



# **Comprehensive Annual Financial Report**

**Lee County  
North Carolina**

**For the Fiscal Year Ended  
June 30, 2019**

**FINANCE DEPARTMENT  
LISA G. MINTER  
FINANCE DIRECTOR**

*Through vision and leadership, setting the standard for professional local government.*



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## **INTRODUCTORY SECTION**

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November 8, 2019

The Board of County Commissioners and Citizens of Lee County  
Lee County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Lee County for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of Lee County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of Lee County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Lee County's financial statements in conformity with GAAP. Since the costs of internal controls should not outweigh their benefits, Lee County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Thompson, Price, Scott, Adams & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lee County for the fiscal year ended June 30, 2019, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Lee County's financial statements for the year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Lee County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Lee County’s MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Lee County, founded in 1907, is located on the fall line dividing the Piedmont and Coastal Plains regions of the state. It has a land area of 255 square miles and a population of 61,452. There are two municipalities within the County, the largest being the City of Sanford, which serves as the County seat.

The County has a commissioner/manager form of government. The Board of Commissioners is a seven-member board. Four members are elected in districts on a partisan basis. Three members are elected at-large on a partisan basis. The district commissioners and at-large commissioners serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens a wide range of services, which include general government, public safety, economic and physical development, human services, education, cultural and recreation, and debt retirement. The County also provides waste management services.

The annual budget serves as the foundation for the County’s financial planning and control. The County has a formal budget process, which begins in February of each year. All County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review in May. The Board of Commissioners is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the County’s fiscal year. The appropriated budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations, for Lee County. Annual budgets are adopted for the General, Special Revenue and Enterprise funds. Multiyear project budgets are adopted for all Capital Project funds. Legal budgetary control for operating budgets is exercised at the fund and department level. The County Manager may make transfers of appropriations of any amount within a department and up to \$5,000 between departments. Transfers of appropriations between departments in excess of \$5,000 require the approval of the Board of Commissioners. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual

comparisons are provided in this report for each individual governmental fund and proprietary funds for which an appropriated annual budget has been adopted.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Lee County operates.

**Local economy.** Lee County is geographically located at the southern base of the Research Triangle Region, which includes the Raleigh-Cary Metropolitan Statistical Area (MSA) with a 2019 population estimate of 1,362,540 and the Durham-Chapel Hill MSA with a population estimate of 575,412. Lee County is part of the eight county Raleigh Durham Combined Statistical Area (CSA), which has a total population of 2,238,315. Lee County is also located within commuting distance of the Fayetteville MSA, home of Fort Bragg, the US army's largest military installation.

Major industries located within the government's boundaries or in close proximity include manufacturers of pharmaceuticals, automobile components, cosmetics, plumbing fixtures, electronics and brick. Lee County's unemployment rate has hovered at or near the previous year's levels from 4.7 percent in July 2018 to 5.1 percent in June 2019, compared to a state average non-seasonally adjusted unemployment rate for June 2019 of 4.4 percent.

The County continues to work in partnership with community leadership and organizations such as the City of Sanford, Town of Broadway, and the Sanford Area Growth Alliance to maintain and expand the County's economic base. The Sanford Area Growth Alliance (SAGA), a combination of the previous Lee County Economic Development Corporation and the Sanford Area Chamber of Commerce, began full operation in 2015 and is now staffed with eight people. This public/private organization is responsible for retail, commercial, and industrial recruitment and business retention and expansion.

SAGA has a robust Program of Work emanating from a Strategic Plan developed by County leaders. The work plan, which was approved by all three local governmental units, as well as, the Chamber of Commerce, the Sanford Lee County Airport Authority, and the Board of Trustees of the Community College, has 30 strategies and 100 action items with measurable results. The strategic plan emphasizes marketing Lee County's many strengths including a strong network of highways, rail lines, NC Ports and airports providing easy access not only to the region but to global markets as well.

Lee County's 100-year history of manufacturing is the foundation of our local economy with nearly thirty percent of the workforce in a manufacturing or related occupation. Although a significant pullback in this sector occurred during the Great Recession, local manufacturing has rebounded dramatically. While many lower wage/lower skilled jobs have not returned, the local force has grown by nearly 18 percent to just under 27,000 and remains steady in that range. Additionally, Lee County continues to be a net importer of daily labor from surrounding rural areas due to the concentration of industry within county boundaries. The average weekly wage has grown to \$799 per week from \$751 per week in 2017. Retail sales tax collections have increased to by 5.6 percent to \$14,669,199.

In addition to a skilled manufacturing workforce, other local assets include a wide selection of training opportunities through nationally recognized Central Carolina Community College (CCCC). Lee County is proximate to highly rated research universities such as Duke University, the University of North Carolina at Chapel Hill and North Carolina State University, all less than an hour's drive from Sanford. In fact, there are nine community colleges or private training schools and eight degree granting universities within 50 miles of Lee County.

In 2019, two major economic development announcements highlighted the impact and effectiveness of Lee County's strategic economic development efforts. In August 2019, Pfizer, the world's largest pharmaceutical company, announced a major facility expansion on their Lee County campus. The company will invest a half billion dollars to advance its state-of-the-art gene therapy manufacturing facility at its Lee County site. At completion, the new operation is projected to add 300 new jobs with an average wage of more than \$96,000 per year. The Lee County operation will concentrate in highly specialized gene therapy manufacturing in areas such as custom-made recombinant adeno-associated virus vectors (rAAV), which aims to deliver potentially transformative medicines to patients suffering from genetic diseases such as hemophilia and Duchenne muscular dystrophy. In addition to its gene therapy operation, Pfizer's Lee County facility also manufactures components for the company's vaccine portfolio, including Prevnar 13 and several vaccines in Pfizer's research pipeline, and the company currently expects to expand its vaccine workforce by another 200 employees as well.

Then, on September 17, 2019, NC Governor Roy Cooper announced that Bharat Forge, a part of Kalyani Group, a privately held industrial group from India, will build a new facility in Lee County. The company plans to locate the operation in two phases; the first creating 304 jobs, and the second creating 156. In total, the company plans to create 460 new full-time jobs with an average wage of more than \$47,000, and invest \$170.9 million to serve its clients in the automotive sector. Kalyani Group, established in the mid-1960s, is an Indian multi-national with high technology, engineering and manufacturing capability across critical sectors such as engineering steel, automotive, industrial, renewable energy, urban infrastructure and specialty chemicals. With end-to-end capability and a manufacturing footprint across India, Germany, Sweden, France and North America, the Group is a \$3 billion conglomerate with 10,000 employees worldwide.

In addition to these two major announcements, expansions of local industry and strong retail growth continue to bolster Lee County's economic development success. In the past 18 months, Caterpillar has added 50 new employees and invested nearly \$30 million in an additional facility to support the manufacturing of their highly popular skid steer machines, while adding 100 new employees at their primary facility to staff a second production shift. Post-recession, the plant's employment has rebounded to nearly 1,700 people working multiple shifts, making CAT one of the County's largest private employers. Skid steers are shipped worldwide from the Sanford facility.

Coty USA's Sanford facility is the company's largest worldwide plant, employing nearly 1,300 during peak production. The company has recently leased an additional 350,000 square feet to facilitate operation of their major distribution complex. The Sanford site also manufactures OPI nail polish, Philosophy Skin Care products, as well as other private label cosmetics.

Pilgrim's Pride, a US subsidiary of the world's largest meat processing company, JBS, SA, recently completed a \$160 million renovation and expansion of the Lee County processing facility and the nearby feed mill to accommodate a ten-year Costco Wholesale Corp. contract to supply organic poultry to stores in the eastern United States. The company has added over 420 new jobs generating a \$35 million payroll at the Lee County plant. The regional grower network operation expanded production by 25 percent to supply poultry for this plant, and the highly automated, state-of-the-art facility has led to contracts with additional organic poultry customers as well.

Incremental growth continues among other major employers as well. Leading global drivetrain component manufacturer GKN plans to renovate its existing facility to accommodate another 50 employees and plans to expand production in 2020 to accommodate a potential new customer in the electric vehicle (EV) market. Pentair, an industry leader in smart, sustainable water solutions for pool and home, with nearly 500 employees at their two Sanford facilities, plans to add five additional machines and 20 new employees in response to increased demand.

Expansions continue among small industry as well. Edelbrock, market-leading manufacturer of performance carburetors and other premium automotive after-market products, announced plans to build a new warehouse and distribution center adjacent to its existing facility, as well as relocating a portion of its manifold production to Sanford from Southern California. Dorman Automotive has invested \$1.5 million in additional equipment at its hybrid battery remanufacturing facility. STI, manufacturer of polymer coatings and adhesives, and PolySi Technologies, manufacturer of lubricants for the automotive industry, both completed facility expansions in 2019, and Wilson Machine and Tool has announced plans for a 15,000 square foot addition to its existing facility.

Growth has been particularly strong in the building products sector in 2019. Kempsville Building Supplies, a division of Carter Lumber Company, continues to experience growth at its recently established 125,000 square foot Sanford location, and Triad Corrugated Metal, a leading NC-based metal roofing manufacturer and supplier, has purchased and renovated an existing 140,000 square foot facility to provide manufacturing and distribution services to its Southeast and Mid-Atlantic customers. Ohio-based Contract Lumber has announced a distribution center to serve tract builders in central NC in a former Lowes Home Improvement facility which will open in November and create twenty new jobs.

As evidenced by this growth in the local building products sector, Lee County has seen significant residential construction project activity. In the last 12 months, the Planning Department has considered projects totaling 2,669 residential units, 1,288 multi-family and 1,381 single family. D.R. Horton, the nation's largest homebuilder, has submitted plans to construct 995 units at Galvin's Ridge, the largest of the proposed developments.

In the past 12 months, the Chamber of Commerce has held 29 ribbon cuttings for independent small businesses. These businesses combined will create 147 new jobs. Sanford recently welcomed its second craft brewery to a location near downtown. A major \$9 million downtown streetscape renovation is complete and has begun influencing growth in the city's core. Vacancy rates for downtown properties are declining. Property values have increased with several pivotal properties changing

hands recently. Further streetscape improvements by NCDOT and the City of Sanford are planned, engineered and funded.

A new \$30 million, 1,000-student elementary school opened its doors to students in August in a downtown location with a cutting edge STEAM curriculum, integrating top notch creative and performing arts programs along with science, technology, engineering and math.

The Dennis A. Wicker Civic Center, a 28 year-old facility, recently re-opened after a \$3.5 million renovation, With the addition of 12,000 square feet of meeting space and a full catering kitchen, the civic center is now able to host small to medium-sized regional and statewide meetings. Event bookings for 2019 are 25 percent ahead of the previous full year operation. East Coast Hospitality, the operator of 15 hotel properties in North Carolina, continues construction of a 100-room Fairfield Inn and Suites on US 1 Expressway. The new Fairfield's 100 rooms will bring overnight accommodation space to 450 Class A hotel rooms.

Another public facility, the Raleigh Executive Jetport, completed construction of a \$4 million terminal building in October. Flight operations at the airport, a FAA-designated regional reliever, continue to increase. The airport is ranked as the ninth busiest (in take-offs and landings) in North Carolina. Two new private hanger facilities are on the drawing board for 2019.

**Long-term financial planning.** The County prepares a five-year capital improvements program and updates it each year. At June 30, 2019, general fund projects estimated at \$28.5 million were planned over the next five years along with community development projects and a public safety project totaling \$22.9 million and \$5.3 million, respectively. The program also includes \$38.7 million in projects for Lee County Schools and \$14.0 million for Central Carolina Community College. Future projects may be impacted by future economic conditions. To assist in the funding of the County's capital improvements program, the Board of Commissioners placed a referendum on the ballot in November 2009 for the levy of an additional ¼ percent sales tax. The referendum was approved, and the levy began on July 1, 2010.

During the year, the County engaged in several initiatives to ensure its ability to continue to meet long-term expectations. From a budgetary standpoint, several actions were taken to counter the effects of increased debt service. Those actions resulted in the Board adopting a budget totaling \$77,170,272 that was approximately 2.67 percent above the budget for FY 2018-19. The County conducted a property revaluation that was effective January 1, 2019. The County lowered its property tax rate to \$0.775 per \$100 of assessed value for fiscal year 2019-2020.

The County's available fund balance in the general fund at June 30, 2019, \$17,102,400 (24.05 percent of total general fund expenditures) exceeded the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e., between 16 and 24 percent of total general fund expenditures).

### **Awards and Acknowledgments**

In April 2018, Moody's Investors Service and Standard and Poor's Global ratings reconfirmed their Aa2 and AA ratings, respectively.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lee, North Carolina, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

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

**Acknowledgments** - The preparation of this report would not have been possible without the assistance and dedication of the staff of the Finance Department. I would like to thank Thompson, Price, Scott, Adams & Co., the County's independent auditors, for their guidance in preparing this report. The cooperation of each County department is also appreciated as we work together to serve Lee County. In addition, I wish to express my appreciation to the Board of Commissioners and County Manager Dr. John Crumpton for their continued support and leadership in conducting the financial affairs of the County.

Respectfully submitted,

Lisa G. Minter, CPA  
Assistant County Manager/Finance Director



Government Finance Officers Association

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

Presented to

**County of Lee  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO



**COUNTY OF LEE, NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS**

**June 30, 2019**

**BOARD OF COUNTY COMMISSIONERS**

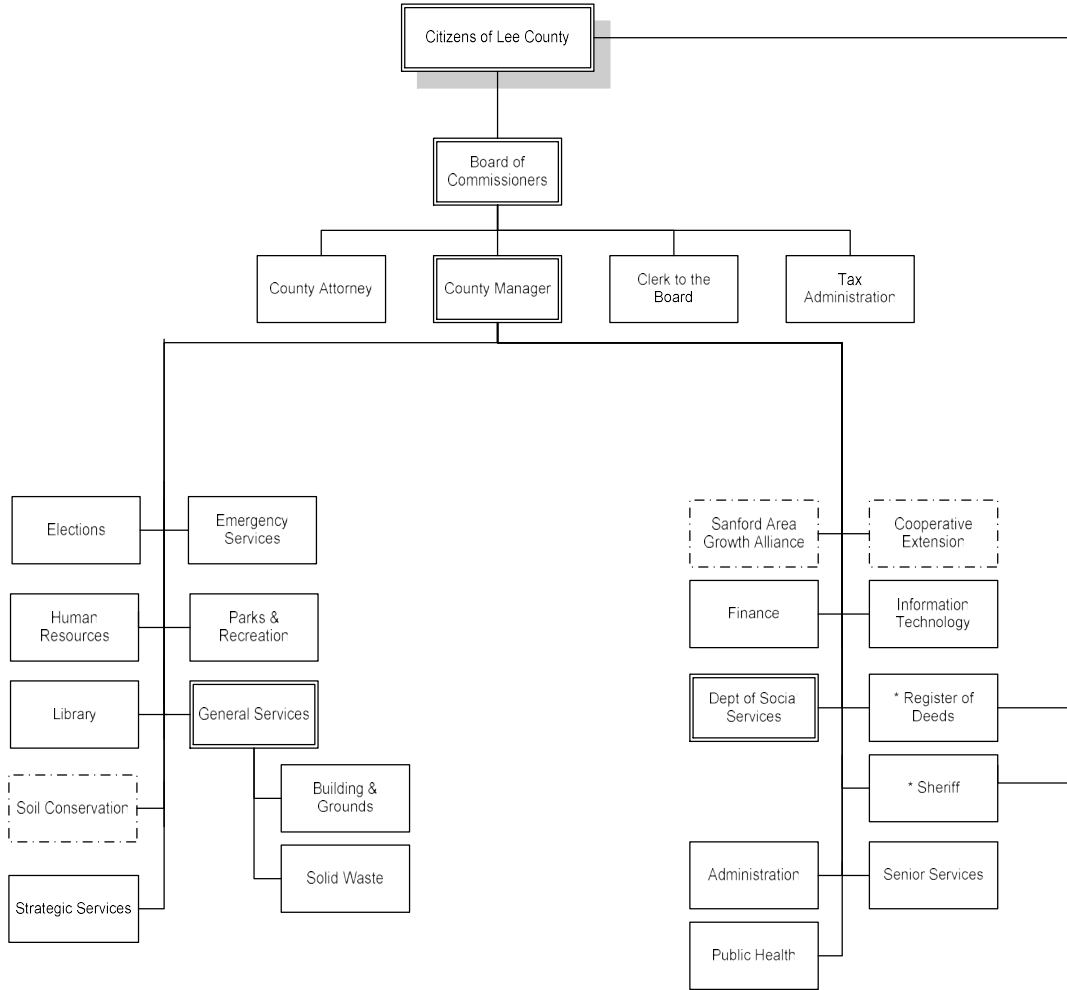
Amy M. Dalrymple	Chair
Kevin C. Dodson	Vice Chairman
Dr. Andre Knecht	Commissioner
Arianna Del Palazzo	Commissioner
Robert T. Reives	Commissioner
Cameron W. Sharpe	Commissioner
Kirk D. Smith	Commissioner

**COUNTY OFFICIALS**

John A. Crumpton	County Manager
Jennifer Gamble	Clerk to the Board
Whitney Parrish	County Attorney
Lisa G. Minter	Assistant County Manager/Finance Director
Tracy Carter	Sheriff
Pamela Britt	Register of Deeds
Michael Brown	Tax Administrator
Bill Stone	County Extension Director
Parker Holland	Elections Director
Shane Seagroves	Emergency Services Director
Russell Spivey	General Services Director
Heath Cain	Health Director
Joyce McGehee	Human Resources Director
Kyle Edwards	Information Technology Director
Beth List	Library Director
John Payne	Parks & Recreation Director
Debbie Davidson	Senior Services Director
Angelina Noel	Social Services Director
Don Kovasckitz	Strategic Services Director

# COUNTY OF LEE, NORTH CAROLINA

## ORGANIZATIONAL CHART



\* Elected Officials  
 - - - - - Liaison Relationship

## **FINANCIAL SECTION**

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*Thompson, Price, Scott, Adams & Co, P.A.*

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**Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of County Commissioners  
Lee County  
Sanford, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Lee County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Members**

**American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms**

## ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Lee County, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of the Net Pension Liability and County Contributions on pages 73 and 74, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 75 and 76, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of covered payroll on pages 77 and 78, and Schedule of Changes in Total OPEB Liability and Related Ratios, page 79, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Lee County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of Lee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., P.A.*

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 8, 2019

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Lee County, we offer readers of Lee County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. 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.

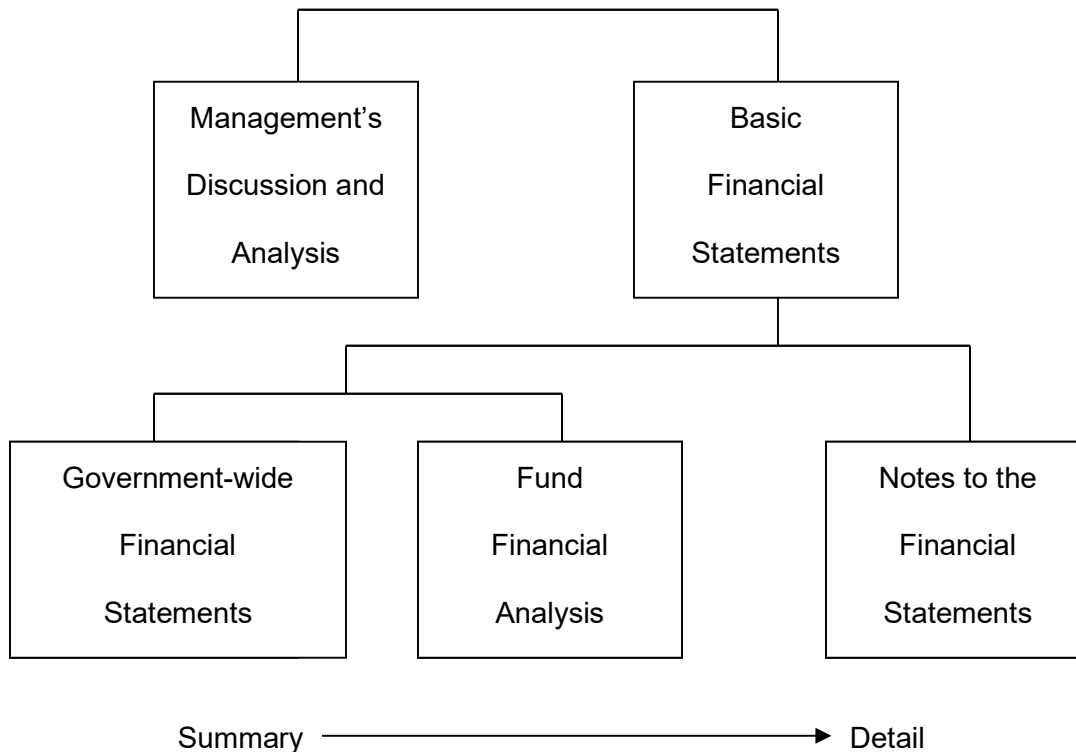
### Financial Highlights

- The liabilities and deferred inflows of resources of Lee County exceeded its assets and deferred outflows of resources at the close of the fiscal year by (\$55,293,144) (*net position*).
- The total net position of governmental activities was a deficit \$56,513,797, a decrease of \$10,701,625 from the prior year's deficit amount of \$45,812,172. In accordance with North Carolina law, the County is financially responsible for funding school facilities and issuing any debt in connection with school facilities; however, since assets are not reflected in the County's financial statements, school capital improvements are expensed.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$43,360,869, a decrease of \$17,604,989 from the prior year. Approximately 58.5 percent of this total amount or \$25,352,898 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,748,317 or 19.3 percent of total General Fund expenditures for the fiscal year.
- Lee County's total debt decreased by \$7,853,551 or 7.93 percent during the current fiscal year.
- The County maintained its Aa2 bond rating from Moody's Investor Services and its AA bond rating from Standard & Poor's.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Lee County's basic financial statements. The basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the 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 Lee County.

**Required Components of Annual Financial Report  
Figure 1**



**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) 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 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County’s general fund and the non-major governmental funds, which are added together in one column on the basic financial statements. Budgetary information required by North Carolina General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County’s pension and benefit plans.

## **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 total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, parks and recreation, human services, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include water and sewer and landfill services offered by Lee County.

The government-wide financial statements are on Exhibits 1 and 2 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. The 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 the 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 the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and

governmental funds is described in a reconciliation that is a part of the fund financial statements.

Lee 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 Statement of Revenues, Expenditures and Changes in Fund Balance. 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** – The Enterprise Fund is the only proprietary type fund that the County utilizes. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has eight fiduciary funds: the Brown Bequest Trust Fund, and seven agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 27 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide health insurance benefits to retirees and pension benefits to its employees. Required supplemental information can be found on page 73 of this report.

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

As noted earlier, net position over time may serve as a useful indicator of a government's financial condition. The following figure depicts the County's net position for fiscal year 2019 and provides comparative data from fiscal year 2018.

**Lee County's Net Position  
Figure 2**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 48,097,161	\$ 64,630,599	\$ 1,140,315	\$ 1,239,372	\$ 49,237,476	\$ 65,869,971
Capital assets	21,407,839	21,606,575	773,364	758,463	22,181,203	22,365,038
Total assets	<u>69,505,000</u>	<u>86,237,174</u>	<u>1,913,679</u>	<u>1,997,835</u>	<u>71,418,679</u>	<u>88,235,009</u>
Deferred outflow s of resources	5,761,412	3,390,996	65,826	38,618	5,827,238	3,429,614
Long-term liabilities outstanding	123,635,307	129,310,321	675,971	645,281	124,311,278	129,955,602
Other liabilities	4,391,308	3,482,911	45,919	154,244	4,437,227	3,637,155
Total liabilities	<u>128,026,615</u>	<u>132,793,232</u>	<u>721,890</u>	<u>799,525</u>	<u>128,748,505</u>	<u>133,592,757</u>
Deferred inflow s of resources	3,753,594	2,647,110	36,962	25,429	3,790,556	2,672,539
Net position:						
Net investment in capital assets	21,115,449	21,157,156	773,364	758,463	21,888,813	21,915,619
Restricted	9,052,912	42,358,524	-	-	9,052,912	42,358,524
Unrestricted	(86,682,158)	(109,327,852)	447,289	453,036	(86,234,869)	(108,874,816)
Total net position	<u>\$ (56,513,797)</u>	<u>\$(45,812,172)</u>	<u>\$ 1,220,653</u>	<u>\$ 1,211,499</u>	<u>\$ (55,293,144)</u>	<u>\$( 44,600,673)</u>

The liabilities and deferred inflows of resources of Lee County exceed assets and deferred outflow of resources by (\$55,293,144) at the close of the most recent fiscal year. The County's net position decreased by \$10,692,471 for the fiscal year ended June 30, 2019. One of the largest portions of net position, \$21,888,813, reflects the County's net investment in capital assets (e.g. land, buildings, machinery and equipment). Lee County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lee County's investment in 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, \$9,052,912 represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$86,234,869 is unrestricted.

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the Lee County Board of Education (the "schools") and Central Carolina Community College (the "community college"). Under North Carolina law, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems capital funding by using a mixture of County funds, general obligation debt, and installment financings. The assets funded by the County; however, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. As of June 30, 2019, approximately \$81.5 million of the outstanding debt on the County's financial statement was related to assets included in the school and community college systems' financial statements.

The impact of the inclusion of the school system and community college debt without the corresponding assets was offset by the following positive factors:

- Continued diligence in the collection of current year property taxes by maintaining a collection percentage of 99.06 percent for real and personal property and 100.00 percent for motor vehicles.
- Continued low cost of debt due to the County's high bond ratings.
- Continued accumulation of funds into the Capital Projects Outlay Fund. Accumulated funds will be used to fund debt service for a new elementary school, courthouse complex renovations, and park improvements.
- An increase in sales tax revenue due to the continued recovery of the local economy and legislation which expanded the sales tax base.
- County departments were conservative in their spending and General Fund expenditures at June 30, 2019 were \$5,199,693 under budget.

### Lee County's Changes in Net Position Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,484,185	\$ 3,449,072	\$ 1,374,588	\$ 1,310,715	\$ 4,858,773	\$ 4,759,787
Operating grants and contributions	7,178,809	7,077,467	-	-	7,178,809	7,077,467
Capital grants and contributions	281,849	-	-	-	281,849	-
General revenues:						
Property taxes	47,644,244	45,297,237	-	-	47,644,244	45,297,237
Other taxes	15,881,388	14,993,373	-	-	15,881,388	14,993,373
Grants and contributions not restricted to specific programs	660,520	703,051	135,588	140,904	796,108	843,955
Investment earnings	1,218,431	608,155	27,802	14,625	1,246,233	622,780
Other	444,039	392,692	-	-	444,039	392,692
Loss on disposal of assets	-	-	-	-	-	-
<b>Total revenues</b>	<b>76,793,465</b>	<b>72,521,047</b>	<b>1,537,978</b>	<b>1,466,244</b>	<b>78,331,443</b>	<b>73,987,291</b>
<b>Expenses:</b>						
General government	9,326,907	8,894,682	-	-	9,326,907	8,894,682
Public safety	14,035,115	13,533,239	-	-	14,035,115	13,533,239
Economic and physical development	2,010,865	1,788,613	-	-	2,010,865	1,788,613
Human services	13,445,485	12,943,413	-	-	13,445,485	12,943,413
Cultural and recreation	1,978,594	1,591,557	-	-	1,978,594	1,591,557
Education	43,259,793	41,564,924	-	-	43,259,793	41,564,924
Interest on long-term debt	3,438,331	2,896,297	-	-	3,438,331	2,896,297
Water and sewer	-	-	5,778	320,325	5,778	320,325
Landfill	-	-	1,523,046	1,390,842	1,523,046	1,390,842
<b>Total expenses</b>	<b>87,495,090</b>	<b>83,212,725</b>	<b>1,528,824</b>	<b>1,711,167</b>	<b>89,023,914</b>	<b>84,923,892</b>
Increase (decrease) in net position before special item	(10,701,625)	(10,691,678)	9,154	(244,923)	(10,692,471)	(10,936,601)
Net position, beginning	(45,812,172)	(35,120,494)	1,211,499	1,456,422	(44,600,673)	(33,664,072)
<b>Net position, ending</b>	<b>\$(56,513,797)</b>	<b>\$(45,812,172)</b>	<b>\$ 1,220,653</b>	<b>\$ 1,211,499</b>	<b>\$(55,293,144)</b>	<b>\$(44,600,673)</b>

**Governmental Activities.** Governmental activities decreased the County's net position by \$10,701,625. The key factor in the decrease is the expenditure of debt proceeds on construction projects for Central Carolina Community College and Lee County Board of Education that are not assets of the County.

Key factors that help offset the decrease are as follows:

- Maintenance of the County's high tax collection rate of 99.15 percent
- Property tax revenues increased \$2,347,007 or 5.18 percent due to growth.
- Growth in the County's economy resulted in a \$779,243 or 5.61 percent increase in sales tax revenue.
- Increased investment rates led to increased investment earnings on unspent debt proceeds, as well as other funds the County held during the year.

**Business-type Activities.** Business-type activities increased the County's net position by \$9,154. The key factor in this increase is the increase in solid waste fees.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, fund balance available for appropriation 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 the County. At the end of the current fiscal year, the County's fund balance available for appropriation in the General Fund was \$17,102,400, while total fund balance reached \$23,306,905, an increase of 13.19 percent. The tax collection percentage of the County and tax base growth contributed to the growth of the County's fund balance. For 2019, the County's tax collection rate was 99.15 percent. The revenue from the receipt of sales tax increased 5.61 percent due to an increase in sales within the County. County departments continue to be conservative in their spending resulting in General Fund expenditures being \$5,199,693 under budget. The Board of Commissioners of Lee County has adopted a set of financial policies that states the County will maintain as a floor an available fund balance equal to 16 percent of the General Fund expenditures at the end of each fiscal year; however, the County will strive to reach a target of 24 percent. The County currently has an available fund balance of 24.05 percent of General Fund expenditures and transfers to other funds, while total fund balance represents 32.78 percent of that same amount.

At June 30, 2019, the governmental funds of the County reported a combined fund balance of \$43,360,869, a \$17,604,989 decrease over the prior year. The majority of the decrease is due to the capital expenditures in the Elementary School Facility Fund for the construction of W B Wicker Elementary School. Capital expenditures for Central Carolina Community College in the CCC Health Sciences Center Fund, CCC Veterinary Medical Technology Facility Fund, CCC Civic Center Project Fund and CCC Main Campus and Emergency Services Training Center Renovations Fund account for \$3,812,011 of the decrease in combined fund balance.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, the 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's budget amounted to an increase of \$1,143,583.

Major budget increases during the year include:

- Funding for renovations and repairs at the Lee County Government Center – \$200,000.
- Additional Aging Home Community Block Grant funds received for Senior Services programming - \$51,514.
- The remaining budget adjustments were for various amounts and across all functional areas of the County and were to adjust appropriations as necessary to maintain services.

At year end, *actual* general fund revenues and other financing sources were more than *final amended budget* numbers by \$207,361. *Actual* general fund expenditures and transfers out were less than *final budgetary* figures by \$5,199,693 increasing fund balance by \$2,715,391.

**Proprietary Funds.** Lee County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Water and Sewer District # 1 Fund at the end of the fiscal year amounted to \$(326,749). The decrease in net position of \$5,778 in this fund is due to the final costs related to a waterline extension that has been transferred to the City of Sanford so no asset is recorded. The unrestricted net position of the Solid Waste Management Fund equaled \$774,038. The increase in net position in this fund was \$14,932.

### **Capital Asset and Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$22,181,203 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, improvements, and construction in progress.



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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,120,818	\$ 4,120,818	\$ 260,425	\$ 260,425	\$ 4,381,243	\$ 4,381,243
Land improvements	2,449,555	2,449,555	135,796	135,796	2,585,351	2,585,351
Buildings	8,567,269	8,794,919	222,693	230,237	8,789,962	9,025,156
Roads	1,986,232	2,059,796	-	-	1,986,232	2,059,796
Equipment	4,078,636	4,117,120	154,450	132,005	4,233,086	4,249,125
Construction in progress	205,329	64,367	-	-	205,329	64,367
<b>Totals</b>	<b>\$ 21,407,839</b>	<b>\$ 21,606,575</b>	<b>\$ 773,364</b>	<b>\$ 758,463</b>	<b>\$ 22,181,203</b>	<b>\$ 22,365,038</b>

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

**Long-term Debt.** As of June 30, 2019, Lee County had total bonded debt outstanding of \$22,223,054 all of which is debt backed by the full faith and credit of the County. In addition, the County had direct placement obligations of \$36,671,495, and limited obligation bond debt of \$31,931,273, for a total debt burden outstanding for Governmental Activities of \$90,825,822.

**Lee County's Outstanding Debt  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 22,223,054	\$ 23,457,668	\$ -	\$ -	\$ 22,223,054	\$ 23,457,668
Direct Placement Obligations	36,671,495	42,015,354	-	-	36,671,495	42,015,354
Limited Obligation Bonds	31,931,273	33,212,129	-	-	31,931,273	33,212,129
Note Payable	-	-	326,749	320,971	326,749	320,971
<b>Totals</b>	<b>\$ 90,825,822</b>	<b>\$ 98,685,151</b>	<b>\$ 326,749</b>	<b>\$ 320,971</b>	<b>\$ 91,152,571</b>	<b>\$ 99,006,122</b>

Lee County's total debt decreased by \$7,853,551 during the past fiscal year, primarily due to principal payments.

As mentioned in the financial highlights section of this document, Lee County maintained its Aa2 rating Moody's Investor Service and its AA rating from Standard and Poor's Corporation during the fiscal year. These bond ratings are a clear indication of the sound financial condition of Lee County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lee County is \$356,894,863.

Additional information regarding Lee County's long-term debt can be found in note III. M.

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

The County has approved a \$77,170,272 budget for fiscal year 2020, which represents a 2.67 percent increase from the FY 2019 adopted budget. The County revalued property as of January 1, 2019. The tax rate of 77.5 cents per \$100 of assessed value is 2.0 cents lower than in the fiscal year 2019 budget and is slightly below the revenue neutral rate of 77.68 cents.

The following factors were considered when developing the 2020 budget:

- A 6.53 percent change in the property tax base.
- The County experienced around a 5.0 percent increase in sales tax revenues in fiscal year 2019. A 4 percent growth is projected in fiscal year 2020.
- Lee County's unemployment rate has increased from 4.7 percent at the end of June 2018 to 5.1 percent at the end of June 2019. The County's rate was higher than the state average of 4.4 percent.

## **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities.** Based on the revaluation of property as of January 1, 2019 and growth in the tax base, the Board of County Commissioners lowered the tax rate to 77.5 cents for the fiscal year 2020 budget. Growth in the property tax base will lead to increased property tax revenues. That along with increased sales tax revenues will allow the following increases in the budget:

- The addition of two School Resource Officers, one Community Resource Officer, and an Administrative Assistant position in COLTS department
- A 2 percent Cost of Living Adjustment for all employees
- An increase of 5.88 percent or \$1,050,000 in current expense funding to the Lee County Board of Education.
- An increase of \$88,306 or 3.06 percent in current expense funding for Central Carolina Community College

**Business-type Activities.** The FY 2020 Solid Waste Fund budget totals \$1,687,491 which represents an increase of 5.73 percent from the adopted FY 2019 budget. The increase is due to the costs of a roof replacement on the landfill scale house and shop and the purchase of a vehicle.

## **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 Director of Finance, Lee County, 408 Summit Drive, P.O. Box 1968, Sanford, NC 27330. You can also visit our website at [www.leecountync.gov](http://www.leecountync.gov).

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## **BASIC FINANCIAL STATEMENTS**

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**LEE COUNTY, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2019**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 24,428,027	\$ 1,046,568	\$ 25,474,595
Taxes receivable - net	610,918	-	610,918
Accounts receivable - net	6,474,854	91,821	6,566,675
Accrued interest receivable	76,383	1,926	78,309
Restricted assets:			
Temporarily restricted:			
Cash and investments	16,414,220	-	16,414,220
Net pension asset	92,759	-	92,759
Capital assets:			
Land, improvements, and construction in progress	6,775,702	396,221	7,171,923
Other capital assets, net of depreciation	14,632,137	377,143	15,009,280
Total capital assets	<u>21,407,839</u>	<u>773,364</u>	<u>22,181,203</u>
Total assets	<u>69,505,000</u>	<u>1,913,679</u>	<u>71,418,679</u>
<b>Deferred outflow of Resources</b>	5,761,412	65,826	5,827,238
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,163,719	45,919	1,209,638
Accrued interest payable	638,407	-	638,407
Liabilities to be paid from restricted assets	2,589,182	-	2,589,182
Long-term liabilities			
Due within one year	9,292,859	15,000	9,307,859
Due in more than one year	114,342,448	660,971	115,003,419
Total long-term liabilities	<u>123,635,307</u>	<u>675,971</u>	<u>124,311,278</u>
Total liabilities	<u>128,026,615</u>	<u>721,890</u>	<u>128,748,505</u>
<b>Deferred Inflows of Resources</b>	3,753,594	36,962	3,790,556
<b>Net Position</b>			
Net investment in capital assets	21,115,449	773,364	21,888,813
Restricted for:			
Stabilization by State Statute	6,665,410	-	6,665,410
Public Safety	965,319	-	965,319
Economic and Physical Development	837,083	-	837,083
Education	176,816	-	176,816
Register of Deeds	294,050	-	294,050
Register of Deeds' pension plan	114,234	-	114,234
Unrestricted	<u>(86,682,158)</u>	<u>447,289</u>	<u>(86,234,869)</u>
Total net position	<u>\$ (56,513,797)</u>	<u>\$ 1,220,653</u>	<u>\$ (55,293,144)</u>

*The notes to the financial statements are an integral part of this statement.*

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Government activities:							
General government	\$ 9,326,907	\$ 649,571	\$ -	\$ -	\$ (8,677,336)	\$ -	\$ (8,677,336)
Public safety	14,035,115	851,650	120,611	-	(13,062,854)	-	(13,062,854)
Economic and physical development	2,010,865	-	29,326	-	(1,981,539)	-	(1,981,539)
Human services	13,445,485	1,638,014	6,911,656	3,025	(4,892,790)	-	(4,892,790)
Cultural and recreation	1,978,594	344,950	117,216	-	(1,516,428)	-	(1,516,428)
Education	43,259,793	-	-	278,824	(42,980,969)	-	(42,980,969)
Interest on long-term debt	3,438,331	-	-	-	(3,438,331)	-	(3,438,331)
Total governmental activities	<u>87,495,090</u>	<u>3,484,185</u>	<u>7,178,809</u>	<u>281,849</u>	<u>(76,550,247)</u>	<u>-</u>	<u>(76,550,247)</u>
Business-type activities:							
Water & Sewer	5,778	-	-	-	-	(5,778)	(5,778)
Solid Waste Management Fund	1,523,046	1,374,588	-	-	-	(148,458)	(148,458)
Total business-type activities	<u>1,528,824</u>	<u>1,374,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(154,236)</u>	<u>(154,236)</u>
Total primary government	<u>\$ 89,023,914</u>	<u>\$ 4,858,773</u>	<u>\$ 7,178,809</u>	<u>\$ 281,849</u>	<u>(76,550,247)</u>	<u>(154,236)</u>	<u>(76,704,483)</u>
General revenues:							
Ad valorem taxes					47,644,244	-	47,644,244
Sales taxes					14,669,199	-	14,669,199
Other taxes					1,212,189	-	1,212,189
Grants and contributions not restricted to specific programs					660,520	135,588	796,108
Investment earnings					1,218,431	27,802	1,246,233
Miscellaneous					444,039	-	444,039
Total general revenues					<u>65,848,622</u>	<u>163,390</u>	<u>66,012,012</u>
Change in net position					(10,701,625)	9,154	(10,692,471)
Net position, beginning					<u>(45,812,172)</u>	<u>1,211,499</u>	<u>(44,600,673)</u>
Net position, ending					<u>\$ (56,513,797)</u>	<u>\$ 1,220,653</u>	<u>\$ (55,293,144)</u>

The notes to the financial statements are an integral part of this statement.



**LEE COUNTY, NORTH CAROLINA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2019**

**Exhibit 3**

	Major Funds			
	General Fund	Elementary School Facility Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Assets:				
Cash and investments	\$ 18,560,647	\$ 1,423	\$ 5,865,957	\$ 24,428,027
Taxes receivable - net	546,779	-	64,139	610,918
Accounts receivable - net	6,003,698	345,177	76,919	6,425,794
Accrued interest receivable	37,574	18,665	20,144	76,383
Cash and investments - restricted	-	9,566,261	6,847,959	16,414,220
	<u>\$ 25,148,698</u>	<u>\$ 9,931,526</u>	<u>\$ 12,875,118</u>	<u>\$ 47,955,342</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,064,360	\$ -	\$ 99,359	\$ 1,163,719
Liabilities to be paid from restricted assets	-	2,396,270	192,912	2,589,182
Total liabilities	<u>1,064,360</u>	<u>2,396,270</u>	<u>292,271</u>	<u>3,752,901</u>
<b>Deferred Inflows of Resources</b>	<u>777,433</u>	<u>-</u>	<u>64,139</u>	<u>841,572</u>
Fund Balances:				
Restricted:				
Stabilization by State Statute	6,204,505	363,842	97,063	6,665,410
Public Safety	-	-	4,036,133	4,036,133
Economic and Physical Development	-	-	2,757,824	2,757,824
Education	-	9,566,261	2,033,220	11,599,481
Register of Deeds	294,050	-	-	294,050
Committed:				
Economic and Physical Development	-	-	208,226	208,226
Public Safety	305,815	-	-	305,815
Human Services	822,152	-	-	822,152
LEO Special Separation Allowance	4,352	-	-	4,352
Assigned:				
Subsequent year's expenditures	1,927,714	-	-	1,927,714
Capital	-	-	3,579,321	3,579,321
Unassigned:	<u>13,748,317</u>	<u>(2,394,847)</u>	<u>(193,079)</u>	<u>11,160,391</u>
Total fund balances	<u>23,306,905</u>	<u>7,535,256</u>	<u>12,518,708</u>	<u>43,360,869</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,148,698</u>	<u>\$ 9,931,526</u>	<u>\$ 12,875,118</u>	<u>\$ 47,955,342</u>

The notes to the financial statements are an integral part of this statement.

**LEE COUNTY, NORTH CAROLINA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2019**

**Exhibit 3**  
**(cont.)**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance, Governmental Funds	\$ 43,360,869
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	21,407,839
Net pension asset	92,759
Contributions to pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,228,403
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	21,846
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	483,635
Net pension liability	(5,476,869)
Net OPEB liability	(24,292,761)
Total pension liability	(1,236,257)
Deferred inflows of resources for taxes and other receivables	664,411
Pension related deferrals	2,983,429
OPEB related deferrals	(2,483,274)
Compensated absences not expected to be materially liquidated with expendable available resources	(1,803,599)
Some liabilities, including bonds payable and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(91,464,228)</u>
Net position of governmental activities	<u>\$ (56,513,797)</u>

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*The notes to the financial statements are an integral part of this statement.*

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 4**

	Major Fund			Total Governmental Funds
	General Fund	Elementary School Facility Fund	Non-major Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 44,192,440	\$ -	\$ 3,297,157	\$ 47,489,597
Local option sales taxes	14,669,199	-	-	14,669,199
Other taxes and licenses	555,682	-	656,507	1,212,189
Unrestricted intergovernmental	664,653	-	-	664,653
Restricted intergovernmental	7,899,970	-	83,628	7,983,598
Permits and fees	263,144	-	-	263,144
Sales and services	2,801,295	-	-	2,801,295
Investment earnings	485,043	376,567	356,821	1,218,431
Miscellaneous	482,129	-	950	483,079
Total revenues	<u>72,013,555</u>	<u>376,567</u>	<u>4,395,063</u>	<u>76,785,185</u>
Expenditures:				
Current:				
General government	9,325,250	-	-	9,325,250
Public safety	10,541,987	-	2,993,156	13,535,143
Economic and physical development	1,401,153	-	483,566	1,884,719
Human services	13,125,412	-	-	13,125,412
Education	22,542,722	16,572,190	4,144,881	43,259,793
Cultural and recreational	1,913,977	-	-	1,913,977
Debt service:				
Principal retirement	7,618,859	-	-	7,618,859
Interest and fees	3,727,021	-	-	3,727,021
Total expenditures	<u>70,196,381</u>	<u>16,572,190</u>	<u>7,621,603</u>	<u>94,390,174</u>
Revenues over (under) expenditures	<u>1,817,174</u>	<u>(16,195,623)</u>	<u>(3,226,540)</u>	<u>(17,604,989)</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,810,217	-	200,000	2,010,217
Transfers to other funds	(912,000)	-	(1,098,217)	(2,010,217)
Total other financing sources (uses)	<u>898,217</u>	<u>-</u>	<u>(898,217)</u>	<u>-</u>
Net change in fund balances	2,715,391	(16,195,623)	(4,124,757)	(17,604,989)
Fund balances, beginning of year	<u>20,591,514</u>	<u>23,730,879</u>	<u>16,643,465</u>	<u>60,965,858</u>
Fund balances, end of year	<u>\$ 23,306,905</u>	<u>\$ 7,535,256</u>	<u>\$ 12,518,708</u>	<u>\$ 43,360,869</u>

*The notes to the financial statements are an integral part of this statement.*

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

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Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds (Exhibit 4) \$(17,604,989)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.

Capital outlay	1,174,520
Depreciation	(1,324,514)
Basis of assets disposed	(48,742)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 1,228,403

Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position 43,074

Contributions and pension administration costs for OPEB are deferred outflows on the Statement of Net Position 483,635

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 149,444

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 7,858,403

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not required as expenditures in governmental funds. (2,660,859)

Change in net position of governmental activities \$(10,701,625)

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*The notes to the financial statements are an integral part of this statement.*

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

**Exhibit 5**

	Budget		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 43,081,278	\$ 43,081,278	\$ 44,192,440	\$ 1,111,162
Local option sales taxes	14,830,164	14,830,164	14,669,199	(160,965)
Other taxes and licenses	437,707	437,707	555,682	117,975
Unrestricted intergovernmental	703,310	703,310	664,653	(38,657)
Restricted intergovernmental	8,390,119	8,735,418	7,899,970	(835,448)
Permits and fees	269,541	269,541	263,144	(6,397)
Sales and services	2,811,775	2,816,795	2,801,295	(15,500)
Investment earnings	230,000	230,000	485,043	255,043
Miscellaneous	400,392	445,078	482,129	37,051
Total revenues	<u>71,154,286</u>	<u>71,549,291</u>	<u>72,013,555</u>	<u>464,264</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	10,185,517	10,377,744	9,325,250	1,052,494
Public safety	11,070,876	11,144,295	10,541,987	602,308
Economic and physical development	2,084,989	2,109,060	1,401,153	707,907
Human services	14,493,017	15,118,731	13,125,412	1,993,319
Education	23,017,439	23,017,439	22,542,722	474,717
Cultural and recreational	2,253,482	2,281,634	1,913,977	367,657
<b>Debt service:</b>				
Principal retirement	7,618,859	7,618,859	7,618,859	-
Interest and fees	<u>3,728,312</u>	<u>3,728,312</u>	<u>3,727,021</u>	<u>1,291</u>
Total expenditures	<u>74,452,491</u>	<u>75,396,074</u>	<u>70,196,381</u>	<u>5,199,693</u>
Revenues over (under) expenditures	<u>(3,298,205)</u>	<u>(3,846,783)</u>	<u>1,817,174</u>	<u>5,663,957</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	2,067,120	2,067,120	1,810,217	(256,903)
Transfers to other funds	<u>(712,000)</u>	<u>(912,000)</u>	<u>(912,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,355,120</u>	<u>1,155,120</u>	<u>898,217</u>	<u>(256,903)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,943,085)	(2,691,663)	2,715,391	5,407,054
Appropriated fund balance	<u>1,943,085</u>	<u>2,691,663</u>	<u>-</u>	<u>(2,691,663)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,715,391	<u>\$ 2,715,391</u>
Fund balance, beginning of year			<u>20,591,514</u>	
Fund balance, end of year			<u>\$ 23,306,905</u>	

*The notes to the financial statements are an integral part of this statement.*

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2019**

**Exhibit 6**

	Major Funds		Total Business-type Activities Enterprise
	Solid Waste Management Fund	Water and Sewer District #1 Fund	
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,046,568	\$ -	\$ 1,046,568
Accounts receivable - net	91,794	27	91,821
Accrued interest receivable	1,926	-	1,926
Total current assets	<u>1,140,288</u>	<u>27</u>	<u>1,140,315</u>
Non-current assets:			
Land, improvements, and construction in progress	396,221	-	396,221
Other capital assets, net of accumulated depreciation	377,143	-	377,143
Total non-current assets	<u>773,364</u>	<u>-</u>	<u>773,364</u>
Total assets	<u>1,913,652</u>	<u>27</u>	<u>1,913,679</u>
<b>Deferred outflows of resources</b>	65,826	-	65,826
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	21,352	27	21,379
Compensated absences payable	15,000	-	15,000
Accrued landfill closure costs	24,540	-	24,540
Total current liabilities	<u>60,892</u>	<u>27</u>	<u>60,919</u>
Non-current liabilities:			
Compensated absences payable	1,117	-	1,117
Loan payable	-	326,749	326,749
Net pension liability	65,396	-	65,396
OPEB liability payable	267,709	-	267,709
Total non-current liabilities	<u>334,222</u>	<u>326,749</u>	<u>660,971</u>
Total liabilities	<u>395,114</u>	<u>326,776</u>	<u>721,890</u>
<b>Deferred inflows of resources</b>	36,962	-	36,962
<b>Net Position</b>			
Net Investment in capital assets	773,364	-	773,364
Unrestricted	774,038	(326,749)	447,289
Total net position	<u>\$ 1,547,402</u>	<u>\$ (326,749)</u>	<u>\$ 1,220,653</u>

The notes to the financial statements are an integral part of this statement.

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund**  
**Net Position - Proprietary Funds**  
**For The Year Ended June 30, 2019**

**Exhibit 7**

	Major Funds		Total Business-type Activities Enterprise
	Solid Waste Management Fund	Water and Sewer District #1 Fund	
Operating revenues:			
Charges for services	\$ 1,353,538	\$ -	\$ 1,353,538
Other miscellaneous revenues	21,050	-	21,050
Total operating revenues	<u>1,374,588</u>	<u>-</u>	<u>1,374,588</u>
Operating expenses:			
Cost of service and administration	1,500,254	-	1,500,254
Depreciation	22,792	-	22,792
Total operating expenses	<u>1,523,046</u>	<u>-</u>	<u>1,523,046</u>
Operating income (loss)	<u>(148,458)</u>	<u>-</u>	<u>(148,458)</u>
Non-operating revenues (expenses):			
Solid waste disposal tax	26,975		26,975
Scrap tire disposal tax	84,086		84,086
White goods disposal tax	24,527		24,527
Investment earnings	27,802		27,802
Water/Sewer extension	-	(5,778)	(5,778)
Non-operating revenues (expenses)	<u>163,390</u>	<u>(5,778)</u>	<u>157,612</u>
Change in net position	14,932	(5,778)	9,154
Net position, beginning	<u>1,532,470</u>	<u>(320,971)</u>	<u>1,211,499</u>
Net position, ending	<u>\$ 1,547,402</u>	<u>\$ (326,749)</u>	<u>\$ 1,220,653</u>

The notes to the financial statements are an integral part of this statement.

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Cash Flows - Proprietary Funds**  
**For The Year Ended June 30, 2019**

**Exhibit 8**

	Major Funds		Total Business-type Activities Enterprise
	Solid Waste Management Fund	Water and Sewer District #1 Fund	
Cash flows from operating activities:			
Receipts from customers	\$ 1,358,278	\$ -	\$ 1,358,278
Payments to suppliers for goods and services	(925,615)	-	(925,615)
Payments to or on behalf of employees	(564,254)	-	(564,254)
Other operating revenues	21,050	-	21,050
Net cash provided (used) by operating activities	<u>(110,541)</u>	<u>-</u>	<u>(110,541)</u>
Cash flows from noncapital and related financing activities:			
Tax receipts	134,514	-	134,514
Loan proceeds	-	5,778	5,778
Water/sewer extension	-	<u>(5,778)</u>	<u>(5,778)</u>
Net cash provided (used) by noncapital and related financing activities	<u>134,514</u>	<u>-</u>	<u>134,514</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(37,693)	-	(37,693)
Cash flows from investing activities -			
Interest on investments	<u>28,125</u>	<u>-</u>	<u>28,125</u>
Net increase (decrease) in cash and cash equivalents	14,405	-	14,405
Cash and cash equivalents, beginning of year	<u>1,032,163</u>	<u>-</u>	<u>1,032,163</u>
Cash and cash equivalents, end of year	<u>\$ 1,046,568</u>	<u>\$ -</u>	<u>\$ 1,046,568</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (148,458)	\$ -	\$ (148,458)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	22,792	-	22,792
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	4,493	-	4,493
(Increase) in deferred outflows of resources - pension	(17,689)	-	(17,689)
(Increase) in deferred outflows of resources - OPEB	(9,519)	-	(9,519)
Increase in net pension liability	22,282	-	22,282
Increase in net OPEB liability	2,895	-	2,895
Increase (decrease) in accounts payable and accrued expenses	1,130	-	1,130
Increase in deferred inflows of resources - pensions	(716)	-	(716)
Increase in deferred inflows of resources - OPEB	<u>12,249</u>	<u>-</u>	<u>12,249</u>
Net cash provided (used) by operating activities	<u>\$ (110,541)</u>	<u>\$ -</u>	<u>\$ (110,541)</u>

The notes to the financial statements are an integral part of this statement.



**LEE COUNTY, NORTH CAROLINA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

**Exhibit 9**

	Kenneth Brown Bequest Fund	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 12,258	\$ 82,150
Taxes receivable - net	-	316,542
Accounts receivable	-	187,621
Accrued interest receivable	23	-
Total assets	12,281	586,313
<b>Liabilities</b>		
Other liabilities	-	35,774
Due to other governmental units	-	550,539
Total liabilities	-	586,313
<b>Net Position</b>		
Held in trust for the Library	12,281	-
Total net position	\$ 12,281	\$ -

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The notes to the financial statements are an integral part of this statement.

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

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**Exhibit 10**

	<u>Kenneth Brown Bequest Fund</u>
Additions:	
Investment earnings	\$ <u>288</u>
Deductions:	
Library expenses	<u>-</u>
Change in net position	288
Net position, beginning of year	<u>11,993</u>
Net position, end of year	<u>\$ 12,281</u>

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The notes to the financial statements are an integral part of this statement.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Lee County and its component units conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under 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 Lee County Water and Sewer District #1 exists to provide and maintain a water and sewer system for the County residents within the District. The District is reported as an Enterprise Fund in the County's financial statements. Lee County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. Lee County Development Corporation (the *Corporation*) exists for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving but not limited to purchase and sale, construction and/or lease of real estate and improvement, facilities, and equipment. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Water and Sewer District #1	Blended	Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the District. The County has operational responsibility for the District.	None issued.
Lee County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Lee County Development Corporation	Discrete	The Corporation has a three-member board of directors who are established through the by-laws of the Articles of Incorporation.	None issued.

**B. Basis of Presentation – Measurement Focus and Basis of Accounting**

*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. 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.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)**

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

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

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

The County reports the following major governmental funds:

General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Elementary School Facility Fund accounts for the costs associated with building and furnishing a new elementary school facility.

The County reports the following major enterprise funds:

Solid Waste Management Fund accounts for the operations of the County's solid waste activities.

Water and Sewer District #1 Fund accounts for the operations of the County's water system.

Additionally, the County reports the following fund types:

Fiduciary funds. Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds include the following fund types:

*Private-purpose trust fund.* The County maintains one private-purpose trust fund: the Kenneth Brown Bequest Fund. Private-purpose trust funds are used to account for resources legally held in trust for use by a not-for-profit organization. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Kenneth Brown Bequest Fund accounts for assets where the interest and principal can be spent.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***B. Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)***

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains agency funds to account for amounts collected on behalf of the Town of Broadway, the City of Sanford, and the Central Business District for property taxes; amounts collected on behalf of the City of Sanford for room occupancy tax; amounts deposited with Social Services for the benefit of certain individuals; and various legal fines and forfeitures that the County is required to remit to the Lee County Board of Education; and monies deposited with the Jail for the benefit of certain inmates.

Enterprise Funds. Enterprise funds are used to account for operations (a) that 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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Lee County has two enterprise funds: the Water and Sewer District #1 Fund and the Solid Waste Management Fund.

Non-major funds. The County maintains several legally budgeted funds. The Fire Protection Fund, Room Occupancy Tax Fund, Emergency Telephone System Fund, Airport Tax Revenue Fund, Drug Seizure Fund, and Revolving Loan Fund are reported as non-major special revenue funds. The Capital Projects Outlay Fund, San-Lee Park Nature Center Fund, CCCC Health Sciences Center Fund, CCCC Veterinary Medical Technology Facility Fund, CCCC Civic Center Project Fund, CCCC Main Campus and Emergency Services Training Center Renovations Fund, Courthouse Complex Renovations Fund, Park Improvements Funds and Lee County Government Center Renovations Fund are reported as non-major capital project funds.

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. 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.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)**

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those 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 beer and wine tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is 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.

**C. Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds, the Capital Projects Outlay Fund and the Proprietary Funds. All annual appropriations lapse at June 30. Project ordinances are adopted for the Capital Project Funds excluding the Capital Projects Outlay Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The County Manager is authorized to transfer appropriations between departments within a fund up to \$5,000; however, any revisions that alter the total expenditures of any fund or exceed \$5,000 between departments must be approved by the governing board. The manager must also approve intradepartmental transactions. During the year, amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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 establish official depositories with any bank or savings association whose principal office is located in North Carolina. The County may also establish time deposits in the form of NOW and SuperNow accounts, money market deposit accounts, and certificates of deposit.

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

The majority of the County's investments are carried at fair value. Non-participating interest earnings investment contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c) (8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAm rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

**Cash and Cash Equivalents**

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

**Restricted Assets**

The unexpended bond proceeds of the Central Carolina Community College project funds are classified as restricted assets because their use is restricted to those projects. The unexpended bond proceeds of the Series 2018 Limited Obligation Bonds are classified as restricted assets within the Elementary School Facility Fund, the Courthouse Complex Renovations Fund, and the Park Improvements Fund. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The following table illustrates the breakdown of Lee County's restricted cash.

Restricted Cash	
Governmental Activities:	
CCCC Health Sciences Center Fund	Unexpended bond proceeds \$ 289,309
CCCC Veterinary Medical Technology Facility Fund	Unexpended bond proceeds 974,756
CCCC Civic Center Project Fund	Unexpended bond proceeds 180,470
CCCC Main Campus and Emergency Services Training Center Renovations Fund	Unexpended bond proceeds 411,869
Elementary School Facility Fund	Unexpended bond proceeds 9,566,261
Courthouse Complex Renovations Fund	Unexpended bond proceeds 3,070,814
Park Improvements Fund	Unexpended bond proceeds <u>1,920,741</u>
Total Governmental Activities	<u>\$ 16,414,220</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (Continued)**

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2018.

**Allowance for Doubtful Accounts**

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

**Other Resources**

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers to" in the General Fund and "Transfers from" in the receiving fund.

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost where records are available and at an estimated historical cost where no historical records exist. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend assets' lives are not capitalized.

The County holds title to certain Lee County Board of Education and Central Carolina Community College properties that have not be 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 and the Community College, respectively, give the Board of Education and the Community College 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 or Central Carolina Community College, once all restrictions of the financing agreements and all sales tax reimbursements have been met. The properties are reflected as capital assets in the financial statements of the Lee County Board of Education and Central Carolina Community College.

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

Land improvements	25 years
Buildings	50 years
Roads	40 years
Equipment	5-20 years
Vehicles	5 years
Office furniture and equipment	7 years



**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (Continued)***

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 position that applies to a future period and so will not be recognized as an expense or expenditures until then. The County has several items that meet this criterion – pension related deferrals and contributions made to the OPEB or pension plans in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only four items that meet the criterion for this category – prepaid taxes, property taxes receivable, other receivables, and other OPEB or pension 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 on the statements of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**Compensated Absences**

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

The sick leave policies of the County provide 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 accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

**Management Estimates**

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

**Net Position/Fund Balances**

*Net Position*

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity (Continued)***

**Net Position/Fund Balances (Continued)**

*Fund Balances*

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 balance as follows:

**Nonspendable 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.

**Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Restricted for Stabilization by State Statute** – North Carolina G.S. 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 G.S. 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.* RSS is reduced by inventories and prepaids 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 Public Safety** – portion of fund balance that is restricted by revenue source for public safety purposes.

**Restricted for Economic and Physical Development** – portion of fund balance that is restricted by revenue source for economic and physical development purposes.

**Restricted for Education** – portion of fund balance that is restricted by revenue sources for education purposes.

**Restricted for Register of Deeds** - portion of fund balance that is restricted by revenue source to pay for computer equipment and imaging technology for the Register of Deeds' office.

Restricted fund balance/net position on Exhibit 1 varies from Exhibit 3 by the amount of unexpended bond proceeds of \$16,414,220 and Register of Deeds' Pension Plan of \$114,234 for a net difference of \$16,299,986.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (Continued)**

**Net Position/Fund Balances (Continued)**

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority vote of Lee County's Governing Board. The governing board 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 Economic and Physical Development – portion of fund balance that can only be used for economic and physical development projects.

Committed for Public Safety – portion of fund balance that can only be used for public safety purposes.

Committed for Human Services – portion of fund balance that can only be used for human services purposes.

Committed for LEO pension obligation – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

Assigned Fund Balance – portion of fund balance that the Lee County Board of Commissioners intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Assigned for Capital – portion of fund balance that can only be used for capital purchases or for debt service incurred to finance capital expenditures.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purpose. The general fund should be the only fund to report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, federal funds, State funds, local non-county funds, and county funds. For purposes of fund balance classifications, 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 Officer has the authority to deviate from this policy if it is in the best interest of the County.

The County has 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 16% of budgeted expenditures. The County's financial policy also directs management to strive to reach an available fund balance level of 24% of budgeted expenditures. Amounts in excess of that will be transferred to a capital reserve fund to provide equity resources to fund the County's capital improvement plan.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (Continued)***

**Defined Benefit Pension and OPEB Plans**

The county participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF) and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). 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 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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for a;; plans are reported at fair value.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Reconciliation of Government-wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(99,874,666) consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 51,479,439
Less accumulated depreciation	<u>(30,071,600)</u>
Net capital assets	<u>21,407,839</u>
Net pension asset	92,759
Contributions to the pension plan in the current fiscal year	1,228,403
Benefit payments and pension administration costs for LEOSA	21,846
Contributions to OPEB plan in the current fiscal year	483,635
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds	
Accrued interest rebate	49,060
Deferred inflows of resources for taxes and other receivables	615,351
Pension related deferrals	2,983,429
OPEB related deferrals	(2,483,274)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(90,825,821)
Compensated absences	(1,803,599)
Net OPEB liability	(24,292,761)
Net pension liability	(5,476,869)
Total Pension liability	(1,236,257)
Accrued interest payable	<u>(638,407)</u>
Total adjustment	<u>\$ (99,874,666)</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The net adjustment of \$6,903,364 consists of several elements as follows:

Capital outlay expenditures recorded in the funds statements but capitalized as assets in the Statement of Activities	\$ 1,174,520
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements.	(1,324,514)
Costs of disposed capital assets not recorded in fund statements	(48,742)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	7,618,859
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,228,403
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	43,074
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	483,635
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Decrease in deferred inflows of resources – taxes receivable	154,647
Change in health department receivable at end of year	(1,070)
Accrued interest rebate not recorded on fund statements	(4,133)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual and government-wide statements (full accrual)	48,220
Compensated absences	(49,146)
OPEB expense	(994,124)
Pension expense	(1,666,735)
Premium amortization	<u>240,470</u>
Total adjustment	<u>\$ 6,903,364</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance or Net Position of Individual Funds**

The Water and Sewer District #1 Fund had a deficit net position at June 30, 2019. The County has entered an interlocal agreement with the City of Sanford to borrow funds to extend a water line. Repayment of the loan is dependent on the County receiving Coal Ash Funds which has not incurred at this time.

**III. DETAIL NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits*

County deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with the securities held by the County's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County 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, 2019, the carrying amount of the County's bank deposits (including fiduciary funds) was \$5,127,725 the bank balance was \$5,373,767. There was \$14,573,148 in escrow accounts with financial institutions. Sufficient collateral was maintained at June 30, 2019 to secure the County's deposits. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,873,767 was collateralized under the Pooling Method.

At June 30, 2019, the County had \$2,605 cash on hand.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

*Investments*

At June 30, 2019, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
Commercial Paper	Fair Value-Level 2	\$ 1,990,317	\$ 1,990,317
NC Capital Management Trust – Government Portfolio	Fair Value-Level 1	2,360,061	N/A
NC Capital Management Trust – Term Portfolio*	Fair Value-Level 1	17,929,367	N/A
Total		\$ 22,279,745	\$ 1,990,317

\*As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least 75% of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

**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, 2019, 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 investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The County's investments in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high-grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

**Concentration of Credit Risk.** With the exception of U.S. Treasury securities and agencies and authorized pools, Lee County's investment policy does not allow for an investment in one issuer in excess of 40% of the County's total investments.



**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County's informal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. At June 30, 2019, all of the County's investments were in the County's name.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,942,614	\$ 111,700	\$ 2,054,314
2017	1,937,079	285,719	2,222,798
2016	1,931,091	458,634	2,389,725
2015	<u>1,911,901</u>	<u>626,148</u>	<u>2,538,049</u>
Total	<u>\$ 7,722,685</u>	<u>\$ 1,482,201</u>	<u>\$ 9,204,886</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**C. Receivables**

Receivables at the government-wide level at June 30, 2019 were as follows:

	<u>Taxes Receivable- Net</u>	<u>Accounts Receivable-Net</u>		
		<u>Accounts</u>	<u>Due from Other Government</u>	<u>Total</u>
Governmental activities:				
General	\$ 956,190	\$ 2,333,898	\$ 3,961,811	\$ 6,295,709
Other governmental	<u>87,085</u>	<u>37,349</u>	<u>384,749</u>	<u>422,098</u>
Total receivables	1,043,275	2,371,247	4,346,560	6,717,807
Allowance for doubtful accounts	<u>(432,357)</u>	<u>(242,953)</u>	<u>-</u>	<u>(242,953)</u>
Total governmental activities	<u>\$ 610,918</u>	<u>\$ 2,128,294</u>	<u>\$ 4,346,560</u>	<u>\$ 6,474,854</u>
Business-type activities:				
Solid waste management	-	\$ 89,064	\$ 2,730	\$ 91,794
Water and Sewer District #1 Fund	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Total receivables	-	89,064	2,757	91,821
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 89,064</u>	<u>\$ 2,757</u>	<u>\$ 91,821</u>
Local option sales tax			\$ 3,702,613	
Sales tax			562,737	
Various federal, state and local grants			<u>83,967</u>	
			<u>\$ 4,349,317</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental activities by type:

	June 30, 2018	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2019
Non-depreciable assets:				
Land	\$ 4,120,818	\$ -	\$ -	\$ 4,120,818
Land Improvements	2,449,555	-	-	2,449,555
Construction in progress	64,367	140,962	-	205,329
	<u>6,634,740</u>	<u>140,962</u>	<u>-</u>	<u>6,775,702</u>
Depreciable assets:				
Buildings	31,536,607	195,388	-	31,731,995
Roads	2,424,872	-	-	2,424,872
Equipment	10,202,297	838,170	(493,597)	10,546,870
	<u>44,163,776</u>	<u>1,033,558</u>	<u>(493,597)</u>	<u>44,703,737</u>
Less accumulated depreciation and amortization for:				
Buildings	22,741,688	423,038	-	23,164,726
Roads	365,076	73,564	-	438,640
Equipment	6,085,177	827,912	(444,855)	6,468,234
	<u>29,191,941</u>	<u>\$ 1,324,514</u>	<u>\$ (444,855)</u>	<u>30,071,600</u>
Depreciable assets - net	<u>14,971,835</u>			<u>14,632,137</u>
Total Governmental Activities Capital Assets - net	<u>\$ 21,606,575</u>			<u>\$ 21,407,839</u>

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

General government	\$ 311,976
Public safety	431,701
Human services	220,645
Economic & physical development	161,020
Cultural & recreational	199,172
	<u>\$ 1,324,514</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Business-type activities by type:

	June 30, 2018	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2019
Non-depreciable assets:				
Land	\$ 260,425	\$ -	\$ -	\$ 260,425
Land improvements	<u>135,796</u>	<u>-</u>	<u>-</u>	<u>135,796</u>
	<u>396,221</u>	<u>-</u>	<u>-</u>	<u>396,221</u>
Depreciable assets:				
Buildings	741,258	-	-	741,258
Equipment	<u>722,159</u>	<u>37,693</u>	<u>-</u>	<u>759,852</u>
	<u>1,463,417</u>	<u>37,693</u>	<u>-</u>	<u>1,501,110</u>
Less accumulated depreciation and amortization for:				
Buildings	511,021	7,544	-	518,565
Equipment	<u>590,154</u>	<u>15,248</u>	<u>-</u>	<u>605,402</u>
	<u>1,101,175</u>	<u>\$ 22,792</u>	<u>\$ -</u>	<u>1,123,967</u>
Depreciable assets - net	<u>362,242</u>			<u>377,143</u>
Total Business Activities Capital Assets - net	<u>\$ 758,463</u>			<u>\$ 773,364</u>

Depreciation was charged to functions of the business-type activities as follows:

Solid waste	<u>\$ 22,792</u>
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*Construction commitments*

The government has active construction projects as of June 30, 2019. The projects include new construction, renovation, and repairs for Central Carolina Community College, construction of an elementary school facility, courthouse complex renovations, park improvements and improvements at the Lee County Government Center. At June 30, 2019, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Elementary School Facility	\$ 16,381,196	\$ 5,550,349

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**E. Liabilities**

Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 1,064,360
Other governmental	99,359
Total governmental activities	\$ 1,163,719
Business-type activities:	
Solid waste management	\$ 45,892
Water and Sewer District #1	27
Total business-type activities	\$ 45,919

**F. Pension Plan and Other Post-Employment Obligations**

**1. Local Governmental Employees' Retirement System**

Plan Description

The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government 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, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://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 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.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**1. Local Governmental Employees' Retirement System (Continued)**

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 a 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 General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.82% 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 the County were \$1,238,234 for the year ended June 30, 2019.

**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 LEGERS.

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

At June 30, 2019, the county reported a liability of \$5,542,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update 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, 2019, the County's proportion was .234% (measured as of June 30, 2018), which was a decrease of .005% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**1. Local Governmental Employees' Retirement System (Continued)**

For the year ended June 30, 2019. The County recognized pension expense of \$1,566,591. At June 30, 2019, 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
Differenced between expected and actual experience	\$ 855,040	\$ 28,693
Change of assumptions	1,470,703	-
Net difference between projected and actual earnings on pension plan investments	760,788	-
Changes in proportion and differences between County contributions and proportionate share of contributions	42,774	25,264
County contributions subsequent to the measurement date	<u>1,238,234</u>	<u>-</u>
Total governmental activities	<u>\$ 4,367,539</u>	<u>\$ 53,957</u>

\$1,238,234 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 ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,497,741
2021	966,511
2022	175,697
2023	435,401
2024	-
Thereafter	-
	<u>\$ 3,075,350</u>

**Actuarial assumptions**

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary increases	3.50	
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation	

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, 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. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**1. Local Governmental Employees' Retirement System (Continued)**

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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 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 target allocation and best estimated of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.05%. All rates of return and inflation are annualized.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at the statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment 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 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.



**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**1. Local Governmental Employees' Retirement System (Continued)**

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 13,313,002	\$ 5,542,265	\$ (951,083)

Pension plan fiduciary net position

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

**2. Law Enforcement Officers' Special Separation Allowance**

Plan Description

The 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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2017 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	64
Total	67

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.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**2. Law Enforcement Officers' Special Separation Allowance (Continued)**

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the following:

Deaths After Retirement (Healthy): RP-2014 Health Annuitant base rate projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$42,610 as benefits came due for the reporting period.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**2. Law Enforcement Officers' Special Separation Allowance (Continued)**

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

At June 30, 2019, the County reported a total pension liability of \$1,236,257. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$100,631.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 68,649
Change of assumptions	55,511	59,189
County benefit payments and plan administrative expenses made subsequent to the measurement date	<u>21,846</u>	<u>-</u>
Total governmental activities	<u>\$ 77,357</u>	<u>\$ 127,838</u>

The County paid \$21,846 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (15,455)
2021	(15,455)
2022	(15,455)
2023	(13,078)
2024	(10,745)
Thereafter	(2,139)

**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 3.64%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate.

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 1,346,302	\$ 1,236,257	\$ 1,135,828

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**2. Law Enforcement Officers' Special Separation Allowance (Continued)**

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

	2019
Beginning balance	\$ 1,229,784
Service cost	77,156
Interest	38,188
Change in benefit terms	-
Difference between expected and actuarial experience	(14,670)
Changes of assumptions and other inputs	(51,591)
Benefit payments	(42,610)
Other changes	-
Ending balance of total pension liability	\$ 1,236,257

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

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.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

**3. Supplemental Retirement Income Plan for Law Enforcement Officers**

Plan Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$199,697, which consisted of \$157,087 from the County and \$42,610 from the law enforcement officers. No amounts were forfeited.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**4 Supplemental Retirement Income Plan of North Carolina 401(k)**

Plan Description

The County contributes to the Supplemental Retirement Income Plan of North Carolina 401(k) (Plan), a defined contribution plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all regular employees not engaged in law enforcement. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

The County contributes each month an amount equal to five percent (5.0%). Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 were \$809,928, which consisted of \$626,024 from the County and \$183,904 from employees.

**5. Registers of Deeds' Supplemental Pension Fund**

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer 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 Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register 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, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://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 \$4,780 for the year ended June 30, 2019.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**5. Registers of Deeds' Supplemental Pension Fund (Continued)**

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

At June 30, 2019, the County reported an asset of \$92,759 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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 RODDPF employers. At June 30, 2018, the County's proportion was .560%, which was a decrease of .003% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$17,534. At June 30, 2019, 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
Differenced between expected and actual experience	\$ 818	\$ 4,234
Change of assumptions	4,363	-
Net difference between projected and actual earnings on pension plan investments	14,785	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,343	380
County contributions subsequent to the measurement date	4,780	-
Total governmental activities	\$ 26,089	\$ 4,614

\$4,780 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 8,699
2021	1,343
2022	4,357
2023	2,296
2024	-
Thereafter	-

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**5. Registers of Deeds' Supplemental Pension Fund (Continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, 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. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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. 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 100 percent in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as June 30, 2019 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.00%. All rates of return and inflation are annualized.

Discount Rate

The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on these assumptions, the System'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.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**5. Registers of Deeds' Supplemental Pension Fund (Continued)**

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 3.75%, 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 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate.

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (73,136)	\$ (92,759)	\$ (109,309)

Pension plan fiduciary net position

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

**6. Pension Liabilities, 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 December 31, 2017, 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 June 30, 2018, with an actuarial valuation date of December 31, 2017.

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:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 5,542,265	\$ (92,759)	\$ -	\$ 5,449,506
Proportion of the Net pension Liability (Asset)	0.23362%	0.56004%	N/A	
Total Pension Liability	-	-	\$ 1,236,257	\$ 1,236,257
Pension Expense	\$ 1,566,591	\$ 17,534	\$ 100,631	\$ 1,684,756



**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**6. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 855,040	\$ 818	\$ -	\$855,858
Change of Assumptions	1,470,703	4,363	55,511	1,530,577
Net difference between projected and actual earnings on pension plan investments	760,788	14,785	-	775,573
Changes in proportion and differences between County contributions and proportionate share of contributions	42,774	1,343	-	44,117
County contributions (LGERS, ROD/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,238,234	4,780	21,846	1,264,860
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ 28,693	\$ 4,234	\$ 68,649	\$ 101,576
Changes in Assumptions	-	-	59,189	59,189
Changes in proportion and differences between County contributions and proportionate share of contributions	25,264	380	-	25,644

**7. Other Post-Employment Benefits (OPEB) – Healthcare Benefits**

Plan Description

According to County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). The Board of Commissioners has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**7. Other Post-Employment Benefits (OPEB) – Healthcare Benefits (Continued)**

Benefits Provided

THE HCB Plan provides healthcare benefits for retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least 15 years of continuous years of employment with Lee County immediately preceding retirement. Retirees who were hired prior to March 1, 2010 select from two pre-65 health plan options; a HSA plan (basic plan) that is fully paid for by the County and also includes an annual contribution to the retirees' Health Spending Account, or a PPO plan that requires monthly contributions from retirees. Once the retiree becomes covered by Medicare, the retiree is moved to a Medicare Advantage Prescription Drug Plan (MA-PD) fully subsidized by the County. Retirees who were hired after March 1, 2010 are able to select from two pre-65 health plan options; a HSA plan (basic plan) that is fully paid for by the County and also includes an annual contribution to the retirees' Health Spending Account, or a PPO plan that requires monthly contributions from retirees. Coverage ends at the earlier of a retiree reaching age 65, becoming covered under another comparable group medical plan, or becoming entitled to Medicare. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees receiving benefits	107
Active plan members	<u>359</u>
Total	<u>466</u>

Total OPEB Liability

The County's total OPEB liability of \$24,560,470 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent – 7.75 percent
Discount rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

The discount rate is a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**7. Other Post-Employment Benefits (OPEB) – Healthcare Benefits (Continued)**

Changes in the Total OPEB Liability

<b>Total OPEB Liability as of June 30, 2017</b>	\$ 24,294,854
<b>Changes for the year:</b>	
Service cost	725,500
Interest	855,885
Change in benefit terms	-
Difference between expected and actual experience	1,020,790
Changes of assumptions or other inputs	(1,825,815)
Benefit payments and implicit subsidy credit	(510,744)
Other	-
<b>Net changes</b>	<b>265,616</b>
<b>Total OPEB Liability as of June 30, 2018</b>	<b>\$ 24,560,470</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89% due to a change in the Municipal Bond Rate.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, 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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County, determined using the discount rate of 3.89%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.89 percent) or 1-percentage point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 29,131,822	\$ 24,560,470	\$ 20,946,043

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. Pension Plan and Other Post-Employment Obligations (Continued)**

**7. Other Post-Employment Benefits (OPEB) – Healthcare Benefits (Continued)**

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the County, determined using current healthcare cost trend rates, as well as what the County’s total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 20,684,260	\$ 24,560,470	\$ 29,529,892

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,078,179. At June 30, 2019, 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
Difference between expected and actual experience	\$ 867,288	\$ 45,379
Change of assumptions	-	3,332,547
County benefit payments and plan administrative expenses made subsequent to the measurement date	488,965	-
Total governmental activities	\$ 1,356,253	\$ 3,377,926

\$488,965 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (503,206)
2021	(503,206)
2022	(503,206)
2023	(503,206)
2024	(419,131)
Thereafter	( 78,683)

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**G. Deferred Compensation Plan**

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans available to all County employees permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participation in the plan is at the option of the employee.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan be held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*, the County's Deferred Compensation Plans are not reported as County agency funds.

**H. Other Employment Benefits**

The County has elected to provide death benefits to employees through a Death Benefit Plan for members of the Local Government 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. All death benefit payments are made from Death Benefit Plan. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. 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.

The County has also elected to provide enrollment in additional term life and accidental death and dismemberment insurance to employees. The plan, which is available to all County employees who work 40 hours or more per week, is valued at \$50,000. Employees may elect to purchase additional coverage for themselves or their dependents at additional cost. Any benefit elections purchased in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

**I. Closure Costs - Lee County Landfill Facility**

Due to State and federal laws and regulations, the County chose to stop accepting substantially all waste at its landfill and placed a final cover on the site; however, the County continued to accept a limited amount of waste, primarily construction and demolition materials until June 30, 2008. The County is placing a final cover on the construction and demolition site. The County is required to perform certain maintenance and monitoring functions at the site as part of the closure, but it is not subject to the financial assurance rule. Although closure costs are paid after the date the landfill stopped accepting waste, the County reports a portion of these closure costs as an operating expense in each period based on the life of the landfill. The total cost of closure is estimated to be \$741,113; \$716,573 has been incurred as of June 30, 2019 and the remaining \$24,540 is reported as liability within the Solid Waste Management Fund at June 30, 2019. These amounts are based on what it would cost to perform all necessary closure and monitoring; however, actual costs may be higher due to inflation, changes in technology or changes in regulations.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**J. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Pensions, OPEB) – difference between expected and actual experience	\$ 1,723,146	\$ 146,955
Pensions – difference between projected and actual investment earnings	775,573	-
Pensions – change in proportion and differences between employer contributions and proportionate share of contributions	44,117	25,644
(Pensions, OPEB) – change in assumptions	1,530,577	3,391,736
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	1,243,014	-
Benefit payments for the OPEB plan paid subsequent to measurement date	488,965	-
Benefit payments/administration costs paid subsequent to the measurement date	21,846	-
Prepaid taxes not earned (General)	-	226,221
Taxes receivable, net (General)	-	546,779
Taxes receivable, net (Special Revenue)	-	64,139
Accounts receivable, net (General)	-	4,433
Total	<u>\$ 5,827,238</u>	<u>\$ 4,405,907</u>

**K. Contingent Liabilities**

The County has elected to pay the direct cost of employment security benefits in lieu of employment security taxes on the payroll. A liability for benefit payments could accrue in the year following discharge of employees.

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. The amount, if any, of such refunds cannot be determined at this time although management believes that such amounts would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant funds.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**L. Risk Management**

The County is exposed to various risks of loss 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 Joint Risk Management Agency. 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 coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation 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 the 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 workers' compensation. Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$500,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$998 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 at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. The Finance Director and Tax Collector are each individually bonded for \$100,000 each.

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 commercial insurance coverage in any of the last three fiscal years.

**M. Long-Term Obligations**

The County records long-term debt of the governmental funds at face value in the government-wide Statement of Net Position.

**1. General Obligation Indebtedness**

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments 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 this agreement.

The County's general obligation bonds payable at June 30, 2019 is comprised of the following issue:

*Serviced by the General Fund:*

2017 Community College Bonds for \$23,000,000 due in periodic installments of \$1,150,000 beginning April 1, 2018 through April 1, 2037; interest at 3.00% to 5.00%	<u>\$ 20,700,000</u>
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The County issued General Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for community college construction and renovation projects. The amount of outstanding debt at June 30, 2019 for which the County held no collateral totaled \$20,700,000.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**M. Long-Term Obligations (Continued)**

**1. General Obligation Indebtedness (Continued)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,150,000	\$ 806,438
2021	1,150,000	748,937
2022	1,150,000	691,438
2023	1,150,000	633,937
2024	1,150,000	576,438
2025-2029	5,750,000	2,042,687
2030-2034	5,750,000	1,042,188
2035-2037	<u>3,450,000</u>	<u>211,312</u>
Total	<u>\$ 20,700,000</u>	<u>\$ 6,753,375</u>

**2. Limited Obligation Bonds**

The County's Limited Obligation Bonds consisted of the following at June 30, 2019:

\$30,095,000 Limited obligation bonds, Series 2018 issued May 2018; interest at 3.00% to 5.00%; due serially to 2037. Proceeds used for the construction of an elementary school, park improvements and renovations to the court house complex; collateralized by real estate

\$ 28,970,000

The County issued Limited Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school construction and renovation projects. The amount of outstanding debt at June 30, 2019 for which the County held no collateral totaled \$24,547,092.

The County's outstanding limited obligation bonds related to governmental activities of \$28,970,000 is secured by real estate. The loan contains provisions that an event of default could (a) declare all payments under the Trust Agreement immediately due and payable (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof (c) exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all cost and expenses, including court costs and attorneys' fees incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County (d) direct the Deed of Trust trustee to institute foreclosure proceedings and sell the property.



**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**M. Long-Term Obligations (Continued)**

**2. Limited Obligation Bonds (Continued)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,125,000	\$ 1,279,075
2021	1,125,000	1,234,075
2022	1,125,000	1,177,825
2023	1,125,000	1,121,575
2024	1,125,000	1,065,325
2025-2029	7,955,000	4,308,625
2030-2034	8,550,000	2,302,088
2035-2037	<u>6,840,000</u>	<u>628,425</u>
Total	<u>\$ 28,970,000</u>	<u>\$ 13,117,013</u>

**3. Other Long-Term Obligations**

The County has executed various other long-term obligations including Qualified School Construction Bonds, Qualified Zone Academy Bonds, Recovery Zone Economic Development Bonds, certificates of participation, and private placement loans for the purpose of property acquisition and construction.

As authorized by state law G.S. 160A-20 and 153A-158.1, the County has financed a portion of these property acquisitions in direct placements for use by the Lee County Board of Education and Central Carolina Community College. The installment purchases were issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into leases with the Lee County Board of Education and the Central Carolina Community College Board of Trustees that transfer the rights and responsibilities for maintenance and insurance of the property to the Board of Education and/or the Board of Trustees. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligations are recorded by the Board of Education or Board of Trustees.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**M. Long-Term Obligations (Continued)**

**3. Other Long-Term Obligations (Continued)**

Other long-term debt payables by the County at June 30, 2019 is comprised of the following individual issues:

*Serviced by the General Fund:*

Direct Placement Debt:

\$17,022,000 Advanced refunding certificates of participation, Series 2012 issued in May 2012; interest at 2.28%; due serially until 2024. Proceeds used for the construction of high school and an emergency services training center; collateralized by real estate and a school building	\$ 8,563,000
\$22,675,000 Advanced refunding certificates of participation, Series 2016 issued in January 2016; interest at 2.79%; due serially until 2028. Proceeds used to construct a middle school, renovations and repairs for community college facilities, and park construction; collateralized by real estate and a school building	16,658,000
\$1,622,021 Qualifies Zone Academy Bonds (QZAB) issued in August 2008; due serially to 2023 with interest at 0%; collateralized by real estate including a school building	463,434
\$12,000,000 Recovery Zone Economic Development Bonds (RZEDB) issued in May 2010; due serially to 2020 with interest at 6.4%; collateralized by real estate including a school building; the RZEDB permits a refundable tax credit to the County of 45%. Due to federal government sequestration, the amount of tax credit received has been reduced by 3%.	309,000
\$6,678,064 Qualified School Construction Bonds (QSCB) issued May 2010; due serially beginning in 2020 and ending in 2025 with interest at 6.40%; collateralized by real estate including a school building; the QSCB permits a subsidy to the County at 5.43%. Due to federal government sequestration, the amount of interest credit received has been reduced by 6.2%.	6,678,061
\$4,000,000 Qualified Zone Academy Bonds (QZAB) issued in May 2010; due serially beginning in 2020 and ending in 2024 with interest at 6.4%; collateralized by real estate including a school building; the QZAB permits a subsidy to the County at 5.43%. Due to federal government sequestration the amount of interest credit received has been reduced by 6.2%	<u>4,000,000</u>
Total direct placement	<u>\$ 36,671,495</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**M. Long-Term Obligations (Continued)**

**3. Other Long-Term Obligations (Continued)**

The County's outstanding notes from direct placement contain provisions that an event of default could (a) declare the unpaid portion of the principal components of installment payments immediately due and payable without notice or demand to the County; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof; (c) exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all cost and expenses, including court costs and attorneys' fees incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County (d) direct the Deed of Trust trustee to institute foreclosure proceedings and sell the property.

Annual debt service requirements to maturity for the County's other long-term obligation bonds, certificates of participation and loans are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,267,858	\$ 1,363,167
2021	5,204,858	1,164,357
2022	5,125,858	969,367
2023	5,054,858	777,192
2024	4,991,000	586,737
2025-2029	<u>11,072,063</u>	<u>749,432</u>
Total	<u>\$ 36,716,495</u>	<u>\$ 5,610,252</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**M. Long-Term Obligations (Continued)**

**4. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Current portion of balance
Governmental activities:					
General obligation debt	\$ 21,850,000	\$ -	\$ 1,150,000	\$ 20,700,000	\$ 1,150,000
Plus: Premium on issuance	1,607,668	-	84,614	1,523,054	N/A
Total general obligation bonds payable	23,457,668	-	1,234,614	22,223,054	1,150,000
Limited obligation bonds	30,095,000	-	1,125,000	28,970,000	1,125,000
Plus: Premium on issuance	3,117,129	-	155,856	2,961,273	N/A
Total limited obligation bonds payable	33,212,129	-	1,280,856	31,931,273	1,125,000
Other long-term obligations:					
Direct placement obligations	42,015,354	-	5,343,859	36,671,495	5,267,859
Net pension liability (LGERS)	3,610,894	1,865,975	-	5,476,869	-
Total pension obligation (LEOSSA)	1,229,784	6,473	-	1,236,257	-
Net OPEB liability	24,030,040	262,721	-	24,292,761	-
Compensated absences	1,754,452	1,918,479	1,869,333	1,803,598	1,750,000
<b>Total governmental activities</b>	<b>\$ 129,310,321</b>	<b>\$ 4,053,648</b>	<b>\$ 9,728,662</b>	<b>\$ 123,635,307</b>	<b>\$ 9,292,859</b>
Business-type activities:					
Note payable	\$ 320,971	\$ 5,778	\$ -	\$ 326,749	\$ -
Net pension liability (LGERS)	43,114	22,282	-	65,396	-
Net OPEB liability	264,814	2,895	-	267,709	-
Compensated absences	16,382	22,194	22,459	16,117	15,000
<b>Total business-type activities</b>	<b>\$ 645,281</b>	<b>\$ 53,149</b>	<b>\$ 22,459</b>	<b>\$ 675,971</b>	<b>\$ 15,000</b>

Compensated absences, net pension liability, total pension liability and net other postemployment liability for governmental activities are all typically have been liquidated in the General Fund.

The legal debt margin is governed by North Carolina G.S. 159-55. The net debt of the unit should not exceed 8% of the appraised value of property subject to taxation. As of June 30, 2019, Lee County has a legal debt margin of \$356,894,863.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**N. Net Investment in Capital Assets**

	Governmental	Business-type
Capital Assets	\$ 21,407,839	\$ 773,364
Total debt	86,341,495	-
Debt not related to capital assets	(81,509,653)	-
Capital related unspent debt proceeds	(4,991,555)	-
Unamortized premium related to capital assets	452,103	-
Total capital debt	292,390	-
Net investment in capital assets	\$ 21,115,449	\$ 773,364

**O. Fund Balance**

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 (Exhibit 3)	\$ 23,306,905
Less:	
Restricted for Stabilization by State Statute	6,204,505
Restricted for Register of Deeds	294,050
Committed for Public Safety	305,815
Committed for Human Services	822,152
Committed for LEO Special Separation Allowance	4,352
Assigned for Subsequent year’s expenditures	1,927,714
Working Capital/Fund Balance Policy	13,748,317
Remaining Fund Balance	\$ _____ -

The County has 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 16% of budgeted expenditures. The County’s financial policy also directs management to strive to reach an available fund balance level of 24% of budgeted expenditures. Amounts in excess of that will be transferred to a capital reserve fund to provide equity resources to fund the County’s capital improvement plan.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances in the governmental funds at June 30, 2019 were as follows:

General Fund	\$ 167,667
Elementary School Facility Fund	5,570,348
Non-major Governmental Funds	268,389
Solid Waste Management Fund	17,290

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**P. Joint Ventures**

The County, in conjunction with eight other county governments (Anson, Guilford, Harnett, Hoke, Montgomery, Moore, Randolph, and Richmond) participates in a joint venture to operate The Sandhills Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (Center). The Center operates units in each of the counties to provide services to residents who are in need of assistance for either mental health, developmental disabilities, or alcohol or drug-related problems. Each participating government appoints members to the Center's twenty-five-member governing board, with Lee County appointing two. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. The County contributed \$240,000 to the Center during the fiscal year ended June 30, 2019. None of the participating governments has any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for the Center can be obtained from the Center's office in West End, North Carolina 27376.

The County, in conjunction with the City of Sanford, participates in the Sanford-Lee County Regional Airport Authority. Each participating government appoints three members of the six-member board. The Airport Authority is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. 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. Financing sources for the annual operating budget of the airport are provided by the County and the City of Sanford. The construction costs for airport improvement projects that are not funded by federal and State grants are financed by the County and the City equally. The County did not contribute any funds to the Airport for operations during the fiscal year ended June 30, 2019. On October 29, 2015, the County loaned the Airport Authority \$650,000 which will be paid in semi-annual installments over a period of 15 years. 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, 2019. Complete financial statements for the Airport can be obtained from the Airport's administrative office at 3000 Airport Road, Sanford, NC 27330.

The County, in conjunction with the State of North Carolina, the Lee County Board of Education and the counties of Chatham and Harnett, participate in a joint venture to operate the Central Carolina Community College. Lee County and the State each appoint four members of the seventeen-member board of trustees of the community college. The Boards of Education for Chatham, Harnett and Lee jointly appoint four members to the board of trustees. The counties of Chatham and Harnett each appoint two members to the board of trustees, and the president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,944,184 to the community college for operating purposes and \$45,000 for capital outlay purposes during the fiscal year ended June 30, 2019. In addition, the County contributed \$64,930 to the operation of the Civic Center that is operated by the community college. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements as of June 30, 2019. Complete financial statements for the community college may be obtained from the community college's business office at 1105 Kelly Drive, Sanford, NC 27330.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

***P. Joint Ventures (Continued)***

The County, in conjunction with the City of Sanford, the Town of Broadway, and the Sanford Chamber of Commerce, participates in the Sanford-Lee County Partnership for Prosperity, Inc. Lee County appoints three members to the twenty-nine-member board. The Partnership for Prosperity is a joint venture established to facilitate economic expansion within the County. The County has an ongoing financial responsibility for the Corporation because the Corporation's continued existence depends on the participating governments' continued funding. The County contributed \$315,000 to the Partnership during the fiscal year ended June 30, 2019. None of the participating governments has any equity interest in the Corporation, so no equity interest has been reflected in the financial statements at June 30, 2019. Financial reports for the Corporation can be obtained from the Corporation's administrative office at 115 Chatham Street, Sanford, NC 27330.

***Q. Jointly Governed Organization***

The County, in conjunction with four other counties and twenty municipalities established the Triangle J Council of Governments (Council). The participating governments established the Council to coordinate certain funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$11,212 to the Council during the fiscal year ended June 30, 2019.

***R. Supplemental and Additional One-Half of One Percent Local Government Sales and Use Taxes***

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2019, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for funding of debt service of school capital outlay.

***S. Federal and State Assisted Programs***

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys 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 moneys.

***T. Conduit Debt Obligations***

Lee County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Four series of industrial revenue bonds were outstanding as of June 30, 2019. The original issue amount of such bonds totaled \$15,650,000. The amount of conduit debt outstanding at June 30, 2019 was not determinable and could not be reasonably estimated.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2019**

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**III. DETAIL NOTES ON ALL FUNDS (Continued)**

***U. Interfund Balances and Transfer Activity***

Transfers to/from other funds at June 30, 2019 consist of the following:

From the General Fund to the Capital Projects Outlay Fund to accumulate resources for future capital projects	\$ (712,000)
From the General Fund to the Lee County Government Center Renovations Fund to provide project funding	(200,000)
From the Capital Projects Outlay fund to the General Fund for debt service	1,490,868
From the Fire Districts Fund to the General Fund to cover Fire Marshal operating expenses	<u>319,349</u>
General Fund transfers, net	<u>\$ 898,217</u>



**REQUIRED SUPPLEMENTAL  
FINANCIAL DATA**

***This section contains additional information required by generally accepted  
accounting principles***

- Schedule of County's Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of County Contributions to Local Government Employees' Retirement System
- Schedule of County's Proportionate Share of Net Pension Asset for Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions to Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
- Schedule of Changes in Total OPEB Liability and Related Ratios

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**LEE COUNTY, NORTH CAROLINA**  
**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Six Fiscal Years\***

	2019	2018	2017	2016	2015	2014
County's portion of the net pension liability (asset)%	0.234%	0.239%	0.241%	0.235%	0.227%	0.236%
County's proportionate share of the net pension liability (asset) \$	\$ 5,542,265	\$ 3,654,008	\$ 5,107,187	\$ 1,056,641	\$ (1,337,839)	\$ 2,843,501
County's covered payroll	\$ 15,262,029	\$ 15,515,091	\$ 14,457,420	\$ 14,309,148	\$ 14,066,454	\$ 13,252,581
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.31%	23.55%	35.33%	7.38%	-9.51%	21.46%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	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.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of County Contributions**  
**Local Government Employees' Retirement System**  
**Last Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,161,384	\$ 1,141,657	\$ 972,446	\$ 984,785	\$ 986,078	\$ 947,987
Contributions in relation to the contractually required contribution	<u>1,161,384</u>	<u>1,141,657</u>	<u>972,446</u>	<u>984,785</u>	<u>986,078</u>	<u>947,987</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 15,571,189	\$ 15,262,029	\$ 15,515,091	\$ 14,457,420	\$ 14,309,148	\$ 14,066,454
Contributions as a percentage of covered-employee payroll	7.46%	7.48%	6.27%	6.81%	6.89%	6.74%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Six Fiscal Years\***

	2019	2018	2017	2016	2015	2014
County's portion of the net pension liability (asset)%	0.560%	0.563%	0.575%	0.560%	5.580%	5.320%
County's proportionate share of the net pension liability (asset) \$	\$ (92,759)	\$ (96,131)	\$ (107,416)	\$ (129,798)	\$ (126,388)	\$ (113,731)
Plan fiduciary net position as a percentage of the total pension liability	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.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of County Contributions**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 4,793	\$ 4,893	\$ 4,694	\$ 4,482	\$ 4,394	\$ 4,553
Contributions in relation to the contractually required contribution	<u>4,793</u>	<u>4,893</u>	<u>4,694</u>	<u>4,482</u>	<u>4,394</u>	<u>4,553</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2019**

	2019	2018	2017
Beginning balance	\$ 1,229,784	\$ 1,162,685	\$ 1,126,101
Service cost	77,156	66,874	73,931
Interest on the total pension liability	38,188	44,057	39,362
Change in benefit terms	-	-	-
Difference between expected and actuarial experience in the measurement of the total pension liability	(14,670)	(82,551)	-
Changes of assumptions and other inputs	(51,591)	81,329	(29,641)
Benefit payments	(42,610)	(42,610)	(47,068)
Other changes	-	-	-
Ending balance of total pension liability	<u>\$ 1,236,257</u>	<u>\$ 1,229,784</u>	<u>\$ 1,162,685</u>

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2019**

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	2019	2018	2017
Total pension liability	\$ 1,236,257	\$ 1,229,784	\$ 1,162,685
Covered payroll	3,024,428	3,023,824	3,120,864
Total pension liability as a percent of covered payroll	40.88%	40.67%	37.26%

Notes to the schedules:

Lee County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**For the Year Ended June 30, 2019**

	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 725,500	\$ 822,631
Interest	855,885	768,590
Change in benefit terms	-	-
Difference between expected and actuarial experience	1,020,790	(64,367)
Changes of assumptions and other inputs	(1,825,815)	(2,526,601)
Benefit payments and implicit subsidy credit	(510,744)	(476,378)
Other changes	-	-
<b>Net change in Total OPEB Liability</b>	265,616	(1,476,125)
<b>Total OPEB Liability - beginning</b>	<u>24,294,854</u>	<u>25,770,979</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 24,560,470</u>	<u>\$ 24,294,854</u>
<b>Covered payroll</b>	\$ 15,344,599	\$ 14,692,143
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	160.06%	165.36%

Notes to schedule:

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

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

Fiscal Year	Rate
2018	3.56%
2019	3.89%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**MAJOR GOVERNMENTAL FUNDS**

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## **GENERAL FUND**

The General Fund is the principal fund of the County and is used to account for the receipt and expenditure of resources that are traditionally associated with local government and that are not required to be accounted for in other funds.

## **ELEMENTARY SCHOOL FACILITY FUND**

The Elementary School Facility Fund accounts for the costs associated with building and furnishing a new elementary school.

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**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$ 42,981,278	\$ 44,038,911	\$ 1,057,633
Interest	100,000	153,529	53,529
	<u>43,081,278</u>	<u>44,192,440</u>	<u>1,111,162</u>
Local option sales taxes:			
Article 39 and 44	6,220,532	6,074,261	(146,271)
Article 40 one-half of one percent	3,238,091	3,275,479	37,388
Article 42 one-half of one percent	3,303,507	3,268,985	(34,522)
Article 46 one-quarter of one percent	2,068,034	2,050,474	(17,560)
	<u>14,830,164</u>	<u>14,669,199</u>	<u>(160,965)</u>
Other taxes and licenses:			
Deed stamp excise tax	171,707	255,392	83,685
Privilege licenses	4,000	4,494	494
Rental vehicle tax	65,000	104,917	39,917
Cable TV franchise tax	197,000	190,879	(6,121)
	<u>437,707</u>	<u>555,682</u>	<u>117,975</u>
Unrestricted intergovernmental:			
Beer and wine tax	65,000	63,611	(1,389)
Federal bond interest subsidy	638,310	601,042	(37,268)
	<u>703,310</u>	<u>664,653</u>	<u>(38,657)</u>
Restricted intergovernmental:			
Federal and state grants	7,968,263	7,538,072	(430,191)
Court facility fees	63,155	62,630	(525)
ABC bottles taxes	19,000	20,444	1,444
Public School Building Capital Fund-Lottery	685,000	278,824	(406,176)
	<u>8,735,418</u>	<u>7,899,970</u>	<u>(835,448)</u>
Permits and fees:			
Register of Deeds	269,541	263,144	(6,397)
	<u>269,541</u>	<u>263,144</u>	<u>(6,397)</u>
Sales and services:			
Rents, concessions, and fees	511,638	448,951	(62,687)
Jail fees	212,289	277,496	65,207
Vehicle tax collection fees	45,000	65,438	20,438
Health department fees	662,158	725,476	63,318
Other sales and services	1,385,710	1,283,934	(101,776)
	<u>2,816,795</u>	<u>2,801,295</u>	<u>(15,500)</u>
Investment earnings	<u>230,000</u>	<u>485,043</u>	<u>255,043</u>
Miscellaneous	<u>445,078</u>	<u>482,129</u>	<u>37,051</u>
Total revenues	<u>71,549,291</u>	<u>72,013,555</u>	<u>464,264</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	\$ 108,538	\$ 107,739	\$ 799
Operating expenditures	119,366	87,665	31,701
Capital outlay	4,500	-	4,500
	<u>232,404</u>	<u>195,404</u>	<u>37,000</u>
Administration:			
Salaries and employee benefits	373,214	356,598	16,616
Operating expenditures	82,577	38,738	43,839
Capital outlay	8,520	7,682	838
	<u>464,311</u>	<u>403,018</u>	<u>61,293</u>
Human resources:			
Salaries and employee benefits	254,638	252,482	2,156
Operating expenditures	191,619	168,125	23,494
Capital outlay	800	729	71
	<u>447,057</u>	<u>421,336</u>	<u>25,721</u>
Finance:			
Salaries and employee benefits	453,768	433,853	19,915
Operating expenditures	48,413	40,824	7,589
Professional services	60,500	56,948	3,552
	<u>562,681</u>	<u>531,625</u>	<u>31,056</u>
Internal Services:			
Operating expenditures	704,834	647,141	57,693
	<u>704,834</u>	<u>647,141</u>	<u>57,693</u>
Tax appraisal:			
Salaries and employee benefits	408,701	375,847	32,854
Operating expenditures	55,896	37,484	18,412
Contracted services	190,112	186,287	3,825
Capital outlay	3,708	3,708	-
	<u>658,417</u>	<u>603,326</u>	<u>55,091</u>
Tax collections:			
Salaries and employee benefits	348,225	329,828	18,397
Operating expenditures	81,256	56,323	24,933
Contracted services	257,740	240,699	17,041
	<u>687,221</u>	<u>626,850</u>	<u>60,371</u>
Tax listing:			
Salaries and employee benefits	282,077	279,783	2,294
Operating expenditures	35,668	23,997	11,671
Professional services	56,810	52,975	3,835
	<u>374,555</u>	<u>356,755</u>	<u>17,800</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	Budget	Actual	Variance With Final Budget Over/(Under)
Expenditures: (Continued)			
General government: (Continued)			
Strategic Services			
Salaries and employee benefits	\$ 396,440	\$ 396,238	\$ 202
Operating expenditures	34,413	30,482	3,931
	<u>430,853</u>	<u>426,720</u>	<u>4,133</u>
County Attorney			
Salaries and employee benefits	290,139	275,756	14,383
Operating expenditures	54,246	28,203	26,043
	<u>344,385</u>	<u>303,959</u>	<u>40,426</u>
Court facilities:			
Operating expenditures	32,609	3,191	29,418
Capital outlay	8,491	-	8,491
	<u>41,100</u>	<u>3,191</u>	<u>37,909</u>
Elections:			
Salaries and employee benefits	198,142	170,000	28,142
Operating expenditures	132,562	106,958	25,604
Capital outlay	84,640	43,321	41,319
	<u>415,344</u>	<u>320,279</u>	<u>95,065</u>
Register of deeds:			
Salaries and employee benefits	275,519	264,292	11,227
Operating expenditures	65,700	59,732	5,968
	<u>341,219</u>	<u>324,024</u>	<u>17,195</u>
Information technology:			
Salaries and employee benefits	495,384	477,480	17,904
Operating expenditures	381,512	326,767	54,745
Contracted services	244,545	233,260	11,285
Capital outlay	198,536	121,928	76,608
	<u>1,319,977</u>	<u>1,159,435</u>	<u>160,542</u>
Information technology - PEG channel:			
Operating expenditures	15,595	14,941	654
Capital outlay	89,566	88,884	682
	<u>105,161</u>	<u>103,825</u>	<u>1,336</u>
Buildings and grounds:			
Salaries and employee benefits	1,517,445	1,445,617	71,828
Operating expenditures	1,158,088	1,026,636	131,452
Capital outlay	572,692	426,109	146,583
	<u>3,248,225</u>	<u>2,898,362</u>	<u>349,863</u>
Total general government	<u>10,377,744</u>	<u>9,325,250</u>	<u>1,052,494</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures: (Continued)			
Public safety:			
Sheriff :			
Salaries and employee benefits	\$ 3,948,746	\$ 3,823,664	\$ 125,082
Operating expenditures	783,903	733,130	50,773
Capital outlay	273,892	243,410	30,482
	<u>5,006,541</u>	<u>4,800,204</u>	<u>206,337</u>
Animal Control Enforcement			
Salaries and employee benefits	180,078	170,974	9,104
Operating expenditures	71,554	64,176	7,378
Capital outlay	34,082	5,152	28,930
	<u>285,714</u>	<u>240,302</u>	<u>45,412</u>
School Resource Officers			
Salaries and employee benefits	1,060,849	1,021,182	39,667
Operating expenditures	116,207	94,851	21,356
Capital outlay	18,171	9,879	8,292
	<u>1,195,227</u>	<u>1,125,912</u>	<u>69,315</u>
Communications			
Salaries and employee benefits	329,231	324,704	4,527
Operating expenditures	7,510	6,205	1,305
	<u>336,741</u>	<u>330,909</u>	<u>5,832</u>
Jail:			
Salaries and employee benefits	1,475,907	1,355,938	119,969
Operating expenditures	958,568	893,313	65,255
Capital outlay	19,777	19,726	51
	<u>2,454,252</u>	<u>2,268,977</u>	<u>185,275</u>
E911 Service	<u>357,836</u>	<u>357,836</u>	<u>-</u>
State fire control contribution	<u>100,194</u>	<u>94,625</u>	<u>5,569</u>
Inspections:			
Contracted services	<u>21,744</u>	<u>-</u>	<u>21,744</u>
Medical examiner:			
Professional services	<u>70,000</u>	<u>49,350</u>	<u>20,650</u>
Juvenile detention	<u>100,000</u>	<u>88,694</u>	<u>11,306</u>
Juvenile probation	<u>400</u>	<u>-</u>	<u>400</u>
Emergency medical services:			
Contracted services	<u>573,520</u>	<u>573,520</u>	<u>-</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	Budget	Actual	Variance With Final Budget Over/(Under)
Expenditures: (Continued)			
Public safety: (Continued)			
Emergency services:			
Salaries and employee benefits	\$ 165,450	\$ 158,013	\$ 7,437
Operating expenditures	107,239	96,298	10,941
Capital outlay	45,988	44,830	1,158
	318,677	299,141	19,536
Fire Marshall:			
Salaries and employee benefits	238,153	233,554	4,599
Operating expenditures	85,296	78,963	6,333
	323,449	312,517	10,932
Total public safety	11,144,295	10,541,987	602,308
Economic and physical development:			
Economic development:			
Operating expenditures	1,031,085	573,129	457,956
	1,031,085	573,129	457,956
Planning and zoning:			
Contracted services	661,694	447,914	213,780
Agricultural extension:			
Salaries and employee benefits	230,930	203,279	27,651
Operating expenditures	21,412	17,102	4,310
	252,342	220,381	31,961
Conservation:			
Salaries and employee benefits	111,070	111,023	47
Operating expenditures	12,869	8,970	3,899
Capital outlay	40,000	39,736	264
	163,939	159,729	4,210
Total economic and physical development	2,109,060	1,401,153	707,907
Human services:			
Health:			
Administration:			
Salaries and employee benefits	619,277	607,999	11,278
Operating expenditures	83,264	66,859	16,405
	702,541	674,858	27,683

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures: (Continued)			
Human services: (Continued)			
Maternal health:			
Salaries and employee benefits	\$ 113,171	\$ 106,646	\$ 6,525
Operating expenditures	131,625	93,297	38,328
Capital outlay	18,475	14,069	4,406
	<u>263,271</u>	<u>214,012</u>	<u>49,259</u>
Child health:			
Salaries and employee benefits	53,661	38,187	15,474
Operating expenditures	171,779	159,631	12,148
Capital outlay	5,311	3,985	1,326
	<u>230,751</u>	<u>201,803</u>	<u>28,948</u>
Primary care:			
Salaries and employee benefits	72,735	70,430	2,305
Operating expenditures	25,281	22,685	2,596
	<u>98,016</u>	<u>93,115</u>	<u>4,901</u>
Health promotion:			
Salaries and employee benefits	106,556	88,787	17,769
Operating expenditures	17,546	3,949	13,597
	<u>124,102</u>	<u>92,736</u>	<u>31,366</u>
WIC - Client services:			
Salaries and employee benefits	202,854	194,555	8,299
Operating expenditures	13,668	11,079	2,589
Capital outlay	3,114	1,977	1,137
	<u>219,636</u>	<u>207,611</u>	<u>12,025</u>
Family planning:			
Salaries and employee benefits	186,250	183,570	2,680
Operating expenditures	84,763	62,616	22,147
Capital outlay	4,156	1,091	3,065
	<u>275,169</u>	<u>247,277</u>	<u>27,892</u>
Animal control:			
Salaries and employee benefits	139,436	120,830	18,606
Operating expenditures	55,963	32,953	23,010
	<u>195,399</u>	<u>153,783</u>	<u>41,616</u>
Environmental health:			
Salaries and employee benefits	410,262	396,065	14,197
Operating expenditures	68,917	56,461	12,456
Capital outlay	41,037	35,650	5,387
	<u>520,216</u>	<u>488,176</u>	<u>32,040</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures: (Continued)			
Human services: (Continued)			
Aids control:			
Salaries and employee benefits	\$ 42,469	\$ 29,410	\$ 13,059
Operating expenditures	576	207	369
	<u>43,045</u>	<u>29,617</u>	<u>13,428</u>
Bioterrorism:			
Salaries and employee benefits	41,576	41,599	(23)
Operating expenditures	273	136	137
	<u>41,849</u>	<u>41,735</u>	<u>114</u>
WIC - Breastfeeding:			
Salaries and employee benefits	66,424	64,260	2,164
Operating expenditures	12,668	7,127	5,541
	<u>79,092</u>	<u>71,387</u>	<u>7,705</u>
Child service coordinator:			
Salaries and employee benefits	143,800	133,512	10,288
Operating expenditures	15,760	6,053	9,707
	<u>159,560</u>	<u>139,565</u>	<u>19,995</u>
Communicable diseases:			
Salaries and employee benefits	218,209	169,691	48,518
Operating expenditures	33,939	26,821	7,118
Capital outlay	5,561	2,452	3,109
	<u>257,709</u>	<u>198,964</u>	<u>58,745</u>
Breast/cervical cancer control:			
Salaries and employee benefits	8,520	8,555	(35)
Operating expenditures	14,413	5,882	8,531
	<u>22,933</u>	<u>14,437</u>	<u>8,496</u>
Immunizations:			
Salaries and employee benefits	71,293	64,252	7,041
Operating expenditures	19,251	12,551	6,700
	<u>90,544</u>	<u>76,803</u>	<u>13,741</u>
Pregnancy Care Management:			
Salaries and employee benefits	150,151	139,651	10,500
Operating expenditures	14,712	9,071	5,641
Capital outlay	2,073	1,800	273
	<u>166,936</u>	<u>150,522</u>	<u>16,414</u>
WIC - General administration:			
Salaries and employee benefits	8,930	8,937	(7)
Operating expenditures	4,682	2,741	1,941
	<u>13,612</u>	<u>11,678</u>	<u>1,934</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures: (Continued)			
Human services: (Continued)			
WIC - Nutrition education:			
Salaries and employee benefits	\$ 71,307	\$ 50,866	\$ 20,441
Operating expenditures	4,804	2,635	2,169
	<u>76,111</u>	<u>53,501</u>	<u>22,610</u>
Total health	<u>3,580,492</u>	<u>3,161,580</u>	<u>418,912</u>
Social services:			
Social services - administration:			
Salaries and employee benefits	6,305,488	5,984,072	321,416
Operating expenditures	613,082	520,104	92,978
Contracted services	57,007	38,092	18,915
Professional services	21,441	6,863	14,578
Capital outlay	16,300	10,767	5,533
	<u>7,013,318</u>	<u>6,559,898</u>	<u>453,420</u>
Social services - programs	<u>1,828,053</u>	<u>949,461</u>	<u>878,592</u>
Total social services	<u>8,841,371</u>	<u>7,509,359</u>	<u>1,332,012</u>
Mental health	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Human services nonprofits	<u>43,500</u>	<u>33,500</u>	<u>10,000</u>
Senior services - transportation:			
Salaries and employee benefits	624,563	582,684	41,879
Operating expenditures	239,277	231,038	8,239
Capital outlay	244,434	225,484	18,950
	<u>1,108,274</u>	<u>1,039,206</u>	<u>69,068</u>
Senior services - general:			
Salaries and employee benefits	766,939	723,610	43,329
Operating expenditures	162,161	128,438	33,723
Contracted services	154,358	124,220	30,138
Capital outlay	14,865	14,701	164
	<u>1,098,323</u>	<u>990,969</u>	<u>107,354</u>
JCPC			
Operating expenditures	<u>161,771</u>	<u>150,798</u>	<u>10,973</u>
	<u>161,771</u>	<u>150,798</u>	<u>10,973</u>
Emergency and contingency	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total human services	<u>15,118,731</u>	<u>13,125,412</u>	<u>1,993,319</u>

(Continued)



**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures: (Continued)			
Education:			
Lee County Board of Education:			
Current appropriation	\$ 17,862,278	\$ 17,862,278	\$ -
Capital outlay	2,032,506	1,626,330	406,176
Central Carolina Community College:			
Current appropriation	3,077,655	3,009,114	68,541
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total education	<u>23,017,439</u>	<u>22,542,722</u>	<u>474,717</u>
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits	949,497	854,223	95,274
Operating expenditures	407,808	330,558	77,250
Professional services	60,379	35,333	25,046
Capital outlay	<u>151,401</u>	<u>67,034</u>	<u>84,367</u>
	<u>1,569,085</u>	<u>1,287,148</u>	<u>281,937</u>
Libraries:			
Salaries and employee benefits	472,161	446,316	25,845
Operating expenditures	213,784	164,880	48,904
Capital outlay	<u>19,604</u>	<u>8,633</u>	<u>10,971</u>
	<u>705,549</u>	<u>619,829</u>	<u>85,720</u>
Cultural and recreational nonprofits	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total cultural and recreational	<u>2,281,634</u>	<u>1,913,977</u>	<u>367,657</u>
Debt service:			
Principal retirement	7,503,000	7,503,000	-
Interest and fees	3,728,312	3,727,021	1,291
Capital lease payments - principal	<u>115,859</u>	<u>115,859</u>	<u>-</u>
Total debt service	<u>11,347,171</u>	<u>11,345,880</u>	<u>1,291</u>
Total expenditures	<u>75,396,074</u>	<u>70,196,381</u>	<u>5,199,693</u>
Revenues over (under) expenditures	<u>(3,846,783)</u>	<u>1,817,174</u>	<u>5,663,957</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2019**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Expenditures: (Continued)			
Other financing sources (uses):			
Transfers from other funds:			
Special Revenue Funds	\$ 319,349	\$ 319,349	\$ -
Capital Projects Fund	1,747,771	1,490,868	(256,903)
Transfers to other funds:			
Capital Projects Fund	<u>(912,000)</u>	<u>(912,000)</u>	<u>-</u>
Total net transfers	<u>1,155,120</u>	<u>898,217</u>	<u>(256,903)</u>
Total other financing sources (uses)	<u>1,155,120</u>	<u>898,217</u>	<u>(256,903)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,691,663)	2,715,391	5,407,054
Appropriated fund balance	<u>2,691,663</u>	<u>-</u>	<u>(2,691,663)</u>
Net change in fund balance	<u>\$ -</u>	2,715,391	<u>\$ 2,715,391</u>
Fund balance, beginning of year		<u>20,591,514</u>	
Fund balance, end of year		<u>\$ 23,306,905</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Elementary School Facility - Statement of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

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	<u>Project Budget</u>	<u>Current Year</u>	<u>Actual Prior Years</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 376,567	\$ 60,150	\$ 436,717
Expenditures:				
Capital outlay:				
Education	<u>27,750,000</u>	<u>16,572,190</u>	<u>4,469,356</u>	<u>21,041,546</u>
Revenues over (under) expenditures	(27,750,000)	(16,195,623)	(4,409,206)	(20,604,829)
Other financing sources (uses):				
Limited Obligation Bonds issued	27,750,000	-	25,500,000	25,500,000
Original issuance premium	<u>-</u>	<u>-</u>	<u>2,640,085</u>	<u>2,640,085</u>
Total other financing sources (uses)	<u>27,750,000</u>	<u>-</u>	<u>28,140,085</u>	<u>28,140,085</u>
Net change in fund balance	<u>\$ -</u>	(16,195,623)	<u>\$ 23,730,879</u>	<u>\$ 7,535,256</u>
Fund balance, beginning of year		<u>23,730,879</u>		
Fund balance, end of year		<u>\$ 7,535,256</u>		

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## **NON-MAJOR GOVERNMENTAL FUNDS**

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**LEE COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet - Non-major Governmental Funds**  
**June 30, 2019**

	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total Non-major Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 2,270,014	\$ 3,595,943	\$ 5,865,957
Taxes receivable - net	64,139	-	64,139
Accounts receivable - net	72,285	4,634	76,919
Accrued interest receivable	4,155	15,989	20,144
Cash and investments - restricted	<u>-</u>	<u>6,847,959</u>	<u>6,847,959</u>
 Total assets	 <u>\$ 2,410,593</u>	 <u>\$ 10,464,525</u>	 <u>\$ 12,875,118</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 82,570	\$ 16,789	\$ 99,359
Liabilities to be paid from restricted assets	<u>-</u>	<u>192,912</u>	<u>192,912</u>
Total liabilities	<u>82,570</u>	<u>209,701</u>	<u>292,271</u>
Deferred Inflows of Resources			
Taxes receivable	<u>64,139</u>	<u>-</u>	<u>64,139</u>
Total deferred inflows of resources	<u>64,139</u>	<u>-</u>	<u>64,139</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	76,440	20,623	97,063
Public Safety	965,319	3,070,814	4,036,133
Economic and Physical Development	837,083	1,920,741	2,757,824
Education	176,816	1,856,404	2,033,220
Committed:			
Economic and Physical Development	208,226	-	208,226
Assigned:			
Capital	-	3,579,321	3,579,321
Unassigned:	<u>-</u>	<u>(193,079)</u>	<u>(193,079)</u>
 Total fund balances	 <u>2,263,884</u>	 <u>10,254,824</u>	 <u>12,518,708</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,410,593</u>	 <u>\$ 10,464,525</u>	 <u>\$ 12,875,118</u>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2019**

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	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total Non-major Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Ad valorem taxes	\$ 3,297,157	\$ -	\$ 3,297,157
Other taxes and licenses	656,507	-	656,507
Restricted intergovernmental	83,628	-	83,628
Investment earnings	49,831	306,990	356,821
Other revenues	-	950	950
Total revenues	<u>4,087,123</u>	<u>307,940</u>	<u>4,395,063</u>
Expenditures:			
Current:			
Public safety	2,993,018	138	2,993,156
Economic and physical development	318,000	165,566	483,566
Education	238,000	3,906,881	4,144,881
Total expenditures	<u>3,549,018</u>	<u>4,072,585</u>	<u>7,621,603</u>
Revenues over (under) expenditures	<u>538,105</u>	<u>(3,764,645)</u>	<u>(3,226,540)</u>
Other financing sources (Uses):			
Transfers from other funds	-	200,000	200,000
Transfers to other funds	<u>(319,349)</u>	<u>(778,868)</u>	<u>(1,098,217)</u>
Total other financing sources (uses)	<u>(319,349)</u>	<u>(578,868)</u>	<u>(898,217)</u>
Net change in fund balances	218,756	(4,343,513)	(4,124,757)
Fund balance, beginning of year	<u>2,045,128</u>	<u>14,598,337</u>	<u>16,643,465</u>
Fund balance, end of year	<u>\$ 2,263,884</u>	<u>\$ 10,254,824</u>	<u>\$ 12,518,708</u>

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## **NON-MAJOR SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

The following comprise the County's Special Revenue Funds:

- *Fire Protection Fund* - Accounts for the ad valorem tax levies of the nine fire districts in Lee County.
- *Room Occupancy Tax Fund* - Accounts for room occupancy tax collected in Lee County.
- *Emergency Telephone System Fund* - Accounts for the E-911 surcharge levied on all Lee County telephone subscribers.
- *Airport Tax Revenue Fund* – Accounts for the tax revenue collected on personal property located at the Sanford-Lee County Regional Airport.
- *Drug Seizure Fund* – Accounts for payments received from drug seizures.
- *Revolving Loan Fund* – Accounts for rental payments received through lease of equipment that was purchased through a Golden Leaf Foundation grant.

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**LEE COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet - Non-major Special Revenue Funds**  
**June 30, 2019**

	Fire Protection Fund	Room Occupancy Tax Fund	Emergency Telephone System Fund	Airport Tax Revenue Fund	Drug Seizure Funds	Revolving Loan Fund	Totals
<b>Assets</b>							
Cash and investments	\$ 371,441	\$ 176,816	\$ 556,318	\$ 208,226	\$ 120,130	\$ 837,083	\$ 2,270,014
Taxes receivable - net	63,667	-	-	472	-	-	64,139
Accounts receivable	28,848	-	33,139	-	1,798	8,500	72,285
Accrued interest receivable	661	325	1,024	383	221	1,541	4,155
<b>Total assets</b>	<b><u>\$ 464,617</u></b>	<b><u>\$ 177,141</u></b>	<b><u>\$ 590,481</u></b>	<b><u>\$ 209,081</u></b>	<b><u>\$ 122,149</u></b>	<b><u>\$ 847,124</u></b>	<b><u>\$ 2,410,593</u></b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 11,617	\$ -	\$ 70,628	\$ -	\$ 325	\$ -	\$ 82,570
<b>Total liabilities</b>	<b><u>11,617</u></b>	<b><u>-</u></b>	<b><u>70,628</u></b>	<b><u>-</u></b>	<b><u>325</u></b>	<b><u>-</u></b>	<b><u>82,570</u></b>
Deferred Inflows of Resources							
Taxes receivable	63,667	-	-	472	-	-	64,139
<b>Total deferred inflows of resources</b>	<b><u>63,667</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>472</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>64,139</u></b>
Fund balances:							
Restricted							
Stabilization by State Statute	29,509	325	34,163	383	2,019	10,041	76,440
Public Safety	359,824	-	485,690	-	119,805	-	965,319
Economic and Physical Development	-	-	-	-	-	837,083	837,083
Education	-	176,816	-	-	-	-	176,816
Committed:							
Economic and Physical Development	-	-	-	208,226	-	-	208,226
<b>Total fund balances</b>	<b><u>389,333</u></b>	<b><u>177,141</u></b>	<b><u>519,853</u></b>	<b><u>208,609</u></b>	<b><u>121,824</u></b>	<b><u>847,124</u></b>	<b><u>2,263,884</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 464,617</u></b>	<b><u>\$ 177,141</u></b>	<b><u>\$ 590,481</u></b>	<b><u>\$ 209,081</u></b>	<b><u>\$ 122,149</u></b>	<b><u>\$ 847,124</u></b>	<b><u>\$ 2,410,593</u></b>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2019**

	Fire Protection Fund	Room Occupancy Tax Fund	Emergency Telephone System Fund	Airport Tax Revenue Fund	Drug Seizure Fund	Revolving Loan Fund	Totals
<b>Revenues:</b>							
Ad valorem taxes	\$ 3,032,296	\$ -	\$ -	\$ 264,861	\$ -	\$ -	\$ 3,297,157
Other taxes and licenses	-	270,577	385,930	-	-	-	656,507
Restricted intergovernmental	-	-	-	-	83,628	-	83,628
Investment earnings	4,628	3,856	13,097	6,410	2,338	19,502	49,831
Total revenues	<u>3,036,924</u>	<u>274,433</u>	<u>399,027</u>	<u>271,271</u>	<u>85,966</u>	<u>19,502</u>	<u>4,087,123</u>
<b>Expenditures:</b>							
<b>Current:</b>							
<b>General government:</b>							
Public safety	2,609,638	-	357,694	-	25,686	-	2,993,018
Economic and physical development	-	-	-	318,000	-	-	318,000
Education	-	238,000	-	-	-	-	238,000
Total expenditures	<u>2,609,638</u>	<u>238,000</u>	<u>357,694</u>	<u>318,000</u>	<u>25,686</u>	<u>-</u>	<u>3,549,018</u>
Revenues over (under) expenditures	<u>427,286</u>	<u>36,433</u>	<u>41,333</u>	<u>(46,729)</u>	<u>60,280</u>	<u>19,502</u>	<u>538,105</u>
<b>Other financing sources (uses):</b>							
<b>Transfers in (out):</b>							
General Fund	<u>(319,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319,349)</u>
Total other financing sources (uses)	<u>(319,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319,349)</u>
Net changes in fund balances	107,937	36,433	41,333	(46,729)	60,280	19,502	218,756
Fund balances, beginning of year	<u>281,396</u>	<u>140,708</u>	<u>478,520</u>	<u>255,338</u>	<u>61,544</u>	<u>827,622</u>	<u>2,045,128</u>
Fund balances, end of year	<u>\$ 389,333</u>	<u>\$ 177,141</u>	<u>\$ 519,853</u>	<u>\$ 208,609</u>	<u>\$ 121,824</u>	<u>\$ 847,124</u>	<u>\$ 2,263,884</u>

**LEE COUNTY, NORTH CAROLINA**  
**Fire Protection Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,839,133	\$ 2,992,748	\$ 153,615
Prior years	-	39,548	39,548
Total ad valorem taxes	<u>2,839,133</u>	<u>3,032,296</u>	<u>193,163</u>
Investment earnings	-	4,628	4,628
Total revenues	<u>2,839,133</u>	<u>3,036,924</u>	<u>197,791</u>
Expenditures:			
Public safety	<u>2,617,034</u>	<u>2,609,638</u>	<u>7,396</u>
Revenues over (under) expenditures	222,099	427,286	205,187
Other financing sources (uses):			
Transfers in (out):			
General Fund	<u>(319,349)</u>	<u>(319,349)</u>	-
Total other financing sources (uses)	<u>(319,349)</u>	<u>(319,349)</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	(97,250)	107,937	205,187
Appropriated fund balance	<u>97,250</u>	-	<u>(97,250)</u>
Net change in fund balance	<u>\$ -</u>	107,937	<u>\$ 107,937</u>
Fund balance, beginning of year		<u>281,396</u>	
Fund balance, end of year		<u>\$ 389,333</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Room Occupancy Tax Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

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	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Other taxes and licenses:			
Room occupancy tax	\$ 238,000	\$ 270,577	\$ 32,577
Investment earnings	-	3,856	3,856
Total revenues	238,000	274,433	36,433
Expenditures:			
Education - CCCC appropriation	238,000	238,000	-
Net change in fund balance	\$ -	36,433	\$ 36,433
Fund balance, beginning of year		140,708	
Fund balance, end of year		\$ 177,141	

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**LEE COUNTY, NORTH CAROLINA**  
**Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

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	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Other taxes and licenses	\$ 385,929	\$ 385,930	\$ 1
Investment earnings	-	13,097	13,097
Total revenues	385,929	399,027	13,098
Expenditures:			
Public safety	520,055	357,694	162,361
Revenues over (under) expenditures	(134,126)	41,333	175,459
Appropriated fund balance	134,126	-	(134,126)
Net change in fund balance	\$ -	41,333	\$ 41,333
Fund balance, beginning of year		478,520	
Fund balance, end of year		\$ 519,853	

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**LEE COUNTY, NORTH CAROLINA**  
**Airport Tax Revenue Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

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	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Ad valorem taxes:			
Current year	\$ 100,000	\$ 261,402	\$ 161,402
Prior years	<u>          -</u>	<u>      3,459</u>	<u>      3,459</u>
Total ad valorem taxes	<u>100,000</u>	<u>264,861</u>	<u>164,861</u>
Investment earnings	<u>          -</u>	<u>      6,410</u>	<u>      6,410</u>
Total revenues	<u>100,000</u>	<u>271,271</u>	<u>171,271</u>
Expenditures:			
Economic and physical development	<u>318,000</u>	<u>318,000</u>	<u>          -</u>
Revenues over (under) expenditures	(218,000)	(46,729)	171,271
Appropriated fund balance	<u>218,000</u>	<u>          -</u>	<u>(218,000)</u>
Net change in fund balance	<u>\$          -</u>	<u>(46,729)</u>	<u>\$ (46,729)</u>
Fund balance, beginning of year		<u>255,338</u>	
Fund balance, end of year		<u>\$ 208,609</u>	

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**LEE COUNTY, NORTH CAROLINA**  
**Drug Seizure Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Revenues:			
Intergovernmental revenues	\$ 48,286	\$ 83,628	\$ 35,342
Investment earnings	<u>          -</u>	<u>      2,338</u>	<u>      2,338</u>
Total revenues	<u>      48,286</u>	<u>      85,966</u>	<u>      37,680</u>
Expenditures:			
Public safety	<u>      86,211</u>	<u>      25,686</u>	<u>      60,525</u>
Revenues over (under) expenditures	(37,925)	60,280	98,205
Appropriated fund balance	<u>      37,925</u>	<u>                  -</u>	<u>      (37,925)</u>
Net change in fund balance	<u>                  -</u>	60,280	<u>      60,280</u>
Fund balance, beginning of year		<u>      61,544</u>	
Fund balance, end of year		<u>      \$ 121,824</u>	

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**LEE COUNTY, NORTH CAROLINA**  
**Revolving Loan Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

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	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Investment earnings	\$ -	\$ 19,502	\$ 19,502
Total revenues	-	19,502	19,502
Net change in fund balance	\$ -	19,502	\$ 19,502
Fund balance, beginning of year		827,622	
Fund balance, end of year		\$ 847,124	

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## NON-MAJOR CAPITAL PROJECT FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

The following comprise the County's Capital Project Funds:

- *Capital Projects Outlay Fund* - Is used as a capital reserve fund and accounts for the accumulation of resources to be used for future construction projects
- *San-Lee Park Nature Center Fund* – Accounts for costs associated with building a nature center for the park.
- *CCCC Health Sciences Center Fund* - accounts for the costs associated with building and furnishing a Health Sciences Center on the Central Carolina Community College campus.
- *CCCC Veterinary Medical Technology Facility Fund* – Accounts for the costs associated with building an addition to and renovating the existing Veterinary Medical Technology Facility on the CCCC campus.
- *CCCC Civic Center Project Fund* – Accounts for the costs associated with expansion of and renovations to the civic center and the development of small business incubator.
- *CCCC Main Campus and Emergency Services Training Facility Renovations* – Accounts for the costs associated with renovations to buildings on the main campus of CCCC and renovations to the Emergency Services Training Facility.
- *Courthouse Complex Renovations Fund* – Accounts for the costs associated with renovations to buildings in the courthouse complex.
- *Park Improvements Fund* – Accounts for the costs associated with improvements at Kiwanis Children's Park, Horton Park, Temple Park, OT Sloan Park, and Lett Park.
- *Lee County Government Center Renovations Funds* – Accounts for the costs associated with renovations and repairs to the Government Center Building

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**LEE COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet - Non-major Capital Project Funds**  
**June 30, 2019**

	Capital Projects Outlay Fund	San-Lee Park Center Fund	CCCC Health Sciences Center Fund	CCCC Veterinary Medical Technology Facility Fund	CCCC Civic Center Project Fund	CCCC Main Campus and Emergency Services Training Center Renovations Fund	Courthouse Complex Renovations Fund	Park Improvements Fund	Lee County Government Center Renovations Fund	Totals
<b>Assets</b>										
Cash and investments	\$ 3,379,321	\$ 16,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 3,595,943
Restricted cash and investments	-	-	289,309	974,756	180,470	411,869	3,070,814	1,920,741	-	6,847,959
Accounts receivable - net	-	1,399	-	-	-	-	-	3,235	-	4,634
Accrued interest receivable	6,220	-	-	-	-	-	5,991	3,778	-	15,989
<b>Total assets</b>	<b>\$ 3,385,541</b>	<b>\$ 18,021</b>	<b>\$ 289,309</b>	<b>\$ 974,756</b>	<b>\$ 180,470</b>	<b>\$ 411,869</b>	<b>\$ 3,076,805</b>	<b>\$ 1,927,754</b>	<b>\$ 200,000</b>	<b>\$ 10,464,525</b>
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ 16,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,789
Liabilities to be paid from restricted assets	-	-	38,188	85,825	20,524	34,265	-	14,110	-	192,912
<b>Total liabilities</b>	<b>-</b>	<b>16,789</b>	<b>38,188</b>	<b>85,825</b>	<b>20,524</b>	<b>34,265</b>	<b>-</b>	<b>14,110</b>	<b>-</b>	<b>209,701</b>
Fund balances:										
Restricted:										
Stabilization by State Statute	6,220	1,399	-	-	-	-	5,991	7,013	-	20,623
Public Safety	-	-	-	-	-	-	3,070,814	-	-	3,070,814
Economic and Physical Development	-	-	-	-	-	-	-	1,920,741	-	1,920,741
Education	-	-	289,309	974,756	180,470	411,869	-	-	-	1,856,404
Assigned:										
Capital	3,379,321	-	-	-	-	-	-	-	200,000	3,579,321
Unassigned:	-	(167)	(38,188)	(85,825)	(20,524)	(34,265)	-	(14,110)	-	(193,079)
<b>Total fund balance (deficit)</b>	<b>3,385,541</b>	<b>1,232</b>	<b>251,121</b>	<b>888,931</b>	<b>159,946</b>	<b>377,604</b>	<b>3,076,805</b>	<b>1,913,644</b>	<b>200,000</b>	<b>10,254,824</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,385,541</b>	<b>\$ 18,021</b>	<b>\$ 289,309</b>	<b>\$ 974,756</b>	<b>\$ 180,470</b>	<b>\$ 411,869</b>	<b>\$ 3,076,805</b>	<b>\$ 1,927,754</b>	<b>\$ 200,000</b>	<b>\$ 10,464,525</b>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances (Deficit) - Non-major Capital Project Funds**  
**For the Year Ended June 30, 2019**

	Capital Projects Outlay Fund	San-Lee Park Nature Center Fund	CCCC Health Sciences Center Fund	CCCC Veterinary Medical Technology Facility Fund	CCCC Civic Center Project Fund	CCCC Main Campus and Emergency Services Training Center Renovations Fund	Courthouse Complex Renovations Fund	Park Improvements Fund	Lee County Government Center Renovations Fund	Totals
Revenues:										
Investment earnings	\$ 101,617	\$ -	\$ 23,820	\$ 28,253	\$ 19,528	\$ 23,269	\$ 66,514	\$ 43,989	\$ -	\$ 306,990
Other revenues	-	-	-	-	-	-	-	950	-	950
Total revenues	<u>101,617</u>	<u>-</u>	<u>23,820</u>	<u>28,253</u>	<u>19,528</u>	<u>23,269</u>	<u>66,514</u>	<u>44,939</u>	<u>-</u>	<u>307,940</u>
Expenditures:										
Capital outlay:										
Public Safety	-	-	-	-	-	-	138	-	-	138
Economic and physical development	-	24,741	-	-	-	-	-	140,825	-	165,566
Education	-	-	976,831	303,698	1,534,726	1,091,626	-	-	-	3,906,881
Total expenditures	<u>-</u>	<u>24,741</u>	<u>976,831</u>	<u>303,698</u>	<u>1,534,726</u>	<u>1,091,626</u>	<u>138</u>	<u>140,825</u>	<u>-</u>	<u>4,072,585</u>
Revenues over (under) expenditures	<u>101,617</u>	<u>(24,741)</u>	<u>(953,011)</u>	<u>(275,445)</u>	<u>(1,515,198)</u>	<u>(1,068,357)</u>	<u>66,376</u>	<u>(95,886)</u>	<u>-</u>	<u>(3,764,645)</u>
Other financing sources (uses)										
Transfers in (out):										
General Fund	<u>(778,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>(578,868)</u>
Total other financing sources (uses)	<u>(778,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>(578,868)</u>
Net change in fund balances	(677,251)	(24,741)	(953,011)	(275,445)	(1,515,198)	(1,068,357)	66,376	(95,886)	200,000	(4,343,513)
Fund balances (deficit), beginning of year	<u>4,062,792</u>	<u>25,973</u>	<u>1,204,132</u>	<u>1,164,376</u>	<u>1,675,144</u>	<u>1,445,961</u>	<u>3,010,429</u>	<u>2,009,530</u>	<u>-</u>	<u>14,598,337</u>
Fund balances(deficit), end of year	<u>\$ 3,385,541</u>	<u>\$ 1,232</u>	<u>\$ 251,121</u>	<u>\$ 888,931</u>	<u>\$ 159,946</u>	<u>\$ 377,604</u>	<u>\$ 3,076,805</u>	<u>\$ 1,913,644</u>	<u>\$ 200,000</u>	<u>\$ 10,254,824</u>

**LEE COUNTY, NORTH CAROLINA**  
**Capital Projects Outlay Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

---

	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Investment earnings	\$ -	\$ 101,617	\$ 101,617
Revenues over (under) expenditures	-	101,617	101,617
Other financing sources (uses):			
Transfers in (out):			
General Fund	712,000	712,000	-
General Fund	(1,747,771)	(1,490,868)	256,903
Total other financing sources (uses)	(1,035,771)	(778,868)	256,903
Revenues and other financing sources over (under) expenditures and other	(1,035,771)	(677,251)	358,520
Appropriated fund balance	1,035,771	-	(1,035,771)
Net change in fund balance	\$ -	(677,251)	\$ (677,251)
Fund balance, beginning of year		4,062,792	
Fund balance, end of year		\$ 3,385,541	

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**LEE COUNTY, NORTH CAROLINA**  
**San-Lee Park Nature Center - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

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	Project Budget	Current Year	Actual Prior Years	Total to Date
Expenditures:				
Capital outlay:				
Economic and physical development	\$ 2,261,477	\$ 24,741	\$ 2,235,504	\$ 2,260,245
Revenues over (under) expenditures	(2,261,477)	(24,741)	(2,235,504)	(2,260,245)
Other financing sources (uses):				
Transfers in (out):				
General Fund	<u>2,261,477</u>	<u>-</u>	<u>2,261,477</u>	<u>2,261,477</u>
Total other financing sources (uses)	<u>2,261,477</u>	<u>-</u>	<u>2,261,477</u>	<u>2,261,477</u>
Net change in fund balance	<u>\$ -</u>	(24,741)	<u>\$ 25,973</u>	<u>\$ 1,232</u>
Fund balance, beginning of year		<u>25,973</u>		
Fund balance, end of year		<u>\$ 1,232</u>		

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**LEE COUNTY, NORTH CAROLINA**  
**CCCC Health Sciences Center - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 93,197	\$ 23,820	\$ 100,532	\$ 124,352
Expenditures:				
Capital outlay:				
Education	9,755,394	976,831	8,558,597	9,535,428
Revenues over (under) expenditures	(9,662,197)	(953,011)	(8,458,065)	(9,411,076)
Other financing sources (uses):				
General Obligation Bonds issued	9,000,000	-	9,000,000	9,000,000
Original issuance premium	662,197	-	662,197	662,197
Total other financing sources (uses)	9,662,197	-	9,662,197	9,662,197
Net change in fund balance	\$ -	(953,011)	\$ 1,204,132	\$ 251,121
Fund balance, beginning of year		1,204,132		
Fund balance, end of year		\$ 251,121		

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Veterinary Medical Technology Facility - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 57,210	\$ 28,253	\$ 63,189	\$ 91,442
Expenditures:				
Capital outlay:				
Education	5,425,097	303,698	4,266,700	4,570,398
Revenues over (under) expenditures	(5,367,887)	(275,445)	(4,203,511)	(4,478,956)
Other financing sources (uses):				
General Obligation Bonds issued	5,000,000	-	5,000,000	5,000,000
Original issuance premium	367,887	-	367,887	367,887
Total other financing sources (uses)	5,367,887	-	5,367,887	5,367,887
Net change in fund balance	\$ -	(275,445)	\$ 1,164,376	\$ 888,931
Fund balance, beginning of year		1,164,376		
Fund balance, end of year		\$ 888,931		

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Civic Center Project - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 56,128	\$ 19,528	\$ 64,791	\$ 84,319
Expenditures:				
Capital outlay:				
Education	5,424,015	1,534,726	3,757,535	5,292,261
Revenues over (under) expenditures	(5,367,887)	(1,515,198)	(3,692,744)	(5,207,942)
Other financing sources (uses):				
General Obligation Bonds issued	5,000,000	-	5,000,000	5,000,000
Original issuance premium	367,887	-	367,888	367,888
Total other financing sources (uses)	5,367,887	-	5,367,888	5,367,888
Net change in fund balance	\$ -	(1,515,198)	\$ 1,675,144	\$ 159,946
Fund balance, beginning of year		1,675,144		
Fund balance, end of year		\$ 159,946		

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**LEE COUNTY, NORTH CAROLINA**  
**CCCC Main Campus and Emergency Services Training Center Renovations - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 34,423	\$ 23,269	\$ 39,562	\$ 62,831
Expenditures:				
Capital outlay:				
Education	4,328,733	1,091,626	2,887,911	3,979,537
Revenues over (under) expenditures	(4,294,310)	(1,068,357)	(2,848,349)	(3,916,706)
Other financing sources (uses):				
General Obligation Bonds issued	4,000,000	-	4,000,000	4,000,000
Original issuance premium	294,310	-	294,310	294,310
Total other financing sources (uses)	4,294,310	-	4,294,310	4,294,310
Net change in fund balance	\$ -	(1,068,357)	\$ 1,445,961	\$ 377,604
Fund balance, beginning of year		1,445,961		
Fund balance, end of year		\$ 377,604		

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**LEE COUNTY, NORTH CAROLINA**  
**Courthouse Complex Renovations - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 66,514	\$ 7,364	\$ 73,878
Expenditures:				
Capital outlay:				
Public safety	3,038,604	138	38,603	38,741
Revenues over (under) expenditures	(3,038,604)	66,376	(31,239)	35,137
Other financing sources (uses):				
Limited Obligation Bonds issued	3,000,000	-	2,755,000	2,755,000
Original issuance premium	38,604	-	286,668	286,668
Total other financing sources (uses)	3,038,604	-	3,041,668	3,041,668
Net change in fund balance	\$ -	66,376	\$ 3,010,429	\$ 3,076,805
Fund balance, beginning of year		3,010,429		
Fund balance, end of year		\$ 3,076,805		

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**LEE COUNTY, NORTH CAROLINA**  
**Park Improvements - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 43,989	\$ 4,915	\$ 48,904
Miscellaneous revenue	<u>950</u>	<u>950</u>	<u>-</u>	<u>950</u>
Total revenues	<u>950</u>	<u>44,939</u>	<u>4,915</u>	<u>49,854</u>
Expenditures:				
Capital outlay:				
Economic and physical development	<u>2,026,712</u>	<u>140,825</u>	<u>25,761</u>	<u>166,586</u>
Revenues over (under) expenditures	(2,025,762)	(95,886)	(20,846)	(116,732)
Other financing sources (uses):				
General Obligation Bonds issued	2,000,000	-	1,840,000	1,840,000
Original issuance premium	<u>25,762</u>	<u>-</u>	<u>190,376</u>	<u>190,376</u>
Total other financing sources (uses)	<u>2,025,762</u>	<u>-</u>	<u>2,030,376</u>	<u>2,030,376</u>
Net change in fund balance	<u>\$ -</u>	(95,886)	<u>\$ 2,009,530</u>	<u>\$ 1,913,644</u>
Fund balance, beginning of year		<u>2,009,530</u>		
Fund balance, end of year		<u>\$ 1,913,644</u>		

**LEE COUNTY, NORTH CAROLINA**  
**Lee County Government Center Renovations - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Expenditures:				
Capital outlay:				
Economic and physical development	\$ 692,450	\$ -	\$ -	\$ -
Revenues over (under) expenditures	(692,450)	-	-	-
Other financing sources (uses):				
Transfers in (out):				
General Fund	692,450	200,000	-	200,000
Total other financing sources (uses)	692,450	200,000	-	200,000
Net change in fund balance	\$ -	200,000	\$ -	\$ 200,000
Fund balance, beginning of year		-		
Fund balance, end of year		\$ 200,000		

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## ENTERPRISE FUNDS

Enterprise Funds account for operations that are financed and operated in a manner similar to private business or where the County has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy, or other purposes.

The following comprise the County's Enterprise Funds

- *Water and Sewer District #1 – Colon Road Project Fund* – Accounts for the costs associated with establishing a waterline in the Colon Road area.
- *Solid Waste Management Fund* - Accounts for the operations of the County's solid waste activities.

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**LEE COUNTY, NORTH CAROLINA**  
**Water and Sewer District #1 - Colon Road Project Fund - Schedule of Revenues and Expenditures -**  
**Budget and Actual (non GAAP)**  
**From Inception and for the Year Ended June 30, 2019**

---

	Project Budget	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Water/Sewer System	\$ 360,051	\$ 323,394	\$ 5,778	\$ 329,172
Revenues over (under) expenditures	(360,051)	(323,394)	(5,778)	(329,172)
Other financing sources (uses)				
Transfers (to) from:				
Loan proceeds	357,628	320,971	5,778	326,749
Transfers in (out):				
Water and Sewer District #1	<u>2,423</u>	<u>2,423</u>	<u>-</u>	<u>2,423</u>
Total other financing sources (uses)	<u>360,051</u>	<u>323,394</u>	<u>5,778</u>	<u>329,172</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**LEE COUNTY, NORTH CAROLINA**  
**Solid Waste Management Fund - Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Operating revenues:			
Solid waste charges	\$ 1,356,370	\$ 1,353,538	\$ (2,832)
Other operating revenues	14,500	21,050	6,550
Total operating revenues	<u>1,370,870</u>	<u>1,374,588</u>	<u>3,718</u>
Non-operating revenues:			
Solid waste disposal tax	25,000	26,975	1,975
Scrap tire disposal tax	78,000	84,086	6,086
White goods disposal tax	25,000	24,527	(473)
Investment earnings	8,000	27,802	19,802
Total non-operating revenues	<u>136,000</u>	<u>163,390</u>	<u>27,390</u>
Total revenues	<u>1,506,870</u>	<u>1,537,978</u>	<u>31,108</u>
Expenditures:			
Salaries and employee benefits	603,293	565,529	37,764
Other operating expenditures	954,477	921,603	32,874
Capital outlay	77,150	41,313	35,837
Total expenditures	<u>1,634,920</u>	<u>1,528,445</u>	<u>106,475</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(128,050)	9,533	137,583
Appropriated fund balance	<u>128,050</u>	-	<u>(128,050)</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 9,533</u>	<u>\$ 9,533</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 9,533	
Increase in deferred outflows of resources - pensions		17,689	
Increase in net pension liability		(22,282)	
Decrease in deferred inflows of resources - pensions		716	
Increase in net OPEB liability		(2,895)	
Increase in deferred outflows of resources - OPEB		9,519	
Increase in deferred inflows of resources - OPEB		(12,249)	
Capital outlay		37,693	
Depreciation		<u>(22,792)</u>	
Change in net position		<u>\$ 14,932</u>	

## AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

The following comprise the County's Agency Funds:

- *Town of Broadway* - Accounts for tax revenues collected on behalf of the Town of Broadway.
- *City of Sanford* - Accounts for tax revenues collected on behalf of the City of Sanford.
- *Central Business District* - Accounts for tax revenues collected on behalf of the Central Business District.
- *Sanford Room Occupancy Tax Fund* – Accounts for room occupancy tax revenues collected on behalf of the City of Sanford.
- *Fines and Forfeitures Fund* - This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Lee County Board of Education.
- *Social Services Payee Accounts* - Accounts for monies held by Social Services Department for the benefit of certain individuals in the County.
- *Jail Inmate Trust Accounts* - Accounts for monies held by the jail for the benefit of the inmates.

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**LEE COUNTY, NORTH CAROLINA**  
**Agency Funds - Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2019**

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2019</u>
<b>TOWN OF BROADWAY</b>				
Assets:				
Cash, cash equivalents and investments	\$ 8,346	\$ 443,277	\$ 444,818	\$ 6,805
Accounts receivable	5,528	5,897	5,528	5,897
Taxes receivable	<u>7,874</u>	<u>386,933</u>	<u>387,810</u>	<u>6,997</u>
Total assets	<u>\$ 21,748</u>	<u>\$ 836,107</u>	<u>\$ 838,156</u>	<u>\$ 19,699</u>
Liabilities:				
Due to tax district	<u>\$ 21,748</u>	<u>\$ 836,107</u>	<u>\$ 838,156</u>	<u>\$ 19,699</u>
<b>CITY OF SANFORD</b>				
Assets:				
Cash, cash equivalents and investments	\$ 13,259	\$ 19,198,378	\$ 19,199,646	\$ 11,991
Accounts receivable	118,343	177,165	118,343	177,165
Taxes receivable	<u>336,964</u>	<u>17,014,879</u>	<u>17,044,819</u>	<u>307,024</u>
Total assets	<u>\$ 468,566</u>	<u>\$ 36,390,422</u>	<u>\$ 36,362,808</u>	<u>\$ 496,180</u>
Liabilities:				
Due to tax district	<u>\$ 468,566</u>	<u>\$ 36,390,422</u>	<u>\$ 36,362,808</u>	<u>\$ 496,180</u>
<b>CENTRAL BUSINESS DISTRICT</b>				
Assets:				
Cash, cash equivalents and investments	\$ 571	\$ 65,756	\$ 66,118	\$ 209
Accounts receivable	150	486	150	486
Taxes receivable	<u>2,508</u>	<u>70,605</u>	<u>70,592</u>	<u>2,521</u>
Total assets	<u>\$ 3,229</u>	<u>\$ 136,847</u>	<u>\$ 136,860</u>	<u>\$ 3,216</u>
Liabilities:				
Due to tax district	<u>\$ 3,229</u>	<u>\$ 136,847</u>	<u>\$ 136,860</u>	<u>\$ 3,216</u>
<b>SANFORD ROOM OCCUPANCY TAX FUND</b>				
Assets:				
Cash, cash equivalents and investments	<u>\$ 23,576</u>	<u>\$ 273,743</u>	<u>\$ 269,948</u>	<u>\$ 27,371</u>
Liabilities:				
Due to tax district	<u>\$ 23,576</u>	<u>\$ 273,743</u>	<u>\$ 269,948</u>	<u>\$ 27,371</u>
<b>FINES AND FORFEITURES</b>				
Assets:				
Intergovernmental receivable	<u>\$ 16,479</u>	<u>\$ 149,018</u>	<u>\$ 161,424</u>	<u>\$ 4,073</u>
Liabilities:				
Intergovernmental payable	<u>\$ 16,479</u>	<u>\$ 149,018</u>	<u>\$ 161,424</u>	<u>\$ 4,073</u>

**LEE COUNTY, NORTH CAROLINA**  
**Agency Funds - Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>SOCIAL SERVICES PAYEE ACCOUNTS</b>				
Assets:				
Cash, cash equivalents and investments	\$ 23,684	\$ 277,265	\$ 288,923	\$ 12,026
Liabilities:				
Due to participants	\$ 23,684	\$ 277,265	\$ 288,923	\$ 12,026
<b>JAIL INMATE TRUST ACCOUNTS</b>				
Assets:				
Cash, cash equivalents and investments	\$ 27,795	\$ 274,082	\$ 278,129	\$ 23,748
Liabilities:				
Due to participants	\$ 27,795	\$ 274,082	\$ 278,129	\$ 23,748
<b>COMBINING TOTALS</b>				
Assets:				
Cash and investments	\$ 97,231	\$ 20,532,501	\$ 20,547,582	\$ 82,150
Accounts receivable	140,500	332,566	285,445	187,621
Taxes receivable	347,346	17,472,417	17,503,221	316,542
Total assets	<u>\$ 585,077</u>	<u>\$ 38,337,484</u>	<u>\$ 38,336,248</u>	<u>\$ 586,313</u>
Liabilities:				
Due to participants	\$ 51,479	\$ 551,347	\$ 567,052	\$ 35,774
Intergovernmental payable	16,479	149,018	161,424	4,073
Due to tax district	517,119	37,637,119	37,607,772	546,466
Total liabilities	<u>\$ 585,077</u>	<u>\$ 38,337,484</u>	<u>\$ 38,336,248</u>	<u>\$ 586,313</u>



## **OTHER SCHEDULES**

This section includes additional information on property taxes.

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**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable - General Fund**  
**June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-19	\$ -	\$ 44,082,416	\$ 43,705,689	\$ 376,727
2017-18	334,010	-	199,178	134,832
2016-17	122,224	-	54,663	67,561
2015-16	65,650	-	20,936	44,714
2014-15	45,315	-	11,813	33,502
2013-14	50,652	-	31,011	19,641
2012-13	59,860	-	37,842	22,018
2011-12	56,341	-	29,688	26,653
2010-11	55,177	-	28,197	26,980
2009-10	234,231	-	30,669	203,562
2008-09	67,308	-	67,308	-
<b>Total</b>	<b>\$ 1,090,768</b>	<b>\$ 44,082,416</b>	<b>\$ 44,216,994</b>	<b>956,190</b>
Less allowance for uncollected taxes receivable				<u>(409,411)</u>
Ad valorem taxes receivable (net)				<u>\$ 546,779</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 44,192,440
Reconciling items:				
Interest				(153,529)
Advertisement and collection fees				(44,611)
Taxes written off				187,813
Releases				35,237
Adjustments				(356)
Total reconciling items:				<u>24,554</u>
Total ad valorem collections and credits				<u>\$ 44,216,994</u>

**LEE COUNTY, NORTH CAROLINA**  
**Analysis of Current Tax Levy - County-Wide Levy**  
**For the Fiscal Year Ended June 30, 2019**

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	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 5,469,764,642	\$ 0.795	\$ 43,457,386	\$ 39,423,223	\$ 4,034,163
Penalties	-		50,764	50,764	-
Total	5,469,764,642		43,508,150	39,473,987	4,034,163
Discoveries:					
Current year taxes	72,299,484		506,273	506,273	-
Prior year taxes	-		68,407	68,407	-
Penalties	-		13,133	13,133	-
Total	72,299,484		587,813	587,813	-
Abatements	(1,609,596)		(13,547)	(13,547)	-
Total property valuation	\$ 5,540,454,530				
Net levy			44,082,416	40,048,253	4,034,163
Less uncollected taxes at June 30, 2019			376,727	376,727	-
Current year's taxes collected			\$ 43,705,689	\$ 39,671,526	\$ 4,034,163
Current levy collection percentage			99.15%	99.06%	100.00%

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## STATISTICAL SECTION

This part of the Lee County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

*Financial Trends* – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. The following schedules fall in this category:

- Net Position by Component
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balance, Governmental Funds

*Revenue Capacity* – These schedules present information to help the reader assess the factors affecting the County's ability to generate its property taxes. The following schedules fall in this category:

- Assessed Value and Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections

*Debt Capacity* – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. The following schedules fall in this category:

- Ratio of Outstanding Debt by Type
- Ratio of Net General Obligation Bonded Debt Outstanding
- Legal Debt Margin Information
- Direct and Overlapping Governmental Activities Debt

*Demographic and Economic Information* – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. The following schedules fall in this category:

- Demographic and Economic Statistics
- Principal Employers

*Operating Information* – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. The following schedules fall in this category:

- Full-time Equivalent County Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

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**Lee County, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 16,934,589	\$ 16,604,704	\$ 16,682,007	\$ 17,390,002	\$ 18,177,941	\$ 17,265,494	\$ 18,251,252	\$ 19,639,721	\$ 21,157,156	\$ 21,115,449
Restricted	24,602,272	16,287,232	8,545,563	6,865,388	8,195,677	7,493,750	7,843,197	28,406,722	42,358,524	9,052,912
Unrestricted	<u>(65,372,458)</u>	<u>(68,466,530)</u>	<u>(65,501,706)</u>	<u>(62,897,286)</u>	<u>(58,455,323)</u>	<u>(52,851,570)</u>	<u>(49,073,287)</u>	<u>(67,224,989)</u>	<u>(109,327,852)</u>	<u>(86,682,158)</u>
Total Governmental activities net position	<u>\$ (23,835,597)</u>	<u>\$ (35,574,594)</u>	<u>\$ (40,274,136)</u>	<u>\$ (38,641,896)</u>	<u>\$ (32,081,705)</u>	<u>\$ (28,092,326)</u>	<u>\$ (22,978,838)</u>	<u>\$ (19,178,546)</u>	<u>\$ (45,812,172)</u>	<u>\$ (56,513,797)</u>
Business-type activities										
Net investment in capital assets	\$ 555,393	\$ 528,993	\$ 632,259	\$ 614,282	\$ 572,790	\$ 588,948	\$ 626,698	\$ 725,323	\$ 758,463	\$ 773,364
Unrestricted	<u>780,287</u>	<u>1,213,741</u>	<u>823,128</u>	<u>906,162</u>	<u>998,968</u>	<u>973,512</u>	<u>960,258</u>	<u>820,381</u>	<u>453,036</u>	<u>447,289</u>
Total business-type activities net position	<u>\$ 1,335,680</u>	<u>\$ 1,742,734</u>	<u>\$ 1,455,387</u>	<u>\$ 1,520,444</u>	<u>\$ 1,571,758</u>	<u>\$ 1,562,460</u>	<u>\$ 1,586,956</u>	<u>\$ 1,545,704</u>	<u>\$ 1,211,499</u>	<u>\$ 1,220,653</u>
Primary government										
Net investment in capital assets	\$ 17,489,982	\$ 17,133,697	\$ 17,314,266	\$ 18,004,284	\$ 18,750,731	\$ 17,854,442	\$ 18,877,950	\$ 20,365,044	\$ 21,915,619	\$ 21,888,813
Restricted	24,602,272	16,287,232	8,545,563	6,865,388	8,195,677	7,493,750	7,843,197	28,406,722	42,358,524	9,052,912
Unrestricted	<u>(64,592,171)</u>	<u>(67,252,789)</u>	<u>(64,678,578)</u>	<u>(61,991,124)</u>	<u>(57,456,355)</u>	<u>(51,878,058)</u>	<u>(48,113,029)</u>	<u>(66,404,608)</u>	<u>(108,874,816)</u>	<u>(86,234,869)</u>
Total primary government net position	<u>\$ (22,499,917)</u>	<u>\$ (33,831,860)</u>	<u>\$ (38,818,749)</u>	<u>\$ (37,121,452)</u>	<u>\$ (30,509,947)</u>	<u>\$ (26,529,866)</u>	<u>\$ (21,391,882)</u>	<u>\$ (17,632,842)</u>	<u>\$ (44,600,673)</u>	<u>\$ (55,293,144)</u>

**Lee County, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,118,954	\$ 6,641,567	\$ 6,932,677	\$ 6,790,426	\$ 7,876,229	\$ 9,938,237	\$ 8,422,884	\$ 8,826,883	\$ 8,894,682	\$ 9,326,907
Public safety	10,362,318	11,531,800	11,803,023	11,947,065	11,952,806	10,081,361	12,805,684	13,457,188	13,533,239	14,035,115
Economic and physical development	2,514,333	5,132,274	2,059,885	1,772,585	1,656,954	1,484,068	1,739,707	2,063,986	1,788,613	2,010,865
Human services	14,919,267	14,537,884	14,269,531	14,442,568	14,040,325	14,391,192	15,076,902	14,880,653	12,943,413	13,445,485
Cultural and recreation	1,373,943	1,196,701	1,902,627	1,949,369	1,950,048	1,863,284	1,978,857	1,985,585	1,591,557	1,978,594
Education	21,757,882	33,185,635	26,376,671	21,186,425	19,340,979	19,247,541	23,083,490	24,612,382	41,564,924	43,259,793
Interest on long-term debt	2,895,420	3,963,967	5,018,211	3,061,821	2,892,500	2,651,952	2,960,290	2,135,487	2,896,297	3,438,331
Total governmental activities expenses	<u>60,942,117</u>	<u>76,189,828</u>	<u>68,362,625</u>	<u>61,150,259</u>	<u>59,709,841</u>	<u>59,657,635</u>	<u>66,067,814</u>	<u>67,962,164</u>	<u>83,212,725</u>	<u>87,495,090</u>
Business-type activities:										
Water & Sewer	-	87,333	-	-	-	-	-	3,069	320,325	5,778
Solid Waste Management Fund	1,203,132	1,912,516	1,504,714	1,237,744	1,263,931	1,296,841	1,373,422	1,360,857	1,390,842	1,523,046
Total business-type activities	<u>1,203,132</u>	<u>1,999,849</u>	<u>1,504,714</u>	<u>1,237,744</u>	<u>1,263,931</u>	<u>1,296,841</u>	<u>1,373,422</u>	<u>1,363,926</u>	<u>1,711,167</u>	<u>1,528,824</u>
Total primary government expenses	<u>\$ 62,145,249</u>	<u>\$ 78,189,677</u>	<u>\$ 69,867,339</u>	<u>\$ 62,388,003</u>	<u>\$ 60,973,772</u>	<u>\$ 60,954,476</u>	<u>\$ 67,441,236</u>	<u>\$ 69,326,090</u>	<u>\$ 84,923,892</u>	<u>\$ 89,023,914</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 633,416	\$ 576,595	\$ 602,571	\$ 565,921	\$ 603,302	\$ 602,554	\$ 253,368	\$ 740,599	\$ 649,749	\$ 649,571
Public safety	357,693	421,370	601,510	407,380	465,132	690,851	646,930	723,670	724,041	851,650
Economic and physical development	-	-	531,299	37,102	93,218	93,703	83,666	-	-	-
Human services	1,444,210	1,376,086	1,816,357	1,803,849	1,567,324	1,549,894	1,729,018	1,750,098	1,721,992	1,638,014
Culture and recreation	292,032	302,387	327,216	377,259	364,711	351,984	369,116	353,216	353,290	344,950
Operating grants and contributions:										
General government	27,020	-	133,542	27,162	5,225	-	-	-	-	-
Public safety	470,652	1,181,312	265,945	172,022	158,622	154,869	131,298	178,151	235,817	120,611
Economic and physical development	15,756	539,489	46,162	38,887	28,676	30,063	30,064	30,506	30,017	29,326
Human services	8,328,997	8,168,364	8,074,593	7,598,300	7,809,089	8,415,978	8,648,718	7,682,817	6,695,999	6,911,656
Culture and recreation	108,007	107,862	136,190	118,130	133,987	143,948	156,786	112,217	115,634	117,216
Capital grants and contributions:										
Economic and physical development	236,587	147,692	-	128,823	1,077,388	415,278	-	-	-	-
Human services	-	-	-	-	-	-	-	4,093	-	3,025
Education	1,308,937	1,076,802	845,602	832,354	398,834	176,571	642,674	862,670	-	278,824
Total governmental activities program revenues	<u>13,223,307</u>	<u>13,897,959</u>	<u>13,380,987</u>	<u>12,107,189</u>	<u>12,705,508</u>	<u>12,625,693</u>	<u>12,691,638</u>	<u>12,433,944</u>	<u>10,526,539</u>	<u>10,944,843</u>

(Continued)



**Lee County, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenues (continued)</b>										
Business-type activities (continued)										
Charges for services:										
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste Management Fund	1,211,244	1,231,441	1,378,793	1,282,794	1,281,492	1,289,725	1,359,065	1,248,521	1,310,715	1,374,588
Operating grants and contributions:										
Solid Waste Management Fund	-	1,086,446	(163,590)	6,271	-	-	-	-	-	-
Capital grants and contributions:										
Water & Sewer	-	84,481	-	-	-	-	-	-	-	-
Solid Waste Management Fund	-	-	-	9,408	31,794	17,619	34,394	-	-	-
Total business-type activities program revenues	<u>1,211,244</u>	<u>2,402,368</u>	<u>1,215,203</u>	<u>1,298,473</u>	<u>1,313,286</u>	<u>1,307,344</u>	<u>1,393,459</u>	<u>1,248,521</u>	<u>1,310,715</u>	<u>1,374,588</u>
Total primary governmental program revenues	<u>\$ 14,434,551</u>	<u>\$ 16,300,327</u>	<u>\$ 14,596,190</u>	<u>\$ 13,405,662</u>	<u>\$ 14,018,794</u>	<u>\$ 13,933,037</u>	<u>\$ 14,085,097</u>	<u>\$ 13,682,465</u>	<u>\$ 11,837,254</u>	<u>\$ 12,319,431</u>
Net (expense)/revenue										
Governmental activities	\$ (47,718,810)	\$ (62,291,869)	\$ (54,981,638)	\$ (49,043,070)	\$ (47,004,333)	\$ (47,031,942)	\$ (53,376,176)	\$ (55,528,220)	\$ (72,686,186)	\$ (76,550,247)
Business-type activities	8,112	402,519	(289,511)	60,729	49,355	10,503	20,037	(115,405)	(400,452)	(154,236)
Total primary governmental net (expense)/revenue	<u>\$ (47,710,698)</u>	<u>\$ (61,889,350)</u>	<u>\$ (55,271,149)</u>	<u>\$ (48,982,341)</u>	<u>\$ (46,954,978)</u>	<u>\$ (47,021,439)</u>	<u>\$ (53,356,139)</u>	<u>\$ (55,643,625)</u>	<u>\$ (73,086,638)</u>	<u>\$ (76,704,483)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 38,461,492	\$ 39,041,333	\$ 38,262,524	\$ 38,746,149	\$ 39,881,877	\$ 39,031,800	\$ 43,247,833	\$ 44,219,111	\$ 45,297,237	\$ 47,644,244
Sales taxes	7,428,181	8,835,342	9,349,289	9,616,974	10,914,491	11,460,940	12,221,875	13,261,165	13,889,956	14,669,199
Other taxes	995,663	1,011,763	862,624	957,636	993,713	980,747	1,034,535	1,116,117	1,103,417	1,212,189
Unrestricted grants and contributions	19,829	1,039,083	986,463	923,478	868,772	836,002	793,989	749,057	703,051	660,520
Investment earnings	194,719	140,549	99,881	79,463	53,938	51,102	103,555	284,213	608,155	1,218,431
Miscellaneous	547,564	484,803	721,314	891,799	851,733	918,628	1,083,724	502,139	392,692	444,039
Special item - loss on disposal of capital asset	-	-	-	-	-	(503,028)	-	-	-	-
Total governmental activities	<u>47,647,448</u>	<u>50,552,873</u>	<u>50,282,095</u>	<u>51,215,499</u>	<u>53,564,524</u>	<u>52,776,191</u>	<u>58,485,511</u>	<u>60,131,802</u>	<u>61,994,508</u>	<u>65,848,622</u>
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	-	-	126,078	140,904	135,588
Investment earnings	6,841	4,535	2,164	4,328	1,959	2,566	4,459	8,373	14,625	27,802
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	-	(60,298)	-	-
Total business-type activities	<u>6,841</u>	<u>4,535</u>	<u>2,164</u>	<u>4,328</u>	<u>1,959</u>	<u>2,566</u>	<u>4,459</u>	<u>74,153</u>	<u>155,529</u>	<u>163,390</u>
Total primary government	<u>\$ 47,654,289</u>	<u>\$ 50,557,408</u>	<u>\$ 50,284,259</u>	<u>\$ 51,219,827</u>	<u>\$ 53,566,483</u>	<u>\$ 52,778,757</u>	<u>\$ 58,489,970</u>	<u>\$ 60,205,955</u>	<u>\$ 62,150,037</u>	<u>\$ 66,012,012</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (71,362)	\$ (11,738,996)	\$ (4,699,543)	\$ 2,172,429	\$ 6,560,191	\$ 5,744,249	\$ 5,109,335	\$ 4,603,582	\$ (10,691,678)	\$ (10,701,625)
Business-type activities	14,953	407,054	(287,347)	65,057	51,314	13,069	24,496	(41,252)	(244,923)	9,154
Total primary government	<u>\$ (56,409)</u>	<u>\$ (11,331,942)</u>	<u>\$ (4,986,890)</u>	<u>\$ 2,237,486</u>	<u>\$ 6,611,505</u>	<u>\$ 5,757,318</u>	<u>\$ 5,133,831</u>	<u>\$ 4,562,330</u>	<u>\$ (10,936,601)</u>	<u>\$ (10,692,471)</u>

**Lee County, North Carolina**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General Fund</b>										
Reserved	\$ 4,065,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	2,692,973	-	-	-	-	-	-	-	-	-
Undesignated	9,412,184	-	-	-	-	-	-	-	-	-
Restricted	-	5,739,619	5,031,218	5,098,201	5,348,139	5,700,629	5,989,554	5,997,230	6,188,113	6,498,555
Committed	-	571,788	83,165	91,504	104,088	195,217	444,308	434,917	811,694	1,132,319
Assigned	-	3,319,880	2,780,915	2,900,506	2,596,759	1,644,812	1,559,961	1,904,077	1,943,085	1,927,714
Unassigned	-	6,199,709	7,555,399	6,367,601	8,233,005	9,197,066	9,953,712	11,522,597	11,648,622	13,748,317
Total General Fund	<u>\$ 16,170,806</u>	<u>\$ 15,830,996</u>	<u>\$ 15,450,697</u>	<u>\$ 14,457,812</u>	<u>\$ 16,281,991</u>	<u>\$ 16,737,724</u>	<u>\$ 17,947,535</u>	<u>\$ 19,858,821</u>	<u>\$ 20,591,514</u>	<u>\$ 23,306,905</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 20,368,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	962,853	-	-	-	-	-	-	-	-	-
Capital projects funds	5,800,570	-	-	-	-	-	-	-	-	-
Restricted in special revenue funds	-	1,657,138	1,192,762	1,344,671	1,759,187	1,784,859	1,850,509	1,815,371	1,790,345	2,055,658
Restricted in capital project funds	-	8,890,475	1,595,831	422,516	1,088,351	8,261	3,134	20,457,476	34,252,611	16,798,685
Committed in special revenue funds	-	626,256	499,100	145,530	89,124	54,655	88,103	119,235	254,783	208,226
Committed in capital project funds	-	793,544	793,133	-	-	-	-	-	-	-
Assigned in capital project funds	-	834,821	839,183	636,557	653,590	2,215,788	3,015,180	3,647,500	4,076,605	3,579,321
Unassigned in capital project funds	-	(1,758,384)	(678,992)	(138,467)	(1,053,250)	(87,392)	(1,829,638)	(373,851)	-	(2,587,926)
Total all other governmental funds	<u>\$ 27,132,128</u>	<u>\$ 11,043,850</u>	<u>\$ 4,241,017</u>	<u>\$ 2,410,807</u>	<u>\$ 2,537,002</u>	<u>\$ 3,976,171</u>	<u>\$ 3,127,288</u>	<u>\$ 25,665,731</u>	<u>\$ 40,374,344</u>	<u>\$ 20,053,964</u>

Note: Change in display of fund balance is due to the implementation of GASB 54.

**Lee County, North Carolina**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Revenues	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ad valorem taxes	\$ 38,461,649	\$ 38,903,106	\$ 38,360,223	\$ 38,543,096	\$ 40,322,964	\$ 39,312,777	\$ 43,530,742	\$ 44,531,098	\$ 45,392,897	\$ 47,489,597
Local option sales taxes	7,428,181	8,835,342	9,349,289	9,616,974	10,914,491	11,460,940	12,221,875	13,261,165	13,889,956	14,669,199
Other taxes and licenses	995,663	1,011,763	862,624	957,636	993,713	980,747	1,034,535	1,116,117	1,103,417	1,212,189
Unrestricted intergovernmental	19,829	1,039,083	986,463	926,594	872,122	839,576	798,119	753,187	707,311	664,653
Restricted intergovernmental	10,888,163	11,833,613	10,771,349	9,516,406	10,019,358	9,868,897	10,180,104	9,470,808	7,508,256	7,983,598
Permits and fees	247,270	245,800	260,112	274,388	247,840	245,761	350,004	391,230	263,101	263,144
Sales and services	2,138,255	2,042,916	2,711,531	2,698,461	2,697,581	2,732,181	2,919,078	2,664,593	2,859,950	2,801,295
Investment earnings	194,719	140,549	99,881	79,463	53,938	51,102	103,555	284,213	608,155	1,218,431
Miscellaneous	499,379	401,048	469,048	481,208	702,389	795,310	422,837	614,589	499,461	483,079
Total revenues	<u>60,873,108</u>	<u>64,453,220</u>	<u>63,870,520</u>	<u>63,094,226</u>	<u>66,824,396</u>	<u>66,287,291</u>	<u>71,560,849</u>	<u>73,087,000</u>	<u>72,832,504</u>	<u>76,785,185</u>
<b>Expenditures</b>										
General government	6,588,680	7,214,203	7,168,476	7,963,598	7,835,545	7,643,351	8,844,246	8,637,508	10,023,025	9,325,250
Public safety	9,551,377	10,900,640	11,045,336	10,556,249	11,380,817	12,143,555	12,574,255	12,885,626	13,257,555	13,535,005
Economic and physical development	1,705,337	3,124,604	1,938,528	1,684,090	1,544,676	1,238,614	1,259,179	1,773,241	1,295,095	1,719,153
Human services	14,110,098	13,980,608	13,842,381	13,854,907	13,721,163	14,356,332	15,087,385	14,174,122	12,595,757	13,125,412
Education	19,782,743	19,564,162	20,133,096	20,489,694	19,060,363	19,167,781	21,568,559	21,740,841	22,326,644	22,780,722
Cultural and recreational	1,767,244	1,847,347	1,888,518	1,752,726	1,747,045	1,793,665	2,045,494	1,963,491	2,079,370	1,913,977
Capital outlay	2,988,719	15,715,193	6,339,325	1,691,124	1,163,021	660,198	1,928,066	4,569,932	19,652,680	20,644,775
Debt service										
Principal	4,437,974	4,392,526	4,881,527	5,420,857	5,405,279	5,414,565	5,442,068	5,608,793	6,599,195	7,618,859
Interest and fees	2,751,770	4,142,025	5,398,465	3,179,076	3,016,113	2,774,328	3,529,822	1,975,999	2,774,006	3,727,021
Total expenditures	<u>63,683,942</u>	<u>80,881,308</u>	<u>72,635,652</u>	<u>66,592,321</u>	<u>64,874,022</u>	<u>65,192,389</u>	<u>72,279,074</u>	<u>73,329,553</u>	<u>90,603,327</u>	<u>94,390,174</u>
Excess of revenues over (under) expenditures	<u>(2,810,834)</u>	<u>(16,428,088)</u>	<u>(8,765,132)</u>	<u>(3,498,095)</u>	<u>1,950,374</u>	<u>1,094,902</u>	<u>(718,225)</u>	<u>(242,553)</u>	<u>(17,770,823)</u>	<u>(17,604,989)</u>
<b>Other financing sources (uses)</b>										
Transfers in	7,404,416	2,968,428	1,847,550	1,818,131	1,200,043	2,610,209	1,981,656	2,664,932	1,396,082	2,010,217
Transfers out	(7,404,416)	(2,968,428)	(1,847,550)	(1,818,131)	(1,200,043)	(2,610,209)	(1,981,656)	(2,664,932)	(1,396,082)	(2,010,217)
Bonds issued	-	-	-	-	-	-	-	23,000,000	-	-
Installment purchase issued	-	-	-	675,000	-	-	-	-	-	-
Limited obligation bonds issued	-	-	-	-	-	-	-	-	30,095,000	-
Original issuance premium	-	-	-	-	-	-	-	1,692,282	3,117,129	-
Qualified Zone Academy Bonds issued	4,000,000	-	-	-	-	-	-	-	-	-
Qualified School Constructions Bonds issued	6,678,064	-	-	-	-	-	-	-	-	-
Recovery Zone Economic Development Bonds issued	12,000,000	-	-	-	-	-	-	-	-	-
Refunding certificates of participation issued	-	-	17,022,000	-	-	-	22,675,000	-	-	-
Payment to refunding escrow agent	-	-	(15,440,000)	-	-	-	(21,600,000)	-	-	-
Sale of county assets	-	-	-	-	-	800,000	-	-	-	-
Total other financing sources (uses)	<u>22,678,064</u>	<u>-</u>	<u>1,582,000</u>	<u>675,000</u>	<u>-</u>	<u>800,000</u>	<u>1,075,000</u>	<u>24,692,282</u>	<u>33,212,129</u>	<u>-</u>
Net change in fund balances	<u>\$ 19,867,230</u>	<u>\$ (16,428,088)</u>	<u>\$ (7,183,132)</u>	<u>\$ (2,823,095)</u>	<u>\$ 1,950,374</u>	<u>\$ 1,894,902</u>	<u>\$ 356,775</u>	<u>\$ 24,449,729</u>	<u>\$ 15,441,306</u>	<u>\$ (17,604,989)</u>
Debt services as a percentage of noncapital expenditures	11.5%	10.9%	14.4%	13.4%	13.3%	12.8%	12.8%	10.7%	10.5%	12.4%

**Lee County, North Carolina**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property	Public	Less:	Total Taxable Assessed Value	Total Direct	Estimated Actual	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property		Service Companies (1)	Tax Exempt Real Property		Tax Rate (2)	Taxable Value (3)	
2010	\$ 2,622,808,977	\$ 850,781,880	\$1,195,236,050	\$ 123,366,900	\$ 44,209,446	\$4,747,984,361	0.750	\$4,957,694,853	95.77%
2011	2,634,380,868	873,830,200	1,198,791,941	119,918,246	49,289,686	4,777,631,569	0.750	4,945,788,374	96.60%
2012	2,646,993,567	894,794,400	1,159,761,594	117,865,942	52,295,319	4,767,120,184	0.750	4,839,715,923	98.50%
2013	2,681,678,503	904,231,950	1,180,223,760	116,632,096	53,493,927	4,829,272,382	0.750	4,909,293,872	98.37%
2014	2,694,946,922	1,038,649,500	1,338,835,425	114,024,251	54,524,152	5,131,931,946	0.720	5,166,547,816	99.33%
2015	2,710,869,570	1,046,605,800	1,228,580,482	112,327,319	55,834,498	5,042,548,673	0.720	5,093,483,508	99.00%
2016	2,727,421,080	1,054,477,500	1,228,665,416	128,584,786	54,316,610	5,084,832,172	0.795	5,188,604,257	98.00%
2017	2,732,225,485	1,065,034,400	1,308,860,808	131,814,026	55,539,050	5,182,395,669	0.795	5,295,724,166	97.86%
2018	2,755,025,988	1,103,412,700	1,360,258,047	130,019,424	56,427,400	5,292,288,759	0.795	5,458,781,598	96.95%
2019	2,537,340,894	1,381,959,140	1,547,278,924	131,956,672	58,081,100	5,540,454,530	0.795	5,750,342,013	96.35%

Source: Lee County Tax Office

Notes:

- (1) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Per \$100 of value.
- (3) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (4) Property in Lee County is reassessed every four years. The last reassessment was on January 1, 2019 and will be reflected in Fiscal Year 2020. The next reassessment is scheduled for January 1, 2023.

**Lee County, North Carolina**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
(Per \$100.00 of Assessed Value)

	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018	2019
<b>County:</b>										
Lee	\$ 0.750	\$ 0.750	\$ 0.750	\$ 0.750	\$ 0.720	\$ 0.720	\$ 0.795	\$ 0.795	\$ 0.795	\$ 0.795
<b>Municipalities:</b>										
Town of Broadway	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.490	0.490	0.490
City of Sanford	0.540	0.540	0.540	0.540	0.540	0.600	0.600	0.600	0.600	0.620
<b>Fire Districts</b>										
Cape Fear	0.076	0.086	0.092	0.092	0.100	0.100	0.100	0.100	0.102	0.112
Carolina Trace	0.070	0.067	0.067	0.075	0.081	0.086	0.091	0.097	0.097	0.097
Clearwater	NA	NA	0.186	0.186	0.186	0.186	0.187	0.187	0.187	0.187
Deep River	0.100	0.104	0.104	0.113	0.113	0.118	0.125	0.125	0.125	0.125
Lemon Springs	0.083	0.084	0.086	0.091	0.096	0.096	0.096	0.096	0.096	0.096
Northview	0.081	0.081	0.081	0.081	0.094	0.087	0.087	0.087	0.087	0.087
Northwest Pocket	0.118	0.118	0.124	0.129	0.129	0.129	0.129	0.145	0.145	0.145
Tramway	0.081	0.080	0.078	0.079	0.089	0.089	0.089	0.089	0.093	0.096
West Sanford	0.109	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
<b>Other Districts: (3)</b>										
Central Business District	0.130	0.130	0.130	0.130	0.110	0.110	0.110	0.110	0.110	0.110
Lee County Water & Sewer District #1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Maximum Rate - Fire District	0.868	0.868	0.936	0.936	0.906	0.906	0.982	0.982	0.982	0.982
Total Maximum Rate - Municipalities	1.420	1.420	1.420	1.420	1.370	1.430	1.395	1.395	1.395	1.415

## Notes:

- (1) Property in Lee County is typically reassessed every four years. The last reassessment was on January 1, 2019.
- (2) The property tax rates for each of the governments listed above are based on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) The Lee County Water & Sewer District # 1 has not enacted property taxes as of June 30, 2019.
- (4) The West Sanford Fire District merged into the Northview Fire District.

Source: Lee County Tax Department.

**Lee County, North Carolina  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2019</u>			<u>Fiscal Year 2010</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Pfizer	Pharmaceuticals	\$ 257,611,094	1	4.6%	\$ 300,953,414	1	6.3%
Coty, Inc.	Cosmetics	100,368,616	2	1.8%	77,791,530	2	1.6%
Frontier Spinning Mills LLC	Textiles	86,530,674	3	1.6%	43,658,006	5	0.9%
Pilgrims Pride	Chicken producer	80,492,630	4	1.5%			
Donald R. Simpson	Real Estate	60,466,758	5	1.1%	64,522,152	3	1.4%
Caterpillar	Manufacturing	59,861,999	6	1.1%	-		
GKN Automotive Components, Inc.	Automotive Parts	58,291,456	7	1.1%	-		
Duke Energy Progress Inc.	Utility	56,223,960	8	1.0%	49,165,539	4	1.0%
Magneti Marelli, Inc.	Automotive Parts	47,010,184	9	0.8%	35,052,094	8	0.7%
Static Control	Remanufactured printer cartridges	36,727,323	10	0.7%	28,034,227	10	0.6%
Windstream Inc.	Utility	-		0.0%	38,004,854	6	0.8%
Lee Brick	Brick Manufacturing	-		0.0%	35,218,813	7	0.7%
Moen, Inc.	Plumbing fixtures	-		0.0%	34,021,535	9	0.7%
<b>Totals</b>		<u>\$ 843,584,694</u>		<u>16.3%</u>	<u>\$ 706,422,164</u>		<u>14.7%</u>

Source: Lee County Tax Department

**Lee County, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Total Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2010	\$ 35,774,486	\$ 34,900,196	97.6%	\$ 647,914	\$ 35,548,110	99.4%
2011	36,431,441	35,580,416	97.7%	781,518	36,361,934	99.8%
2012	35,810,080	34,992,878	97.7%	750,871	35,743,749	99.8%
2013	36,257,156	35,175,722	97.0%	969,245	36,144,967	99.7%
2014	37,033,563	36,508,688	98.6%	369,077	36,877,765	99.6%
2015	36,363,858	35,935,577	98.8%	374,408	36,309,985	99.9%
2016	40,362,332	39,983,957	99.1%	330,130	40,314,087	99.9%
2017	41,240,994	40,895,166	99.2%	260,442	41,155,608	99.8%
2018	42,164,227	41,830,217	99.2%	184,860	42,015,077	99.6%
2019	44,082,416	43,705,689	99.1%	-	43,705,689	99.1%

**Lee County, North Carolina  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Bond Anticipation Notes	Certificates of Participation	Limited Obligation Bonds	Installment Loans	General Obligation Bonds	Installment Loans			
2010	5,085,000	-	51,454,983	-	25,448,160	-	-	81,988,143	4.46%	1,356
2011	2,285,000	-	50,062,080	-	25,165,634	-	-	77,512,714	4.10%	1,340
2012	735,000	-	48,723,047	-	24,314,110	-	-	73,772,157	3.91%	1,256
2013	485,000	-	45,123,160	-	23,335,253	-	-	68,943,413	3.54%	1,155
2014	235,000	-	41,693,273	-	21,526,974	-	-	63,455,247	3.26%	1,053
2015	-	-	38,337,386	-	19,620,409	-	-	57,957,795	2.80%	971
2016	-	5,000,000	35,597,000	-	17,476,344	-	-	58,073,344	2.73%	973
2017	24,692,282	-	32,138,000	-	15,326,549	-	-	72,156,831	3.24%	1,210
2018	23,457,668	-	28,727,000	33,212,129	13,288,354	-	-	98,685,151	4.23%	1,633
2019	22,223,054	-	25,221,000	31,931,273	11,450,495	-	-	90,825,822	*	1,478.00

\* Information not yet available

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2018 personal income not available to calculate fiscal year 2019.



**Lee County, North Carolina**  
**Ratios of Net General Obligation Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross General Obligation Bonded Debt</b>	<b>Less Debt Payable from Enterprise Fund</b>	<b>Net General Obligation Bonded Debt</b>	<b>Percentage of Personal Income (1)</b>	<b>Percentage of Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>
2010	\$ 5,085,000	\$ -	\$ 5,085,000	0.28%	0.11%	84
2011	2,285,000	-	2,285,000	0.12%	0.05%	39
2012	735,000	-	735,000	0.04%	0.02%	13
2013	485,000	-	485,000	0.02%	0.01%	8
2014	235,000	-	235,000	0.01%	0.00%	4
2015	-	-	-	0.00%	0.00%	-
2016	-	-	-	0.00%	0.00%	-
2017	24,692,282	-	24,692,282	1.11%	0.48%	414
2018	23,457,668	-	23,457,668	1.00%	0.44%	388
2019	22,223,054	-	22,223,054	*	0.40%	362

\* Information not yet available

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

(2) See Schedule 5 for property value data.

**Lee County, North Carolina**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assesses Value of Property	\$ 4,747,984	\$ 4,777,631	\$ 4,767,120	\$ 4,829,272	\$ 5,131,932	\$ 5,042,549	\$ 5,084,832	\$ 5,182,395	\$ 5,292,289	\$ 5,540,454
Debt Limit, 8% of Assessed Value Statutory Limitation	379,839	382,210	381,370	386,342	410,555	403,404	406,787	414,592	423,383	443,236
Amount of Debt Applicable to Limit										
Gross debt	80,698	76,306	73,006	68,260	62,855	57,440	53,073	76,073	93,960	83,341
Less: Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	<u>80,698</u>	<u>76,306</u>	<u>73,006</u>	<u>68,260</u>	<u>62,855</u>	<u>57,440</u>	<u>53,073</u>	<u>76,073</u>	<u>93,960</u>	<u>83,341</u>
Legal debt margin	<u>\$ 299,141</u>	<u>\$ 305,904</u>	<u>\$ 308,364</u>	<u>\$ 318,082</u>	<u>\$ 347,700</u>	<u>\$ 345,964</u>	<u>\$ 353,714</u>	<u>\$ 338,519</u>	<u>\$ 329,423</u>	<u>\$ 359,895</u>
Total net debt applicable to the limit as a percentage of debt limit	21.25%	19.96%	19.14%	17.67%	15.31%	14.24%	13.05%	18.35%	22.19%	18.80%

Note: NC Statute GS159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

**Lee County, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Underlying Debt</u>
Direct:			
Lee County	\$ 90,825,826	100%	\$ 90,825,826
Total direct debt	<u>90,825,826</u>		<u>90,825,826</u>
Underlying Debt:			
City of Sanford	12,424,297	100%	12,424,297
Town of Broadway	<u>654,822</u>	100%	<u>654,822</u>
Total underlying debt	<u>13,079,119</u>		<u>13,079,119</u>
Total direct and overlapping debt	<u>\$ 103,904,945</u>		<u>\$ 103,904,945</u>

Note:  
Percentage of overlap based on assessed property values.

**Lee County, North Carolina  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population (1,4)</b>	<b>Personal Income (1) (amounts expressed in thousands)</b>	<b>Per Capita Personal Income (1)</b>	<b>Public School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2010	60,477	1,838,867	32,059	9,603	12.70%
2011	57,866	1,890,857	32,655	9,602	12.60%
2012	58,752	1,885,190	32,188	9,707	11.40%
2013	59,715	1,946,444	32,670	9,809	10.50%
2014	60,266	1,943,657	32,251	10,012	8.30%
2015	59,662	2,067,150	34,648	10,062	7.90%
2016	59,660	2,127,162	35,655	10,054	5.90%
2017	59,616	2,226,406	37,346	10,022	4.80%
2018	60,430	2,334,875	38,638	9,936	4.70%
2019	61,452	*	*	9,868	5.10%

\* Information not yet available

Notes:

- (1) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (2) Lee County Board of Education
- (3) N.C. Employment Security Commission
- (4) US Census Bureau

**Lee County, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

Employer	Fiscal Year 2018 (1)			Fiscal Year 2008		
	Approximate Number of Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee County Schools	1000-1500	1	4.92%	1000-1500	1	5.36%
Caterpillar, Inc.	1000-1500	2	4.92%	-		0.00%
Pilgrims Pride Corporation	500-999	3	2.95%	1000-1500	4	5.36%
Pentair Pool Products	500-999	4	2.95%	500-999	9	3.22%
Central Carolina Community College	500-999	5	2.95%	500-999	8	3.22%
Coty, LLC	500-999	6	2.95%	1000-1500	2	5.36%
Central Carolina Hospital	500-999	7	2.95%	500-999	7	3.22%
Static Control Components, Inc.	500-999	6	2.95%	500-999	5	3.22%
Belflex Staffing Services	500-999	9	2.95%	-		0.00%
County of Lee	500-999	10	2.95%	-		0.00%
Pfizer, Inc.	-		0.00%	1000-1500	3	5.36%
The Pantry Inc.	-		0.00%	500-999	6	3.22%
Tyson Mexican Original Inc.	-		0.00%	500-999	10	3.22%
Total			<u>33.46%</u>			<u>40.76%</u>

Source: NC Employment Security Commission; total county employment

Notes:

(1) Based on March 2019 employment which is most recent information provided by the NC Employment Security Commission.

**Lee County, North Carolina**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Full-time Equivalent Employees as of June 30</b>									
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
General government	71	72	70	68	72	72	72	72	73	76
Public safety	86	87	90	92	108	110	110	110	111	112
Economic and physical development	4	4	4	4	2	2	2	2	2	2
Human Services	176	176	174	174	167	148	157	157	158	161
Cultural and recreational	32	32	31	31	31	31	31	31	31	31
<b>Total</b>	<b>369</b>	<b>371</b>	<b>369</b>	<b>369</b>	<b>380</b>	<b>363</b>	<b>372</b>	<b>372</b>	<b>375</b>	<b>382</b>

Source: Lee County Finance Department

Note: The schedule represents the number of approved permanent FTE's as of June 30, 2018.

Lee County, North Carolina  
Operating Indicators by Function/Program  
Current and Nine Prior Years

Schedule 16

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sheriff										
Civil papers issued	10,939	11,456	10,539	4,153	7,211	7,053	6,948	6,457	5,976	5,961
Criminal papers issued	4,498	2,177	3,191	2,709	2,278	2,553	2,184	1,735	1,714	1,350
COLTS (County of Lee Transit System)										
Passenger Trips	61,763	63,579	67,138	57,786	54,542	63,228	59,169	59,057	63,569	64,194
Senior Services										
Diners club meals served	16,801	17,212	17,449	16,727	16,996	17,299	17,390	18,741	17,394	14,997
Home delivered meals served	5,631	5,249	5,569	6,489	6,185	5,861	6,249	6,913	6,269	6,035
Unduplicated persons served using Senior Center										
General Purpose Grant	3,950	3,800	4,200	N/A	N/A	2,372	494	662	1,467	1,018
Library										
Patron visits	157,267	147,818	137,434	143,230	135,924	138,746	115,109	195,884	143,523	134,345
Registered users	N/A	65,657	65,388	50,054	52,412	54,167	57,630	34,877	46,065	49,284
Children participating in library programs	8,292	6,892	6,560	4,710	4,792	5,621	5,512	6,715	10,440	10,358
Materials in collection - physical	146,702	159,183	146,419	145,785	128,118	123,316	127,278	129,293	121,019	121,287
Materials in collection - electronic	N/A	N/A	N/A	39,664	46,146	214,474	54,187	86,546	94,875	121,918
Materials circulation	125,964	123,996	115,883	103,746	96,116	97,947	119,078	105,590	112,118	128,207
Programs offered (all ages)	N/A	156	181	N/A	147	169	342	291	488	728
Program participation (all ages)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,071	14,676
Outreach programs (all ages)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	158	222
Outreach program participants (all ages)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,940	3,591
Summer reading - participation	N/A	N/A	N/A	339	181	N/A	133	133	440	626
Summer reading - minutes read	N/A	N/A	N/A	N/A	N/A	N/A	16,450	N/A	78,190	214,795
Parks and Recreation										
Youth recreation:										
Sports teams	138	126	125	110	129	117	114	117	91	89
Participants	1,615	1,600	1,521	1,343	1,551	1,513	1,621	1,604	1,121	1,046
Adult recreation:										
Sports teams	52	47	32	31	10	6	6	-	-	-
Participants	710	705	482	500	152	72	75	-	-	-
Gymnastics:										
Participants	1,350	1,518	1,546	2,055	1,838	2,055	2,021	1,809	1,637	1,423
San-Lee Park Summer Camps:										
Participants	145	183	221	244	329	161	158	197	255	298
Solid Waste:										
Waste collected (tons)	7,654	7,736	8,134	7,682	8,067	6,634	5,354	7,238	8,848	7,867
Ratio of recyclable to total waste received	20%	20%	24%	21%	34%	23%	25%	24%	35%	22%

Sources: Various County departments

**Lee County, North Carolina  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Sheriff Protection:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	21	21	20	20	20	20	20	21	21
<b>Jail</b>										
Correctional facility capacity	126	126	126	126	126	126	126	126	126	126
<b>Cultural and recreational</b>										
Number of parks	12	12	12	12	12	12	12	12	12	13
Park acreage	343	343	343	343	343	343	343	343	343	335
Swimming pools	2	2	2	2	2	2	2	2	2	2
Libraries (branches)	3	3	3	3	3	3	3	3	3	3
<b>Solid Waste</b>										
Landfills	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)
Convenience Centers	6	6	6	6	6	6	6	6	6	6
<b>Education</b>										
Schools	15	16	16	16	16	16	16	16	16	16
Teachers	599	612	614	618	625	613	621	631	640	635
Students	9,603	9,602	9,707	9,809	10,012	10,062	10,054	10,022	9,936	9,868

Sources: Various County departments. Lee County Board of Education



## COMPLIANCE SECTION

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

Independent Auditors' Report

To the Board of County Commissioners  
Lee County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Lee County basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lee County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

November 8, 2019



Report On Compliance With Requirements Applicable To Each Major Federal  
Program And Internal Control Over Compliance In Accordance With OMB  
Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners  
Lee County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Lee County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Lee County's major federal programs for the year ended June 30, 2019. Lee County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Lee County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lee County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lee County's compliance.

## Opinion on Each Major Federal Program

In our opinion, Lee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

Management of Lee County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lee County internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 8, 2019



CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS AND TAX ADVISORS

Report On Compliance With Requirements Applicable To Each Major State  
Program And Internal Control Over Compliance In Accordance With OMB  
Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners  
Lee County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Lee County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Lee County's major state programs for the year ended June 30, 2019. Lee County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Lee County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could with governance. material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Lee County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Lee County's compliance.

### **Opinion on Each Major State Program**

In our opinion, Lee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of Lee County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lee County's internal control over compliance with the types of requirements that could have and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charges with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

November 8, 2019



LEE COUNTY, NORTH CAROLINA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                             \_\_\_ yes                              X  no
- Significant deficiency(ies) identified that are  
not considered to be material weaknesses                   \_\_\_ yes                              X  none reported
- Noncompliance material to financial statements noted     \_\_\_ yes                              X  no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?                             \_\_\_ yes                              X  no
- Significant deficiency(ies) identified that are  
not considered to be material weaknesses                   \_\_\_ yes                              X  none reported
- Noncompliance material to federal awards                     \_\_\_ yes                              X  no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)           \_\_\_ yes                              X  no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish between  
Type A and Type B Programs   \$ 750,000

Auditee qualified as low-risk auditee?                         X  yes                             \_\_\_ no

LEE COUNTY, NORTH CAROLINA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**Section I - Summary of Auditors' Results (continued)**

State Awards

Internal control over major State programs:

- Material weakness(es) identified?                            \_\_\_ yes                             X  no
- Significant deficiency(ies) identified that are  
not considered to be material weaknesses                            \_\_\_ yes                             X  none reported
- Noncompliance material to State awards                            \_\_\_ yes                             X  no

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single Audit  
Implementation Act                            \_\_\_ yes                             X  no

Identification of major State programs:

Program Name

- Medical Assistance Program
- Rural Operating Assistance Program (ROAP) Cluster
- One NC Grant
- School Nurse Funding Initiative
- Public School Building Capital Fund - Lottery Proceeds

LEE COUNTY, NORTH CAROLINA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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**Section II - Financial Statement Findings**

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None Reported.

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**Section III - Federal Award Findings and Questioned Costs**

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None Reported.

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**Section IV - State Award Findings and Questioned Costs**

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None Reported.

# LEE COUNTY

NORTH CAROLINA

*Committed Today for a Better Tomorrow*

Corrective Action Plan  
For the Year Ended June 30, 2019

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## **Section II - Financial Statement Findings**

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None Reported.

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## **Section III - Federal Award Findings and Questioned Costs**

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None Reported.

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## **Section IV - State Award Findings and Questioned Costs**

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None Reported.

LEE COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2019

Finding 2018-01      Medical Assistance Program - Control Deficiency  
  
                                 Corrected

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2019**

<u>Grantor/Pass-through</u> <u>Grantor/Program title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Passed-through</u> <u>to</u> <u>Subrecipients</u>	<u>Local</u> <u>Expenditures</u>
<b>FEDERAL AWARDS</b>						
<b>U.S. Department of Agriculture</b>						
<b>Passed through N. C. Department of Health and Human Services</b>						
<b>Division of Social Services</b>						
<b>Administration:</b>						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 657,256	\$ 59,486	\$ -	\$ 597,769
<b>Division of Public Health</b>						
<b>Administration:</b>						
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		370,226	-	-	-
Total US Department of Agriculture			<u>1,027,482</u>	<u>59,486</u>	<u>-</u>	<u>597,769</u>
<b>U.S. Department of Justice</b>						
<b>Bureau of Justice Assistance</b>						
<b>Direct Program</b>						
State Criminal Alien Assistance Program	16.606		14,326	-	-	-
Equitable Sharing Program	16.922		58,312	-	-	-
Total U.S. Department of Justice			<u>72,638</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Institute of Museum and Library Services</b>						
<b>Passed through N.C. Department of Cultural and Natural Resources</b>						
Grant to States (Building the Bench Grant)	45.310		1,136	-	-	-
Total Institute of Museum and Library Services			<u>1,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>						
<b>Centers for Disease Control and Prevention</b>						
<b>Passed through N. C. Department of Health and Human Services</b>						
<b>Division of Public Health</b>						
<b>Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)</b>						
Aligned Cooperative Agreements	93.074		37,945	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094		540	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		50	-	-	-
Family Planning Services	93.217		30,912	-	-	-
Immunizations Cooperative Agreements	93.268		17,314	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	93.436		2,920	-	-	-
Temporary Assistance for Needy Families	93.558		6,512	-	-	-

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b>FEDERAL AWARDS (Continued)</b>						
<b>U.S. Department of Health and Human Services (Continued)</b>						
<b>Centers for Disease Control and Prevention (Continued)</b>						
<b>Passed through N. C. Department of Health and Human Services (Continued)</b>						
Preventive Health and Health Services Block						
Grant funded solely with Prevention and and Public Health Funds (PPHF)						
	93.758		\$ 39,946	\$ -	\$ -	\$ -
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations						
	93.898		4,335	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants						
	93.977		100	-	-	-
Maternal and Child Health Services Block Grant						
	93.994		72,840	26,713	-	-
<b>Administration for Children and Families</b>						
<b>Passed through N. C. Department of Health and Human Services</b>						
<b>Division of Social Services</b>						
Foster Care and Adoption Cluster:						
Foster Care - Title IV-E						
	93.658		279,416	64,307	-	144,193
Adoption Assistance						
	93.659		18,647	-	-	18,647
Foster Care						
	93.U01		69,262	-	-	2,894
Total Foster Care and Adoption Cluster						
			<u>367,325</u>	<u>64,307</u>	<u>-</u>	<u>165,734</u>
Temporary Assistance for Needy Families Cluster:						
Temporary Assistance for Needy Families (TANF)/Work First						
	93.558		441,472	-	-	593,036
Total TANF Cluster						
			<u>441,472</u>	<u>-</u>	<u>-</u>	<u>593,036</u>
AFDC Payment and Penalties						
	93.560		(65)	(18)	-	(18)
Child Support Enforcement						
	93.563		471,753	-	-	243,024
Low-Income Home Energy Assistance						
Administration						
	93.568		55,728	-	-	-
Energy Assistance Payments - Direct						
	93.568		150,200	-	-	-
Crisis Intervention Program						
	93.568		304,097	-	-	-
Total Low-Income Home Energy Assistance						
			<u>510,025</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids						
	93.645		11,928	-	-	-
SSBG - Other Service and Training						
	93.667		299,844	26,043	-	82,029
Chafee Foster Care Independence Program						
	93.674		12,580	2,219	-	-
<b>Division of Child Development and Early Education</b>						
Subsidized Child Care						
Child Care Development Fund Cluster:						
Division of Social Services						
Childcare Development Mandatory and Match Fund - Administration						
	93.596		114,168	-	-	-
Total Subsidized Child Care						
			<u>114,168</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>FEDERAL AWARDS (Continued)</b>						
<b>U.S. Department of Health and Human Services (Continued)</b>						
<b>Administration for Children and Families (Continued)</b>						
<b>Passed through N. C. Department of Health and Human Services (Continued)</b>						
<b>Division of Child Development (Continued)</b>						
<b>Passed through Triangle J Council of Governments</b>						
Special Programs for the Aging - Title III-F Disease Prevention & Health Promotion Services	93.043		\$ 5,053	\$ 297	\$ -	\$ 808
National Family Caregiver Support	93.052		46,154	3,077	-	-
Aging Cluster:						
Special Programs for the Aging - Title III Part B, Grants for Supportive Services and Senior Centers	93.044		119,087	7,005	-	122,569
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045		75,247	4,426	-	143,944
Nutrition Services Incentive Program	93.053		15,774	-	-	-
Total Aging Cluster			<u>210,108</u>	<u>11,431</u>	<u>-</u>	<u>266,513</u>
Social Services Block Grant (SSBG) - In Home Services	93.667		13,525	386	-	7,587
<b>Centers for Medicare and Medicaid Services</b>						
<b>Passed through NC Department of Insurance</b>						
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		9,608	-	-	-
<b>Passed through N. C. Department of Health and Human Services</b>						
<b>Division of Health Benefits</b>						
<b>Division of Social Services</b>						
<b>Administration:</b>						
Medical Assistance Program	93.778		<u>1,468,363</u>	<u>6,029</u>	<u>-</u>	<u>569,792</u>
Total Medical Assistance Program			<u>1,468,363</u>	<u>6,029</u>	<u>-</u>	<u>569,792</u>
<b>Division of Social Services</b>						
<b>Administration:</b>						
Children's Health Insurance Program - N.C. Health Choice	93.767		<u>81,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Children's Insurance Program - N.C. Health Choice			<u>81,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>4,276,255</u>	<u>140,484</u>	<u>-</u>	<u>1,928,505</u>

(Continued)



**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>FEDERAL AWARDS (Continued)</b>						
<b>U.S. Department of Homeland Security</b>						
<b>Passed through N.C. Department of Public Safety</b>						
<b>Division of Emergency Management:</b>						
Disaster Grants -Public Assistance (Presidentially Declared Disaster)						
	97.036		\$ 46,433	\$ 15,478	\$ -	\$ -
	97.042		<u>19,262</u>	<u>19,292</u>	-	-
Total U.S. Department of Homeland Security			<u>65,695</u>	<u>34,770</u>	-	-
<b>U.S. Department of Transportation</b>						
<b>Passed through N.C. Department of Transportation:</b>						
Nonurbanized Area Formula Program						
	20.509	18-CT-061 WBS #36233.65.19.1	32,920	2,057	-	6,174
	20.509	18-CT-061 WBS #36233.65.19.3	42,503	5,312	-	5,314
	20.509	19-CT-061 WBS. #36233.65.20.1	<u>116,209</u>	<u>7,263</u>	-	<u>21,793</u>
Total U.S. Department of Transportation			<u>191,632</u>	<u>14,632</u>	-	<u>33,281</u>
<b>STATE AWARDS</b>						
<b>N.C. Department of Health and Human Services</b>						
<b>Division of Aging</b>						
<b>Passed through Triangle J Council of Governments:</b>						
			-	12,327	-	27,609
			-	37,953	-	38,319
			-	145,813	-	79,522
			-	10,693	-	3,948
			-	1,560	-	-
<b>N.C. Department of Transportation</b>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program						
			-	67,794	-	-
			-	88,586	-	-
			-	<u>15,965</u>	-	-
Total ROAP Cluster			<u>-</u>	<u>172,345</u>	-	-
<b>N.C. Department of Commerce</b>						
			-	125,000	-	-
<b>N.C. Department of Cultural and Natural Resources</b>						
<b>Division of State Library</b>						
			-	110,619	-	-

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through</b>	<b>Federal</b>	<b>State/ Pass-through</b>	<b>Federal</b>	<b>State</b>	<b>Passed-through</b>	<b>Local</b>
<b>Grantor/Program title</b>	<b>CFDA</b>	<b>Grantor's</b>	<b>Expenditures</b>	<b>Expenditures</b>	<b>to</b>	<b>Expenditures</b>
	<b>Number</b>	<b>Number</b>			<b>Subrecipients</b>	
<b>STATE AWARDS (Continued)</b>						
<b>N.C. Department of Environmental Quality</b>						
Electronics			\$ -	\$ 3,733	\$ -	\$ -
Scrap Tire			-	986	-	-
<b>N.C. Department of Justice</b>						
Safe Roads Act			-	2,515		
<b>N.C. Division of Veterans' Affairs</b>						
Veterans' Services			-	2,217	-	66,160
<b>N.C. Department of Health and Human Services</b>						
<b>Division of Public Health</b>						
Food and Lodging Fees			-	19,908	-	-
Mosquito and Tick Suppression			-	21,822	-	-
CHA/CHIP Peer Review			-	88,990	-	-
Public Health Nursing			-	800	-	-
General Communicable Disease Control			-	3,464	-	-
TB Control			-	10,038	-	-
Maternal Health			-	24,148	-	-
Women's Health Service Fund			-	7,703	-	-
Breast and Cervical Cancer Program			-	765	-	-
Child Health			-	5,039	-	-
Family Planning - State			-	31,461	-	-
HIV/STD State			-	500	-	-
STD Drugs			-	1,133	-	-
School Nurse Funding Initiative			-	150,000	-	-
<b>Administration and Services:</b>						
CP&L Energy Program			-	7,116	-	-
<b>Division of Social Services</b>						
ST Child Welfare/CPS/CS LD			-	48,613	-	-
State Foster Home			-	15,970	-	15,970
<b>N.C. Department of Public Safety</b>						
JCPC Funding			-	161,771	147,271	-
Hurricane Florence EMAC to Lenoir County			-	3,863	-	-
Hurricane Florence EMAC to Scotland County			-	2,445	-	-
<b>N.C. Department of Public Instruction</b>						
Public School Building Capital Fund - Lottery Proceeds						
Corporate Income Tax Collections			-	278,824	-	-
Total Assistance			<u>\$ 5,634,838</u>	<u>\$ 1,759,506</u>	<u>\$ 147,271</u>	<u>\$ 2,791,083</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

Grantor/Pass-through Grantor/Program title	State/ Pass-through		Federal Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
	Federal CFDA Number	Pass-through Grantor's Number				

**Notes to the Preceding Schedule:**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Lee County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Lee County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lee County.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

Lee County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4 - Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

**Note 5 - Benefit Payments Issued by the State**

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	\$ 1,510,018	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15,317,002	-
Family Reunification	93.556	18,868	-
Temporary Assistance for Needy Families	93.558	221,647	-
Adoption Assistance	93.659	259,182	63,064
Children's Health Insurance Program	93.767	1,994,317	-
Medical Assistance Program	93.778	59,779,672	30,125,035
Child Welfare Services Adoption		-	105,873
State Foster Care Benefits Program		-	17,509
State/County Special Assistance		-	300,539