bonds. (Section 4.2)

Installment Payments. The County Manager of the County (or any other officer of the County at any time charged with the responsibility for formulating budget proposals) will include in his budget proposals for review and consideration by the Board of Commissioners for the County, in any Fiscal Year in which the Installment Financing Agreement is in effect, items for all Installment Payments and the reasonably estimated Additional Payments required for such Fiscal Year under the Installment Financing Agreement. Any budget item referred to in this paragraph will be deleted from the applicable budget by such Board of Commissioners only by the adoption of a resolution to such effect containing a statement of its reasons therefor, which resolution will be adopted by roll-call vote and will be spread upon the minutes of such Board of Commissioners. The County will, upon request, furnish the Corporation, the Trustee and the Original Purchaser confirmation that an Event of Nonappropriation has not occurred, together with copies of its annual budget promptly after its adoption and copies of any amended budget affecting appropriations for Installment Payments and Additional Payments. Moneys appropriated by such Board of

Commissioners for the County to make Installment Payments and Additional Payments in any Fiscal Year will be used for no other purpose except to the extent appropriated amounts exceed the amounts actually required in that Fiscal Year for Installment Payments and Additional Payments. If the amount appropriated in that Fiscal Year for Installment Payments and Additional Payments is insufficient, then the County Manager of the County (or any other officer at any time charged with the responsibility for formulating budget proposals) will promptly seek an additional appropriation from the Board of Commissioners for the County to make Installment Payments and Additional Payments.

Subject to the provisions of the Installment Financing Agreement regarding termination of the Installment Financing Agreement and prepayment of Installment Payments, the County agrees to pay to the Trustee for the account of the Corporation the Installment Payments (denominated into components of principal and interest, with the principal components being payable annually and the interest components being payable semiannually) in the amounts and on the Installment Payment Dates specified in the Installment Financing Agreement, as such amounts and Installment Payment Dates may be supplemented in connection with the delivery of Additional Bonds pursuant to the Trust Agreement. The Installment Payments will be sufficient as to amounts and times to pay when due the principal and interest represented by the 2024 Bonds and any Additional Bonds on each Bond Payment Date. (Section 4.3)

Additional Bonds. If Additional Bonds are delivered in accordance with the Trust Agreement, then the Installment Financing Agreement is to be supplemented to provide for the increased Installment Payments and Additional Payments required by the Additional Bonds. (Section 4.3)

Assignment of Installment Payments or Prepayments. Pursuant to the Trust Agreement, the Corporation has assigned its rights to receive and collect Installment Payments and Prepayments to the Trustee in trust for the benefit of the Owners of the Bonds. (Section 4.7)

Limited Obligation of County and Corporation. NO PROVISION OF THE INSTALLMENT FINANCING AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO PROVISION OF THE INSTALLMENT FINANCING AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS OR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THE INSTALLMENT FINANCING AGREEMENT SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE INSTALLMENT FINANCING AGREEMENT IS IN EFFECT; PROVIDED, HOWEVER, THAT ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS, WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THE INSTALLMENT FINANCING AGREEMENT, WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF A CONTRACTUAL OBLIGATION UNDER THE INSTALLMENT FINANCING AGREEMENT AND THE TAXING POWER OF

THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS DUE UNDER THE INSTALLMENT FINANCING AGREEMENT.

The Corporation's obligations under the Installment Financing Agreement and with respect to the Bonds will be payable solely from amounts received from the County under the Installment Financing Agreement. (Section 4.4)

Maintenance, Utilities, Taxes and Assessments Relating to Mortgaged Property. The County will use, or cause to be used, the Mortgaged Property in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole expense, will service, repair and maintain, or cause to be serviced, repaired and maintained, the Mortgaged Property so as to keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted, and will replace, or cause to be replaced, any part of the Mortgaged Property as may from time to time become worn out, unfit for use, lost, stolen, destroyed or damaged.

The County will also pay, or cause to be paid, as Additional Payments, all taxes and assessments, including but not limited to, utility charges, of any type or nature levied, assessed or charged against any portion of the Mortgaged Property; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County is obligated to pay only such installments as are required to be paid as and when the same become due. (Section 7.5)

Insurance. Except as described below and subject to certain exceptions set forth in the Installment Financing Contract, the County must maintain or cause to be maintained the following insurance:

(1) Liability Insurance. Such insurance must provide coverage in the minimum liability limit of $1,000,000 for bodily injury liability and property damage liability, combined single limit, and shall include personal injury coverage (libel, slander and false arrest), except that such insurance may be subject to deductible clauses not to exceed $100,000 for any one loss. The net proceeds of such liability insurance or other available funds from any applicable alternative risk management program pursuant to the Installment Financing Agreement shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds or funds shall have been made available. (Section 5.1)

(2) Workers' Compensation. The County must also maintain, or cause to be maintained, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the laws now in force in the State, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. (Section 5.2)

(3) Casualty Insurance. Such insurance must provide coverage in an amount not less than the lesser of (i) the full replacement cost of the Mortgaged Property or (ii) the outstanding principal components of the Installment Payments, except that such insurance may be subject to deductible clauses of not to exceed $100,000 for any one loss. Such insurance must cover loss or damage to the Mortgaged Property by fire and lightening and include extended coverage and

vandalism and malicious mischief insurance and the Net Proceeds of such insurance or other available funds from any applicable alternative risk management program pursuant to the Installment Financing Agreement shall be paid to the Trustee and deposited in the Net Proceeds Fund and applied as provided in the Installment Financing Agreement. (Section 5.3)

(4) Title Insurance. The County must, throughout the term of the Installment Financing Agreement, maintain, or cause there to be maintained, title insurance on the Mortgaged Property, issued by a company of recognized standing duly authorized to issue the same, payable to the Deed of Trust Trustee for the benefit of the Corporation insuring fee simple title of the County to the Mortgaged Property and the first priority lien of the Deed of Trust. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Net Proceeds Fund and applied as provided in the Installment Financing Agreement. (Section 5.4)

(5) Performance and Labor and Materials Payment Bonds. The County shall cause each Contractor to provide performance and labor and materials payment bonds as required by law. The net proceeds received by the County from any bond or bonds required as described in this paragraph shall be paid to the Trustee for deposit to the credit of the Project Fund. (Section 5.5)

General Insurance Provisions. All policies of insurance required to be procured and maintained pursuant to the Installment Financing Agreement shall be provided by a commercial insurer rated "A" by A.M. Best & Company or in the two highest rating categories of S&P and Moody's and shall be in form to comply with the provisions of the Installment Financing Agreement. Notwithstanding anything described in subparagraphs (1), (2) or (3) above or this paragraph to the contrary, the County shall have the right, without giving rise to an event of default under the Installment Financing Agreement solely on such account, to adopt alternative risk management programs including, without limitation, to self-insure in whole or in part, individually or in connection with other units of local government or other institutions, to participate in programs of captive insurance companies, to participate with other units of local government or other institutions in mutual or other cooperative insurance or other risk management programs, to participate in State or federal insurance programs, to take advantage of State or federal laws now or hereafter in existence limiting liability, or to establish or participate in other alternative risk management programs. The County shall not self-insure with respect to the requirement for title insurance. (Section 5.6)

Leasing by County. The County may lease any portion of the Mortgaged Property subject to the provisions of the Installment Financing Agreement. (Section 8.1)

Restrictions on Disposition of Mortgaged Property. Except for (a) the Corporation's assignment of certain of its rights under the Installment Financing Agreement to the Trustee pursuant to the Trust Agreement, (b) the County's granting of security interests and mortgaging of the Mortgaged Property pursuant to the Deed of Trust, (c) any exercise by the County of its right to remove personal property from the Mortgaged Property pursuant to the Installment Financing Agreement, (d) any exercise by the Trustee or the Owners of the remedies afforded pursuant to the Installment Financing Agreement following an event of default thereunder, (e) any lease of the Mortgaged Property by the County pursuant to the Installment Financing Agreement or (f) any release of the Mortgaged Property pursuant to the Deed of Trust, the County, the Corporation and the Trustee will not assign, mortgage, lease, sublease, convey, transfer or otherwise dispose of the

Mortgaged Property or any portion thereof during the Term of the Installment Financing Agreement. (Section 8.2)

Tax Covenant. The County covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from gross income of the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds under Section 103 of the Code. (Section 2.1)

Amendments and Modifications. The Installment Financing Agreement may be amended or modified by the County and the Corporation in writing in accordance with the Trust Agreement. See "THE TRUST AGREEMENT -- *Amendments*" herein. (Section 8.3)

Events of Default. The following constitute "events of default" under the Installment Financing Agreement:

(a) Failure by the County to pay, when due, any Installment Payment.

(b) The occurrence of an Event of Nonappropriation.

(c) Failure by the County to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed in the Installment Financing Agreement or in the Deed of Trust or otherwise with respect thereto, other than the default described in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Trustee or the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee or such Owners, as the case may be, shall not unreasonably withhold its or their consent, as the case may be, to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

(d) Filing by the County of a case in bankruptcy, or the subjection of any right or interest of the County under the Installment Financing Agreement to any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

(e) Failure by the County to pay the principal of or the interest or any redemption premium on any general obligation bonds of the County as required by such bonds or the documents providing for the issuance thereof. (Section 9.1)

Remedies on Default. Upon the happening and continuance of any event of default listed above, the Trustee may, or at the request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding will, without any further demand or notice, exercise any one or more of the following remedies:

(a) Declare the principal component of all unpaid Installment Payments and the interest component of the Installment Payments accrued to the date of such declaration to be immediately due and payable without notice to or demand on the County.

(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Installment Financing Agreement or to recover for the breach thereof.

(c) Direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust or to exercise any other right or remedy available under the Deed of Trust.

THE INSTALLMENT FINANCING AGREEMENT IS SUBJECT TO SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH CAROLINA. NO DEFICIENCY JUDGMENT REQUIRING THE PAYMENT OF MONEY MAY BE ENTERED AGAINST THE COUNTY IN FAVOR OF THE TRUSTEE OR ANY OTHER PERSON IN VIOLATION OF SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH CAROLINA, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE INSTALLMENT FINANCING AGREEMENT WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEYS TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE INSTALLMENT FINANCING AGREEMENT.

It is the express intent of the parties that the obligations of the Corporation and the County under the Installment Financing Agreement and with respect to the Bonds are limited as described under the Installment Financing Agreement and that the remedies under the Installment Financing Agreement are limited as provided in the Installment Financing Agreement. (Section 9.2)

THE TRUST AGREEMENT

Additional Bonds. Additional Bonds may be executed and delivered under the Trust Agreement for the purposes of providing funds, with any other available funds, for (i) paying the cost of any Improvements and applicable Delivery Costs or (ii) refunding all or any portion of the 2024 Bonds, any Additional Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes, as amended, and paying applicable Delivery Costs. A supplement to the Trust Agreement shall fix the provisions with respect thereto. Prior to the delivery of any Additional Bonds, there must be filed with the Trustee the following:

(1) a copy of a resolution, certified by the Secretary or any Assistant Secretary of the Corporation to be a true and correct copy, of a resolution of the Board of Directors of the Corporation authorizing the execution and delivery of such Additional Bonds, fixing the form, dates of maturity, interest payment dates, interest rates and prepayment provisions thereof, providing for any Credit Facility to enhance the security or value of the Additional Bonds, providing any other terms with respect to the Additional Bonds, awarding the Additional Bonds to the purchasers specified therein, authorizing the execution of a supplement to the Installment Financing Agreement providing for increased Installment Payments and Additional Payments required by the delivery of the Additional Bonds and providing for the addition to the Mortgaged Property of any real property that is to become a part of the Mortgaged Property in connection with the delivery of the Additional Bonds and approving the execution by the County of a supplement or an amendment to the Deed of Trust increasing the amount of the obligations secured

thereby and adding such additional property to the security therefor under the Deed of Trust accordingly and authorizing the execution of a supplement to the Trust Agreement with respect to the Additional Bonds;

(2) a copy, certified by the Clerk to the Board of Commissioners for the County to be a true and correct copy, of a resolution adopted by the County approving the terms and conditions under which the Additional Bonds are to be delivered, authorizing the execution of a supplement to the Installment Financing Agreement providing for increased Installment Payments and Additional Payments required by the delivery of the Additional Bonds and providing for the addition to the Mortgaged Property of any real property that is to become a part of the Mortgaged Property in connection with the delivery of the Additional Bonds and authorizing the execution of a supplement or an amendment to the Deed of Trust increasing the amount of the obligations secured thereby and adding such additional property to the security therefor under the Deed of Trust accordingly and approving the execution by the Corporation of a supplement to the Trust Agreement with respect to the Additional Bonds;

(3) an executed copy of such supplement to the Installment Financing Agreement, such supplement or amendment to the Deed of Trust and such supplement to the Trust Agreement;

(4) if required, a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission of North Carolina to be a true and correct copy, of a resolution of the Local Government Commission of North Carolina approving the Installment Financing Agreement, as so supplemented; and

(5) an opinion of Bond Counsel to the effect that the delivery of such Additional Bonds has been duly authorized under the Trust Agreement and will not adversely affect the tax treatment of interest with respect to any Outstanding Bonds for federal income tax purposes. (Section 2.08)

The Trustee.

Duties and Obligations. The Trustee is appointed pursuant to the Trust Agreement. The Trustee must keep complete and accurate records of all moneys received and funds administered by it and of all Bonds paid and discharged. So long as there is no Event of Default, the Trustee shall not be liable in connection with its performance under the Trust Agreement, except for its own negligence or willful misconduct. (Sections 8.01, 7.04 and 8.05)

Compensation. The Corporation will pay, solely from funds provided by the County, to the Trustee reasonable compensation for its services and will reimburse the Trustee for all of its advances and reasonable expenditures. The Trustee has a lien therefor on any and all funds at any time held by it under the Trust Agreement. Such lien is prior and superior to the lien of the Owners. (Section 8.06)

Indemnification. The Corporation will, to the extent permitted by law, but solely from funds provided by the County, indemnify the Trustee from and against all claims, losses, costs, expenses, liability and damages. No indemnification is provided under the Trust Agreement for liabilities and damages incurred solely as a result of the willful misconduct or negligence of the Trustee. (Section 8.08)

Removal. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by (i) the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding or (ii) if no Event of Default has occurred or is continuing, by the County Representative and filed with the Corporation at least 60 days before such removal is to take effect as stated in said instrument or instruments. The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the County or the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding. (Section 8.01)

Resignation and Successor. The Trustee may resign by giving not less than 30 days' written notice to the County and the Corporation. Upon receiving such notice of resignation, the County must promptly appoint a successor Trustee. In the event the County does not name a successor Trustee within 15 days of receipt of notice of the Trustee's resignation, the Trustee may petition a court of competent jurisdiction at the expense of the County, for immediate appointment of a successor Trustee. The County has the right to appoint any successor Trustee. Any successor Trustee must meet certain qualifications set forth in the Trust Agreement and be approved by the Local Government Commission of North Carolina as qualified to serve as a trustee prior to such appointment or obtains such approval in connection with such appointment. Any resignation or removal of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of the appointment by the successor Trustee. Upon such acceptance, the successor Trustee must mail notice of acceptance to the Bond Owners. (Section 8.01)

Funds. The Trust Agreement creates (1) the Project Fund, (2) the Prepayment Fund, (3) the Installment Payment Fund, and (4) the Net Proceeds Fund, to be held in trust by the Trustee.

(1) The Project Fund. There shall be deposited in and credited to the Project Fund the proceeds of the sale of the 2024 Bonds required to be deposited therein pursuant to the Trust Agreement and any amounts received as refunds of State sales tax with respect to expenditures made in connection with the 2024 Project and paid or reimbursed from moneys in the Project Fund. See "Estimated Sources and Uses of Funds" in the Official Statement of which this Appendix is a part. There shall also be credited to the Project Fund investment earnings on moneys held in the Project Fund and any other funds from time to time deposited with the Trustee for paying Delivery Costs or Project Costs. Moneys in the Project Fund will be disbursed for paying Project Costs and Delivery Costs on receipt by the Trustee of a Requisition signed by the County Representative. (Section 3.03)

Upon the filing with the Trustee of a certificate of completion pursuant to the Installment Financing Agreement, the Trustee will withdraw all remaining moneys in the Project Fund (other than any moneys retained therein to pay Project Costs and Delivery Costs not then due and payable as certified by the County Representative) and deposit such moneys in the Installment Payment Fund to be applied to the payment of the interest or principal components of Installment Payments or as the County may otherwise direct for the payment of the costs of additional public facilities as further provided in the Installment Financing Agreement. (Section 3.04)

(2) The Prepayment Fund. Moneys to be used for prepayment of the 2024 Bonds are to be deposited into the Prepayment Fund and used solely for the purpose of prepaying the 2024

Bonds in advance of their maturities on the date or dates designated for prepayment and upon presentation and surrender of such 2024 Bonds. (Section 4.01).

(3) The Installment Payment Fund. There shall be deposited in the Installment Payment Fund all Installment Payments, unexpended Bond proceeds and any other moneys required to be deposited therein pursuant to the Installment Financing Agreement or the Trust Agreement. (Section 5.03)

Except as otherwise allowed under the Trust Agreement, all moneys on deposit in the Installment Payment Fund are to be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Bonds as the same become due and payable in accordance with certain provisions of the Trust Agreement. (Section 5.04)

On each Bond Payment Date or Bond Prepayment Date, the Trustee will first set aside an amount sufficient to pay the interest evidenced by the Bonds becoming due and payable on such Bond Payment Date or Bond Prepayment Date and then an amount sufficient to pay the principal evidenced by the Bonds becoming due and payable on such Bond Payment Date or Bond Prepayment Date, and, on such Bond Payment Date or Bond Prepayment Date, the Trustee will mail checks representing the amount due as interest and principal, if applicable, to the Owners of the Bonds who are not Securities Depository Nominees unless such payment is to be made by wire transfer as provided in the next succeeding paragraph. (Section 5.04)

At such time as to enable the Trustee to make payments of interest on the Bonds in accordance with any existing agreement between the Trustee and any Securities Depository or any other Owner, the Trustee will withdraw from the Installment Payment Fund and remit by wire transfer to the Securities Depository or such Owner, in Federal Reserve or other immediately available funds, the amount required to pay interest and principal, if applicable, on the Bonds on each Bond Payment Date or Bond Prepayment Date; provided, however, that in no event will the Trustee be required to make such wire transfer prior to the Business Day next preceding each Bond Payment Date or Bond Prepayment Date. (Section 5.04)

(4) The Net Proceeds Fund. Upon receipt from the County of any Net Proceeds, the Trustee shall deposit such funds in the Net Proceeds Fund. The Trustee shall disburse Net Proceeds for replacement or repair of the Mortgaged Property as provided in the Installment Financing Agreement. (Sections 6.01 and 6.02)

The Trustee shall, to the extent there are no other available funds held under the Trust Agreement, use the remaining funds in the Net Proceeds Fund to pay principal and interest with respect to the Bonds in the event of a payment default under the Trust Agreement. (Section 6.02)

Money in Funds Held in Trust. Except for the lien for the benefit of the Trustee under the Trust Agreement, the moneys and investments held by the Trustee upon the direction of the County under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Bonds, and such moneys, and any income or interest earned thereon, can be expended only as provided in the Trust Agreement, and are not subject to levy, attachment or lien by or for the benefit of any creditor of the County, the Corporation, any related entity or the Trustee, or any of them. (Section 7.01)

Investments Authorized. Except as otherwise provided in the Trust Agreement, moneys held by the Trustee under the Trust Agreement will be invested and reinvested on maturity by the Trustee, upon the written direction of the County, in Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee or its assignee for the benefit of the Owners and held by the Trustee. (Section 7.02)

Disposition of Investments. Any income, profit or loss on the investment of moneys held by the Trustee under the Trust Agreement will be credited to or charged against the respective fund in which they are held. (Section 7.03)

Valuation and Disposition. For the purpose of determining the amount in any fund, the Trustee shall value all Permitted Investments credited to such fund at the market value of such Permitted Investments, exclusive of accrued interest. The Trustee will sell or present for prepayment any Permitted Investment purchased by the Trustee when and as necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited. (Section 7.05)

Amendments.

With Consent. The Trust Agreement and the rights and obligations of the Owners of the Bonds, the Installment Financing Agreement and the rights and obligations of the parties thereto and the Deed of Trust may be modified or amended, subject to receiving the approval of the Local Government Commission of North Carolina, at any time by a supplemental agreement which shall become effective when the written consents of each Credit Provider of a Credit Facility then in effect and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided below, have been filed with the Trustee in the time and manner provided in the Trust Agreement. No such modification or amendment can (1) extend or have the effect of extending the fixed maturity of any Bond or the time of payment of interest, or reduce or have the effect of reducing the interest rate with respect thereto, the amount of principal with respect thereto, or the amount of premium payable upon the prepayment thereof, without the written consent of the Owner of such Bond, or (2) reduce or have the effect of reducing the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Installment Financing Agreement, the Trust Agreement or the Deed of Trust without the written consent of the Owners of all Outstanding Bonds, or (3) modify any of the rights or obligations of the Trustee or the County without its written assent thereto, or (4) modify adversely the security provided by any Credit Provider described under "*Covenants with Providers of Additional Security*" below without the written consent of the Owners of all Outstanding Bonds affected thereby. (Section 9.01)

Without Consent. The Trust Agreement and the rights and obligations of the Owners of the Bonds, the Installment Financing Agreement and the rights and obligations of the parties thereto and the Deed of Trust may be modified or amended, subject to receiving the approval of the Local Government Commission of North Carolina, at any time by a supplemental agreement, without the consent of any of the Owners of the Bonds to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, or (2) in regard to matters arising under the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, as the parties may deem necessary or desirable and which will not adversely affect the interest of the

Owners of the Bonds, or (3) in connection with the delivery of Additional Bonds pursuant to the Trust Agreement, or (4) to make any changes that may be required by any Credit Provider described under "*Covenants with Providers of Additional Security*" below. Any such supplemental agreement becomes effective upon execution and delivery by the parties to the Trust Agreement, Installment Financing Agreement or the Deed of Trust, as the case may be. (Section 9.01)

Disqualified Bonds. Bonds owned or held by or for the account of the County or the Corporation or by any person directly or indirectly controlled by, or under direct or indirect common control with the County or the Corporation (except any Bonds held in any pension or retirement fund) are not deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Bonds provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided for in the Trust Agreement. (Section 9.03)

Consent of Original Purchasers, Underwriter or Remarketing Agent. Notwithstanding anything in the Trust Agreement to the contrary, (a) any original purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental agreement as required by the Trust Agreement, including any amendment or supplemental agreement that adversely affects the interests of other Owners and (b) any such Owner providing its consent as described in this paragraph shall not be entitled to receive, nor shall the Trustee be required to provide to such Owner, any prior notice or other documentation regarding such amendment or supplemental agreement. (Section 9.07)

Covenants with Providers of Additional Security. If the Corporation shall have obtained the prior written consent of the Local Government Commission of North Carolina or its designee thereto, the Corporation may make such covenants as it may determine to be appropriate with any Credit Provider that shall agree to provide a Credit Facility with respect to any Bonds. Such covenants may be set forth in the applicable supplemental trust agreement or resolution of the Board of Directors of the Corporation authorizing the execution and delivery of the Bonds to be secured by such Credit Facility and shall be binding on the Corporation, the Trustee and all Owners of such Bonds so secured by such Credit Facility the same as if such covenants were set forth in full in the Trust Agreement, provided that no such covenants shall increase the duties or the liabilities of the Trustee without its consent or adversely affect the security or value of any other Bonds without the consent of the Owners thereof as are so affected thereby. (Section 10.03)

Limited Liability of the County and the Corporation. Except for the payment of Installment Payments, Additional Payments and Prepayments when due in accordance with the Installment Financing Agreement and the performance of the other covenants and agreements of the County contained in the Installment Financing Agreement, the County has no obligation or liability to the Corporation, the Trustee or to the Owners of the Bonds with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Bonds, or the distribution of Installment Payments to the Owners by the Trustee. The provisions of this paragraph will not affect any duty or obligation of the County arising under the Installment Financing Agreement.

The Bonds will not constitute a debt or general obligation of the Corporation and will not give the Owners any recourse to the assets of the Corporation but will be payable solely from amounts payable by the County under the Installment Financing Agreement and, as provided in the Trust Agreement, certain other moneys, including certain interest earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property. (Section 11.01)

Limited Liability of Trustee.

No Investment Advice. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Bonds.

Sufficiency of the Trust Agreement or Installment Payments. The Trustee makes no representations as to the validity or sufficiency of the Bonds and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations imposed or assigned in the Trust Agreement or in the Bonds. The Trustee shall not be responsible for the sufficiency of the Installment Financing Agreement or the Deed of Trust. The Trustee shall not be liable for the sufficiency or collection of any Installment Payments or other moneys required to be paid to it under the Installment Financing Agreement (except as provided in the Trust Agreement), its right to receive moneys pursuant to the Installment Financing Agreement, or the value of or title to the Mortgaged Property.

Actions of Corporation and County. The Trustee shall have no obligation or liability to any of the other parties or the Owners with respect to the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, or the failure or refusal of any other party to perform any covenant or agreement made by any of them under the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon the Trustee under the Trust Agreement.

Recitals and Agreements of Corporation and County. The recitals of facts, covenants and agreements in the Trust Agreement, in the Installment Financing Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the Corporation or the County, as the case may be, and the Trustee assumes no responsibility for the correctness of the same. (Section 11.03)

Events of Default. Each of the following is an Event of Default under the Trust Agreement:

(a) Default in the payment of the principal with respect to any Bond when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for prepayment; provided, however, that in determining whether a default in payment has occurred, no effect shall be given to payments made under any Credit Facility.

(b) Default in the payment of any installment of interest with respect to any Bond when the same shall become due and payable; provided, however, that in determining whether a default in payment has occurred, no effect shall be given to payments made under any Credit Facility.

(c) The occurrence of an event of default as provided in the Installment Financing Agreement. (Section 12.01)

Acceleration of Maturities. Upon the happening and continuance of any Event of Default specified in the Trust Agreement, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the Corporation and the County, declare the principal with respect to all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same will become and be immediately due and payable; provided, however, that with respect to any Additional Bonds for which a Credit Facility is in effect and as to which the Credit Provider has not failed to comply with its payment obligations thereunder, upon the happening and continuance of any Event of Default specified in the Trust Agreement, the Trustee shall declare the principal with respect to such Additional Bonds to be immediately due and payable if the Credit Provider for such Additional Bonds shall so direct and shall not declare the principal with respect to such Additional Bonds to be immediately due and payable unless the Credit Provider for such Additional Bonds shall have consented to such declaration. Such declaration may be rescinded under the circumstances specified in the Trust Agreement. (Section 12.01)

Remedies. If an Event of Default shall happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, with the written consent of the Credit Provider so long as a Credit Facility is in effect and such Credit Provider has not failed to comply with its payment obligations thereunder, or shall, at the direction of each Credit Provider exercise any and all remedies available pursuant to law or granted pursuant to the Installment Financing Agreement or the Deed of Trust. (Section 12.01)

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement or the Installment Financing Agreement will be deposited into the Installment Payment Fund and applied after payment of all amounts due and payable to the Trustee and costs of the Owners in declaring such Event of Default, including reasonable compensation of their agents, attorneys and counsel, in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

(a) if the principal with respect to all Bonds shall not have become or shall not have been declared due and payable, all such moneys in the Installment Payment Fund shall be applied:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal with respect to any Bonds which shall have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal at a rate equal to the rate paid with respect to the Bonds and, if the amount available will not be sufficient to pay in full all of the amounts due with respect to the Bonds on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

(b) If the principal with respect to all Bonds shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due with respect to the Bonds, without preference or priority of principal or interest, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal with respect to all Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the Trust Agreement, then, subject to the provisions of paragraph (b) above in the event that the principal with respect to all Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Installment Payment Fund shall be applied in accordance with the provisions of paragraph (a) above. (Section 12.02)

Defeasance. If and when any Outstanding Bonds are paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal, interest and prepayment premiums (if any) with respect to such Bonds, as and when the same become due and payable;

(b) if prior to maturity and having given notice of prepayment, by irrevocably depositing with the Trustee, in trust, at or before maturity, an amount of cash which (together with cash then on deposit in the Installment Payment Fund, in the event of payment or provision for payment of all Outstanding Bonds) is sufficient to pay such Bonds, including all principal, interest and premium, if any; or

(c) by irrevocably depositing with the Trustee, in trust, (i) Defeasance Obligations together with cash, if required, in such amount as will, in the opinion of experts in the field acceptable to the Trustee, together with interest to accrue thereon (and, in the event of payment or provision for payment of all Outstanding Bonds, moneys then on deposit in the Installment Payment Fund together with the interest to accrue thereon), be fully sufficient to pay and discharge all such Bonds including all principal and interest represented thereby and prepayment premiums, if any, at or before their maturity date and (ii) an opinion of Bond Counsel to the effect that the conditions set forth in the Trust Agreement for defeasance have been satisfied;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the County with respect to such Bonds will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Installment Payments paid by or on behalf of the County from funds deposited pursuant to paragraphs (b) and (c) above, to the Owners of the Bonds not so surrendered and paid, all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) and (c) above, the Bonds shall continue to represent direct and proportionate interests of the Owners thereof in the Installment Payments under the Installment Financing Agreement and the Trustee will execute and deliver to the Corporation and the County a written release of the Trust Agreement.

In the event of an advance refunding, the County shall cause to be delivered a verification report of a firm of experts in the field as to the sufficiency of any escrow fund created therefor.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (b) and (c) above, which are not required for payment to be made to Owners and the fees and expenses of the Trustee, shall be paid to the County. (Section 13.01)

THE DEED OF TRUST

Grant of Lien on Mortgaged Property. As security for its obligations under the Installment Financing Agreement, the County grants to the Deed of Trust Trustee a lien of record on the Mortgaged Property, including all buildings, structures, improvements and fixtures thereon and all appurtenances thereto of any nature whatsoever, subject to Permitted Encumbrances. The Deed of Trust may be amended or supplemented from time to time to secure Additional Bonds required by their terms to be secured by the Deed of Trust on a parity with the 2024 Bonds. (Article I)

Replacement of Deed of Trust Trustee. The Corporation, with or without cause, may remove the Deed of Trust Trustee and appoint a successor trustee. In the event of death or resignation of the Deed of Trust Trustee, the Corporation shall have the right to appoint the successor trustee and any trustee so appointed shall be vested with the title to the Mortgaged Property and possess all the powers, duties and obligations of its predecessor. (Section 6.1)

Foreclosure. Upon the occurrence of any one or more of the Events of Default under the Trust Agreement and if the maturities of the 2024 Bonds or any Additional Bonds shall have been accelerated as provided in the Trust Agreement, all of the obligations secured by the Deed of Trust shall immediately become due and payable at the option of the Corporation, and, upon the direction of the Corporation, the Deed of Trust Trustee shall sell all or any part or parts of the Mortgaged Property at public auction for cash after first having given such notice as to commencement of foreclosure proceedings and having obtained such findings and leave of court as may then be required by law and upon such sale and any resale to convey title to the purchaser in fee simple. Pursuant to Section 25-9-604 of the North Carolina General Statutes (or any amendment thereto), the Deed of Trust Trustee is expressly authorized and empowered to expose to sale and sell, together with the real estate, any portion of the Mortgaged Property which constitutes personal property. If personal property is sold under the Deed of Trust, it need not be at the place of sale. The Mortgaged Property may be sold in such parcels or lots without regard to principles of marshaling and may be sold at one sale or in multiple sales, all as determined by the Deed of Trust Trustee. A previous exercise of the power of sale under the Deed of Trust by Deed of Trust Trustee shall not be deemed to extinguish the power of sale which power of sale shall continue in full force and effect until all the Mortgaged Property shall have been finally sold and properly conveyed to the purchasers at the sale. The County's duties and responsibilities under the Installment Financing Agreement, the Trust Agreement, and the Deed of Trust, shall continue until the obligations secured by the Deed of Trust are fully paid and performed, notwithstanding any partial foreclosure of the Mortgaged Property. No delay or omission of the Deed of Trust Trustee or the Corporation to exercise any right or power accruing upon any Event of Default shall impair such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. The County waives any and all rights to require marshalling of assets in connection with the exercise of any remedies provided in the Deed of Trust or as permitted by law. (Sections 3.1, 4.1)

Additional Remedies. Upon the occurrence of an Event of Default, the Corporation and the Deed of Trust Trustee are entitled (but not required) to exercise all rights and remedies provided in the Deed of Trust or as otherwise provided by law or in equity, including, without limiting the generality of the foregoing, the right to have judicially appointed a receiver of the Mortgaged Property, the right to judicial foreclosure by power of sale or mortgage foreclosure under Chapter 45 of the General Statutes of North Carolina and the right to enter the Mortgaged Property and to operate, maintain, control and lease the same. (Section 4.1)

Release of Mortgaged Property. Notwithstanding any other provisions of the Deed of Trust, with the consent of the Corporation and at any time so long as there is no Event of Default, the Deed of Trust Trustee shall Release the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust or permit to be incurred any encumbrance upon the Mortgaged Property by written instrument releasing the Mortgaged Property or such portion of the Mortgaged Property from the lien of the Deed of Trust to the extent permitted by the Deed of Trust. (Section 5.1)

So long as any Bonds remain Outstanding or sufficient funds for their payment in full are not held in trust by the Trustee under the Trust Agreement, a Release of all or a part of the Mortgaged Property shall be permitted only when and if the following requirements have been fulfilled:

(a) In connection with any Release of the Mortgaged Property or any part thereof, there will be filed with the Corporation a certified copy of the resolution of the Board of Commissioners for the County stating the purpose for which the County desires such Release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such Release and providing for the payment by the County of all expenses in connection with such Release.

(b) In connection with the Release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, such Release does not inhibit in any material way ingress or egress to the remaining portion of the Mortgaged Property or materially interfere with the intended use of the remaining portion of the Mortgaged Property (such determination to be made by a certificate of a County Representative filed with the Corporation to such effect).

(c) In connection with the Release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, the appraised, tax or insured value of the Mortgaged Property remaining after the proposed Release is not less than fifty percent (50%) of the aggregate principal components of the Installment Payments relating to the Bonds then Outstanding.

(d) In connection with the Release of all property constituting the Mortgaged Property, there shall have been paid to the Trustee an amount sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Trust Agreement. (Section 5.2)

After-Acquired Property. To the extent allowed under North Carolina law, all property acquired by the County after the date of the Deed of Trust which by the terms of the Deed of Trust shall be subject to the lien and security interest created thereby, shall immediately upon the acquisition thereof by Grantor and without further mortgage, conveyance or assignment become subject to the lien and security interest created by the Deed of Trust. (Section 7.5)

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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August __, 2024

County of Lincoln North Carolina
Lincolnton, North Carolina

Lincoln County Public Facilities Corporation
Lincolnton, North Carolina

$27,225,000
Lincoln County Public Facilities Corporation
Limited Obligation Bonds (Lincoln County, North Carolina), Series 2024
(the "2024 Bonds")

Ladies and Gentlemen:

We have acted as bond counsel to the County of Lincoln, North Carolina (the "County") in connection with the sale of the referenced bonds (the "2024 Bonds") evidencing proportionate undivided interests in rights to receive installment payments to be made with respect to an Installment Financing Agreement dated as of August 1, 2024 (the "Agreement") between the County and the Lincoln County Public Facilities Corporation, a North Carolina nonprofit corporation (the "Corporation"), executed and delivered in the original aggregate principal amount of $27,225,000, pursuant to Section 160A-20 of the North Carolina General Statutes, as amended, and a Trust Agreement dated as of August 1, 2024 (the "Trust Agreement") between the Corporation and Truist Bank, as trustee (the "Trustee"). Under the Agreement, the County has agreed to repay the amounts advanced to it under the Agreement, with interest, in installments (the "Installment Payments"). Under the Trust Agreement, the Corporation has assigned the right to receive the Installment Payments to the Trustee. As security for payment of the Installment Payments, the County has executed a Deed of Trust, Security Agreement, Fixture Filing and Financing Statement dated as of August 1, 2024 (the "Deed of Trust") covering the real property on which certain improvements financed by the subject transaction are located.

No deficiency judgment may be rendered against the County in any action for breach of a contractual obligation under the Agreement, the remedies provided under the Deed of Trust, including foreclosure under the Deed of Trust, being the sole remedies available. The taxing power of the County is not and may not be pledged in any way, directly or indirectly, to secure the payments due under the Agreement or any other instrument contemplated thereby.

As to questions of fact material to our opinion, we have relied upon representations contained in various transaction documents, certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have examined such law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

ROBINSON, BRADSHAW & HINSON, P.A. : robinsonbradshaw.com
Charlotte Office **:** 101 N. Tryon St., Ste. 1900, Charlotte, NC 28246 **:** 704.377.2536

Based on the foregoing, we are of the opinion that, under existing law:

1. Each of the Agreement and the Deed of Trust has been duly authorized, executed and delivered by the County and is a valid and binding obligation of the County, enforceable upon the County. We note, however, that the covenants of the County in the Agreement relating to indemnification are given to the extent permitted by law.

2. Each of the Agreement and the Trust Agreement has been duly authorized, executed and delivered by the Corporation and is a valid and binding obligation of the Corporation, enforceable upon the Corporation.

3. The 2024 Bonds are entitled to the benefits of the Trust Agreement and evidence proportionate undivided interests in rights to receive Installment Payments pursuant to the Agreement.

4. The portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations. The opinion set forth in the preceding sentence is subject to the condition that the County and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order that such interest be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause such interest to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2024 Bonds.

5. The portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from North Carolina income taxes.

The rights of the owners of the 2024 Bonds and the enforceability of the Agreement, the Deed of Trust and the Trust Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by equitable principles (whether considered at law or in equity) and by the exercise of judicial discretion.

This opinion does not cover any matters of title or priority of liens.

We express no opinion herein (a) regarding the accuracy, adequacy or completeness of the Official Statement relating to the 2024 Bonds or (b) except as stated above, regarding federal, state or local tax consequences arising with respect to the 2024 Bonds.

In rendering this opinion, we have relied upon the opinion of Megan Gilbert, Esq., County Attorney and counsel to the Corporation, with respect to the authorization, execution and delivery by the County and the Corporation, as applicable, of the 2024 Bonds, the Agreement and the Trust Agreement and with respect to the recordation of the Deed of Trust.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in law which may hereafter occur.

Respectfully submitted,

[to be signed “Robinson, Bradshaw & Hinson, P.A.”]

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the 2024 Bonds will be available only in a book-entry system. The actual purchasers of the 2024 Bonds (the "Beneficial Owners") will not receive physical bonds representing their interests in the 2024 Bonds purchased. So long as The Depository Trust Company ("DTC"), Jersey City, New Jersey, or its nominee is the registered owner of the 2024 Bonds, references in this Official Statement to the Owners of the 2024 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the 2024 Bonds, payment of interest and other payments with respect to the 2024 Bonds to DTC Participants or to beneficial owners, confirmation and transfer of beneficial ownership interests in the 2024 Bonds, and or other transactions by and between DTC, DTC Participants and beneficial owners is based on information furnished by DTC.

The Depository Trust Company
a subsidiary of The Depository Trust & Clearing Corporation

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity will be issued for the 2024 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the 2024 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2024 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds arc credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024 Bonds, such as prepayments, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the 2024 Bonds may wish to ascertain that the nominee holding the 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the 2024 Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments with respect to the 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Trustee, the County and/or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE COUNTY NOR THE CORPORATION CAN GIVE ANY

ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as depository with respect to the 2024 Bonds at any time by giving reasonable notice to the Trustee or the Corporation. Under such circumstances, in the event that a successor depository is not obtained, physical bond certificates are required to be printed and delivered.

The Trustee or the Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources the County and the Corporation believe to be reliable, but the County and the Corporation take no responsibility for the accuracy thereof.

THE COUNTY, THE CORPORATION AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2024 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS ON ANY PARTIAL PREPAYMENT OF THE 2024 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2024 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

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LINCOLN COUNTY

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