

CITY OF LINCOLNTON, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PREPARED BY
CITY OF LINCOLNTON FINANCE DEPARTMENT

CITY OF LINCOLNTON, NORTH CAROLINA

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INTRODUCTORY SECTION

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 - **List of Principal Officials**
-

CITY COUNCIL
Ed L. Hatley, Mayor
Christine Poinsette, Mayor Pro-Tem
Roby D. Jetton
Kevin Demeny
Jill Tipton



CITY MANAGER
Ritchie Haynes
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CITY CLERK
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CITY ATTORNEY
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john@davidsonlawyers.net

Letter of Transmittal

The Honorable Mayor, Members of the
City Council and the Citizens of
the City of Lincolnton, North Carolina

The Annual Comprehensive Financial Report of the City of Lincolnton, North Carolina is submitted for your review and use. The City, like other local governments in the State, is required by State law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2024, and to provide complete and further accountability to citizens and other interested parties, by providing a comprehensive report in lieu of the minimum basic financial statement requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, we have 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 the City of Lincolnton's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls should not outweigh their benefits. The City'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 believe, to the best of our knowledge, this financial report is complete and reliable in all material respects and is reported in a manner to present fairly the financial position of the City.

Lowdermilk Church & Co., L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Lincolnton's financial statements for the fiscal year ended June 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Lincolnton, incorporated in 1785, is the County seat of Lincoln County (the “County”). It is located in the heart of the Piedmont section of the State, approximately 32 miles northwest of Charlotte on highways U.S. 321, State 27, and State 150. The City is the second oldest city west of the Catawba River in North Carolina with Morganton, established 1784, being the oldest city. Evidence of our long and distinguished history abounds throughout the stately streets of the City. The State of North Carolina has erected over a dozen historical markers to honor some of the important events, landmarks, and distinguished people in Lincolnton’s past. Lincolnton was named for Benjamin Lincoln, who achieved fame at the time of Cornwallis’ surrender to Washington at Yorktown, Virginia. It currently occupies 8.6 square miles and serves a population of 12,128. Lincolnton is empowered by State statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Lincolnton is the only incorporated municipality in the County and operates under the council-manager form of government. The Mayor is elected at large for a four-year term. Composed of four members, the Lincolnton City Council has policy making and legislative authority. Members are elected at large but must file for election by ward. Two members of the City Council are elected every two years in even numbered years, serving four-year terms. The City Council is responsible for the budget approval and appointing the City Manager and City Attorney. The City Manager is responsible for implementing Council policies and City ordinances, managing daily operations, and acts on all recommendations of employment for the City.

The City of Lincolnton provides a full range of services, including police and fire protection; the construction and maintenance of streets, curbs, gutters, sidewalks, and other infrastructure; solid waste and recycling; community development; planning and zoning; cemetery; and recreation and cultural activities. Additionally, the City owns and operates an electric and water and sewer system, which provides services to residents of the City and its environment. This report includes all of the City’s activities in delivering and administrating these services. Although legally separate from the City, the City of Lincolnton ABC Board (“the Board”) and the Lincolnton Tourism Development Authority (LTDA) are important to the City, because the City exercises control over the Board and the LTDA by appointing members to the boards, and because the Board is required to distribute its profits to the City. Additional information on those legally separate entities can be found in the notes to the financial statements.

The Council is required to adopt a budget by July 1 of each year. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City’s budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Lincolnton’s financial planning and control. The budget is prepared by fund and department (e.g., police).

Local Economy

Major industries located within the City boundaries or close proximity include manufacturers of ball bearings and textiles, as well as several financial institutions, restaurants, and real estate related businesses. Lincolnton is fortunate to have retained much of its older textile base due to the firms altering their production to a specialty product that gave them a niche in the market. The City has offered a favorable water and sewer fee rate structure that has also enabled the textile market to survive fierce domestic and foreign competition. Other major employers include the local county schools, local county and city government sectors, medical center, and retail businesses. The top employment sectors are manufacturing (41%), education (22%), retail (14%), public administration (14%) and medical (9%).

During the past ten years, the unemployment rate rose from an initial high of 11.5 percent (2011) to a decade low of 3.0 percent (2022). The unemployment rate as of June 30, 2024, was 3.5 percent. This rate is lower than the State’s rate of 3.6 percent and lower than the national rate of 4.1 percent. Lincolnton has followed the same pattern as the State during the economic cycles.

Numerous businesses opened in Lincolnton, including: T-Mobile, Rubedo Brazilian Jiu Jitsu, One Stop Screening Solutions, Quozix, Bricktree Brewing (Canning Line Expansion), Crowe Mansion Pavilion, Beauty on Tap, Plum Krazy Play, Proper Provisions, LKN Cheesecakeery, and A Freezy Tale.

Wanzl North America relocated its headquarters to Lincoln County at the Lincoln Commerce Center in Denver, NC. This expansion includes plans to enhance its manufacturing facility in Newton, NC and follows with an investment of more than \$17,050,000 in Lincoln County. This investment will create 35 new jobs. The relocation to the Lincoln Commerce Center makes Wanzl aka Technibilt the first named tenant in this facility and they will occupy 95,000 square feet of the center.

G&A Seating; a New Jersey based hospitality seating concepts invested \$6,600,000 into a former manufacturing facility in Lincolnton. This investment will create 20 new jobs in its initial phase.

Sennebogen, which is America's leader in mobile and stationary material handling equipment for scrap recycling, log loading, port facilities, waste processing and other specialized equipment is expanding its industrial space by 50,000 square feet with an investment of \$11,800,000. This investment will create 40 new jobs.

Crescent Communities acquired a 25-acre site within the Lincoln County Industrial Park with plans for a 174,720-square-foot industrial speculative building, available for lease or sale.

Green New Energy Materials, Inc; a manufacturer of battery separator products used in lithium-ion batteries will establish its first manufacturing operation in Lincoln County. This investment will be approximately \$140,000,000 to the Denver area with the creation of 545 jobs.

During the past five years, the government's expenses related to public safety have increased in amount and also increased as a percentage of total expense (a five-year increase of 30.19 percent). The increase reflects increases in salary and benefits and capital outlay.

During this same five-year period, charges for services remained fairly constant as a percentage of total revenue (a five-year decrease of 1.33 percent). The reason for this relatively small decrease is the relative increase in expenses related to services that are not supported by fees and charges (e.g., public safety); thus, as taxes have increased to support these services, so has the proportion of total revenue generated by taxes.

Long-Term Financial Planning and Major Initiatives

Unassigned fund balance in the general fund is 67.92 percent of total general fund expenditures, which is above the required amount of 8 percent set by the State of North Carolina. As a demonstration of the City's commitment to financial planning and fiscal health, the unreserved, unassigned fund balance in the general fund was \$11,937,924.

Each year the City adopts a capital improvement budget and prepares a 5-year capital improvement plan.

Public Service Center: The City purchased the Excel Textile Supply Company building and surrounding land in November 2022. This purchase is the initial phase for the City's PSC/Substation project to centralize Public Works and establish another substation for the City's electric services for future growth. This project is projected to have a minimum of three phases. Phase I – purchase of building/land (\$1.3M); Phase II – PSC architectural up-fit of the facilities; Phase III – substation design and construction.

City Park Redevelopment: The City contracted with McGill & Associates to facilitate the City Park Redevelopment project. This project is a multi-year endeavor to add to the City's Parks and Greenways. The City will be utilizing funding from various sources to pay for this project, which is estimated to cost \$4.1M. To assist with this project, the City was awarded \$500,000 from the NC Parks and Recreation

Trust Fund Matching Grants. The City will also use ARPA funds for this project in addition to other funding resources that become available. The City sought input from the community and those ideas were presented to City Council for approval.

Roof Repair-City Hall, Fire Department, & Police Department: The City invested in roof repairs at City Hall, Fire Department-Station #1, and the Police Department during FY2324. This project was managed by the Lincoln County Maintenance Department with Johnsons Roofing Services out of Fort Mill, South Carolina. Completion of City Hall/Fire Department was completed in October 2023 and the Police Department was completed in February 2024.

Ford Property-311 E Sycamore Street, 312 E Pine Street, and 316 E Pine Street: The City purchased the "Ford Property" across from First Federal Park from Ms. Robin Ford Latno in the amount of \$212,008. Additional costs for demolition services, abatement, and fill dirt amounted to \$64,264. Resulting in a total project cost of \$276,272. The current plans for this capital expenditure are to expand the downtown parking for the City of Lincolnton. No completion date has been set.

Fire Department Tahoe: The City purchased a new Tahoe for the Fire Department's Chief in June 2024. The cost was \$71,438 and was paid from General Funds. No financing was needed, and additional investment income was the source used for the purchase.

Electric Department: The City purchased a Yard Machine in the amount of \$172,000 in June 2024. This machine gives the Electric Department access to places that they cannot get to safely or efficiently. It also can dig holes, set a 50-foot pole, set a transformer and has a bucket that enables them to reach back property powerlines that are not accessible with current vehicles. No financing was needed, and additional investment income was the source used for the purchase.

Relevant Financial Policies

The City of Lincolnton's Unified Development Ordinance requires that a developer of a subdivision dedicate land for a park, recreation, and open space purposes, or the developer pays a fee in lieu of land before the subdivision is approved. The use of these funds is governed by the North Carolina General Statute 160A-372.

Awards and Acknowledgments

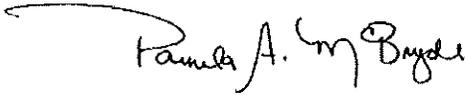
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lincolnton for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirty-fourth consecutive year that Lincolnton has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The Water Department was one of four water systems that was honored for surpassing federal and State drinking water standards by the Department of Environmental Quality for twenty-first year in a row. Awards are given to water systems that demonstrate outstanding turbidity and microbial removal; two important factors in determining the drinking water quality. While all systems must meet strict guidelines from federal and State standards, those awarded met performance goals that were more rigorous.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the City Manager, Mayor, and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Lincolnton's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Pamela A. McBryde". The signature is written in a cursive style with a long, sweeping horizontal line above the first few letters.

Pamela A. McBryde
Finance Director

January 22, 2025



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lincolnton
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

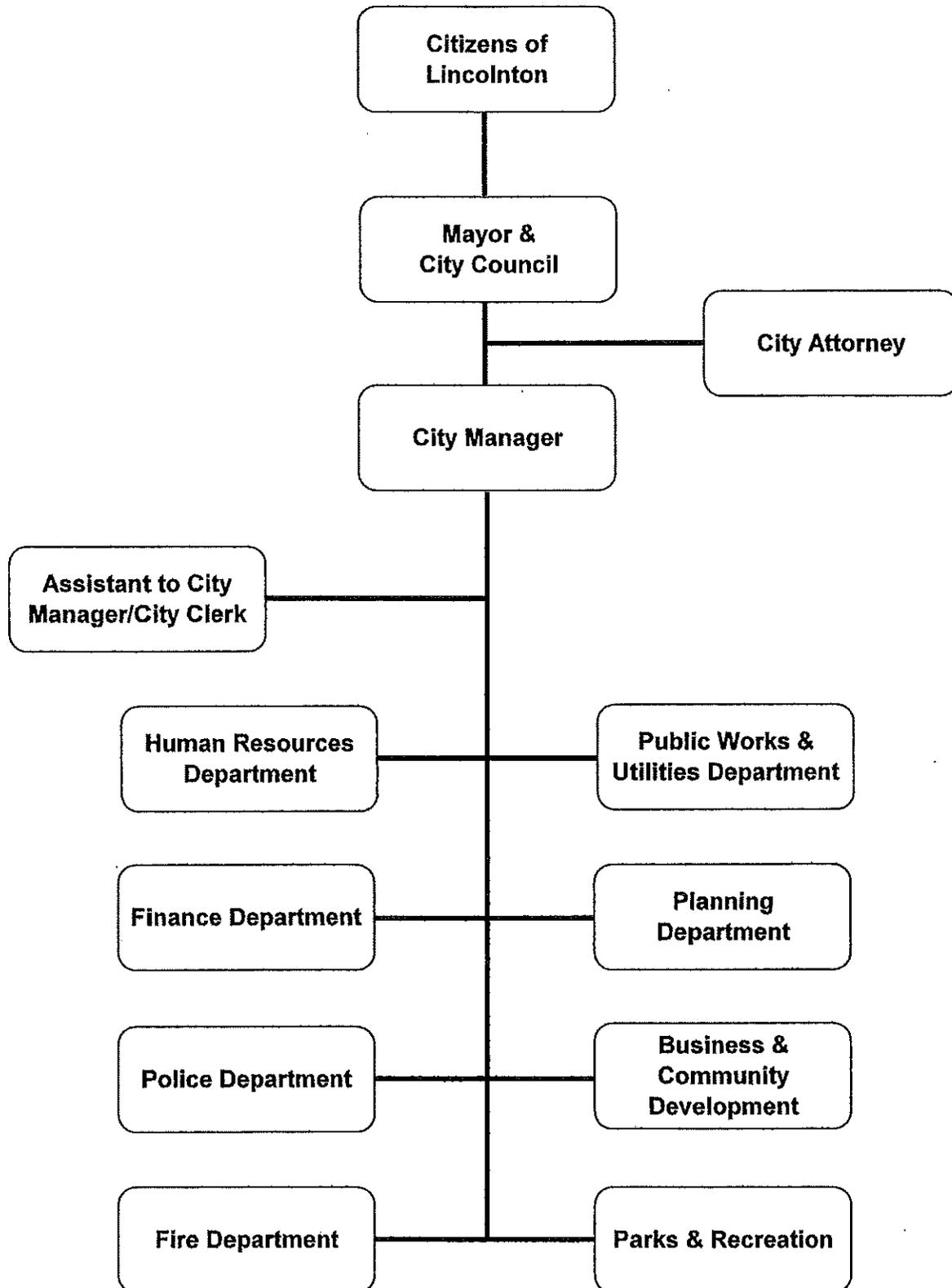
June 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Lincolnton

Department Organizational Chart



CITY OF LINCOLNTON, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS
June 30, 2024

Mayor & City Council

Mayor	Edward L. Hatley, Jr.
Ward I	Kevin Demeny
Ward II Mayor Pro-Tem	Christine Poinsette
Ward III	Jill Tipton
Ward IV	Rob D. Jetton

City Administration

City Manager	Richard Haynes
Finance Director	Pamela McBryde
Assistant to City Manager/City Clerk	Daphne Ingram
Human Resources Director	Tanya Osborne
Police Chief	Brian Greene
Fire Chief	Ryan Heavner
Business Services Director	David Ramsey
Water Resources Director	Todd Elmore
Electric Operations Director	Brent Turner
Planning & Development Director	Jean Derby
Public Services Director	Nathan Eurey
Community Relations Director	Laura Morris
Technology & Innovation Director	Chris Jones

FINANCIAL SECTION

- **Independent Auditors' Report**
 - **Management's Discussion and Analysis**
 - **Basic Financial Statements**
 - **Notes to the Financial Statements**
 - **Required Supplemental Information**
 - **Individual Fund Statements and Schedules**
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-

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 North Sterling Street
Morganton, North Carolina 28655
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Fax: (828) 433-1230

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Lincolnton, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lincolnton, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lincolnton, North Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lincolnton, North Carolina, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lincolnton, North Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of City of Lincolnton ABC Board and the Lincolnton Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lincolnton, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Lincolnton, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lincolnton, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability (Asset), and 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincolnton, North Carolina's basic financial statements. The accompanying individual fund financial statements, budgetary schedules, other schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the individual fund financial statements, budgetary schedules, and 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025, on our consideration of the City of Lincolnton, North Carolina'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 that report is solely 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 the effectiveness of the City of Lincolnton, North Carolina's 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 the City of Lincolnton, North Carolina's internal control over financial reporting and compliance.

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 22, 2025

Management's Discussion and Analysis

As management of the City of Lincoln, we offer the readers of the City of Lincoln's financial statements this narrative overview and analysis of the financial activities of the City of Lincoln for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with the additional information that we have furnished in the City's financial statements, which follow this narrative.

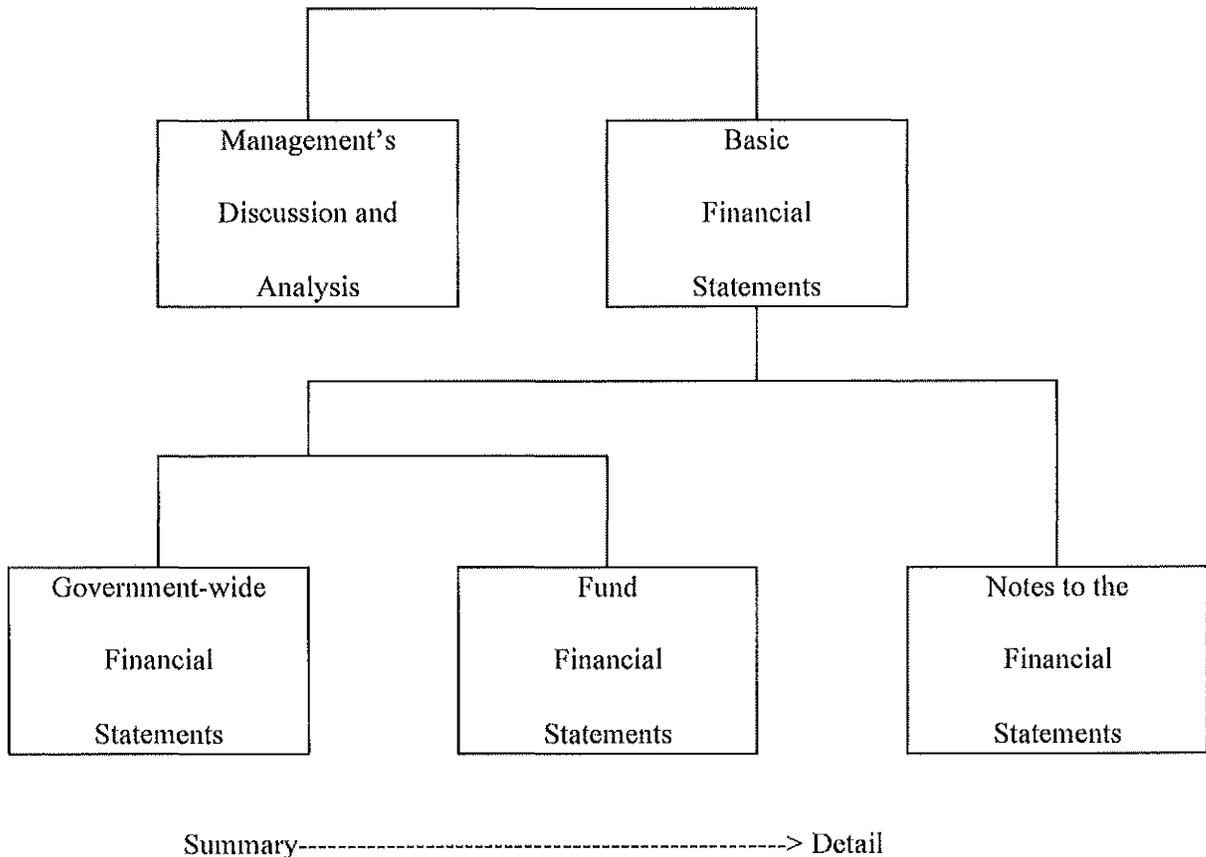
Financial Highlights

- The assets and deferred outflows of resources of the City of Lincoln exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$65,846,714 (net position).
- The City's total net position increased by \$6,408,137, primarily due to additional ad valorem and other taxes.
- As of the close of the current fiscal year, the City of Lincoln's governmental funds reported combined ending fund balances of \$14,081,447, with a net increase of \$2,591,108 in fund balance. Approximately 13.80 percent of this total amount, or \$1,943,523, is non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,937,924, or 67.92 percent, of total General Fund expenditures for the fiscal year.
- The City of Lincoln's total debt increased by \$995,956 (4.33%) during the current fiscal year. The key factor in this change was principal payments, additional debt and an increase in net pension liability (LRS).
- The City's last bond rating was Aaa and AAA.
- The City's total capital assets increased by \$1,427,806 (2.77%) during the current fiscal year. The key factor in this increase is depreciation expense and acquisition of additional capital assets and right to use assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lincoln's basic financial statements. The City's basic financial statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements (see Figure 1). The basic financial statements present two different views of the City 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 the City of Lincoln.

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



Basic Financial Statements

The first two statements (pages 23 through 26) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City’s financial status.

The next statements (pages 27 through 35) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City’s government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the Governmental Funds Statements; 2) the Budgetary Comparison Statements for major governmental funds; and 3) the Proprietary 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 City’s individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City’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 City’s financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and electric services offered by the City of Lincolnton. The final category is the component units. Although legally separate from the City, the City of Lincolnton ABC Board (the "Board") is important to the City, because the City exercises control over the Board by appointing its members, and because the Board is required to distribute its profits to the City. Although legally separate from the City, the Lincolnton Tourism Development Authority is important to the City, because the City exercises control over the Board by appointing its members, and because the occupancy tax collected is used to promote travel and tourism in the City.

The government-wide financial statements are on pages 23 through 26 of this report.

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the City'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 City of Lincolnton, like all other governmental entities in North Carolina, uses fund accounting to ensure and to reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Lincolnton can be divided into two categories: governmental funds and proprietary 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 City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending 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 fewer financial resources available to finance the City'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.

The City of Lincolnton 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 City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The City of Lincolnton has one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lincolnton uses enterprise funds to account for its water and sewer activity and for its electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Lincolnton’s progress in funding its obligation to provide pension and OPEB benefits to its employees.

The individual fund statements and schedules are presented immediately following the required supplementary information on pensions.

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

Government-Wide Financial Analysis

City of Lincolnton, Net Position

	Figure 2					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 14,328,071	\$ 12,457,119	\$ 20,198,956	\$ 16,833,452	\$ 34,527,027	\$ 29,290,571
Capital assets	26,167,437	23,663,188	26,785,934	27,862,376	52,953,371	51,525,564
Total assets	40,495,508	36,120,307	46,984,889	44,695,829	87,480,398	80,816,135
Deferred outflows of resources	4,848,179	4,923,741	1,545,990	1,589,286	6,394,169	6,513,027
Long-term liabilities outstanding	17,959,847	17,051,441	6,027,053	5,939,502	23,986,900	22,990,943
Other liabilities	121,032	758,448	1,190,636	1,023,382	1,311,668	1,781,830
Total liabilities	18,080,879	17,809,889	7,217,689	6,962,883	25,298,568	24,772,773
Deferred inflows of resources	2,041,025	2,379,441	688,260	738,372	2,729,285	3,117,813
Net position:						
Net investment in capital assets	23,487,366	21,205,099	25,621,235	26,519,946	49,108,601	47,725,045
Restricted	1,921,583	1,706,358	-	-	1,921,583	1,706,358
Unrestricted	(187,166)	(2,056,739)	15,003,696	12,063,913	14,816,530	10,007,174
Total net position	\$ 25,221,783	\$ 20,854,718	\$ 40,624,931	\$ 38,583,859	\$ 65,846,714	\$ 59,438,577

As noted earlier, net position may serve, over time, as one useful indicator of a government’s financial condition. The assets and deferred outflows of the City of Lincolnton exceeded liabilities and deferred inflows by \$65,846,714 as of June 30, 2024. The City’s net position increased by \$6,408,137 for the fiscal year ended June 30, 2024. However, the largest portion of net position (74.58%) reflects the City’s net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Lincolnton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lincolnton’s net 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 City of Lincolnton's net position, \$1,921,583, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,816,530 is unrestricted.

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

- Increase in capital grants and contributions due to additional grants received and an increase in other taxes.
- An increase in general revenues in the governmental activities due to an increase in property taxes and other receipts.
- An increase in interest income due to an increase in cash and interest rates.
- An increase in charges for services in the Electric Fund and in the Water and Sewer Fund.

City of Lincolnton, Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$368,677	\$308,335	\$16,698,974	\$15,838,542	\$17,067,651	\$16,146,877
Operating grants and contributions	910,301	3,369,957	-	-	910,301	3,369,957
Capital grants and contributions	536,959	47,870	-	-	536,959	47,870
General Revenues:						
Property taxes	7,932,870	5,815,807	-	-	7,932,870	5,815,807
Other taxes	8,236,988	7,468,878	-	-	8,236,988	7,468,878
Unrestricted investment earnings	668,805	341,958	697,160	405,605	1,365,965	747,563
Other	1,566,397	525,985	448,478	10,606	2,014,875	536,591
Total revenues	<u>20,220,997</u>	<u>17,878,790</u>	<u>17,844,612</u>	<u>16,254,753</u>	<u>38,065,609</u>	<u>34,133,543</u>
Expenses:						
General government	2,037,534	2,541,629	-	-	2,037,534	2,541,629
Public safety	9,199,393	8,456,741	-	-	9,199,393	8,456,741
Public works	2,120,826	1,294,415	-	-	2,120,826	1,294,415
Economic and physical development	513,719	686,249	-	-	513,719	686,249
Environmental protection	727,830	444,674	-	-	727,830	444,674
Cultural and recreational	1,575,359	1,062,649	-	-	1,575,359	1,062,649
Interest on long-term debt	82,721	68,332	44,207	58,536	126,928	126,868
Water and sewer	-	-	8,212,525	7,721,494	8,212,525	7,721,494
Electric	-	-	7,143,358	6,926,575	7,143,358	6,926,575
Total Expenses	<u>16,257,382</u>	<u>14,554,689</u>	<u>15,400,090</u>	<u>14,706,605</u>	<u>31,657,472</u>	<u>29,261,294</u>
Increase (decrease) in net position before transfers and extraordinary item	\$3,963,615	\$3,324,101	\$2,444,522	\$1,548,148	\$6,408,137	\$4,872,248
Transfers	403,450	419,687	(403,450)	(419,687)	-	-
Increase (decrease) in net position	<u>\$4,367,065</u>	<u>\$3,743,788</u>	<u>\$2,041,072</u>	<u>\$1,128,460</u>	<u>\$6,408,138</u>	<u>\$4,872,248</u>
Net position July 1	\$20,854,718	\$17,110,930	\$38,583,859	\$37,455,399	\$59,438,577	\$54,566,329
Increase (decrease) in net position	4,367,065	3,743,788	2,041,072	1,128,460	6,408,138	4,872,248
Net position June 30	<u>\$25,221,783</u>	<u>\$20,854,718</u>	<u>\$40,624,931</u>	<u>\$38,583,859</u>	<u>\$65,846,714</u>	<u>\$59,438,577</u>

Governmental Activities. Governmental activities increased the City's net position by \$4,367,065, thereby accounting for 68.15% of the total growth in the net position for the City of Lincolnton. Key elements of this increase are as follows:

- Tax revenues for the year increased \$2,117,063, primarily due to an average increase of approximately 1.76% in the taxable property values. This is a direct result of the increased interest in the City's real estate market that has three major developers currently under construction, and the property revaluation.
- Other tax increases of \$768,110, mainly due to sales tax increases due to a more robust economy.
- Operating grants and contributions decreased \$2,459,656. This decrease is the result of the Revenue Replacement method utilized with the ARPA funds in the initial year funds were received.
- Interest income increased \$326,847. The City is proactive with idle funds by investing in the NCCMT and NCCLAA. For the year ended June 30, 2024, the average annualized yield was 5.37% versus 3.08% with the City's operating account.

Business-type Activities. Business-type activities increased the City's net position by \$2,041,072 hereby accounting for 31.85% of the total growth in net position for the City of Lincolnton. Key elements of this increase are as follows:

- The Water and Sewer Fund revenues increased due to three major developments currently under construction and the connection fees associated with those projects. The Electric Fund increases are weather related and due to an increase in demand during the summer months,
- Operating expenditures increased, primarily due to an increase in salaries and benefits. The City Council approved a 2% annual yearly compression adjustment and a one-time 3% COLA adjustment for FY 23-24. In addition to those adjustments, the retirement rates increased approximately 7% from the prior year.
- All utility rates remained unchanged from the prior year in an ongoing effort to stimulate growth for both commercial and residential purposes.
- Administrative expenditures to the General Fund were \$769,822 for the Water and Sewer Fund and \$655,774 for the Electric Fund. This is an increase of 7% and 6% respectively of indirect costs.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Lincolnton's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Lincolnton's financing requirements.

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$14,081,447, which is more than last year's total of \$11,490,338. Included in this change in fund balance is an increase in the General Fund balance of \$2,591,108. The primary reasons for the change mirror the governmental activities analysis highlighted on page 16.

The General Fund is the chief operating fund of the City of Lincolnton. At the end of the current fiscal year, the City of Lincolnton's fund balance available in the General Fund was \$12,575,953, while total fund balance reached \$14,081,447. The City currently has an available fund balance of 71.54 percent of General Fund expenditures, while total fund balance represents 80.11 percent of that same amount.

General Fund Budgetary Highlights. During the year, there was \$4,085,268 in appropriations between the original and final budget. The following are the main components of the increase:

- \$1,416,191 Land transfer between Lincoln County and the City of Lincoln
- \$1,031,041 New Enterprise leases
- \$551,520 Investment income
- \$214,416 Salary/overtime/benefits
- \$202,207 Rail-Trail Plaza Project

Revenue increases were realized from local sales tax collections, vehicle tax collections, interest, franchise tax collections, insurance settlements, grants/donations for the Rail Trail project, social district & public safety, parks & recreation registration fees, ad valorem levy, fees and miscellaneous revenues from the Fire and Planning & Zoning departments, and SRO reimbursement. The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Local sales & use tax	4,700,000	5,421,490	721,490
Interest-General Fund	50,000	655,082	605,082
Ad valorem levy	7,050,000	7,393,063	343,063
SRO reimbursement	150,000	364,416	214,416
Grants/donations	-	214,207	214,207
Franchise tax	800,000	870,218	70,218
Vehicle taxes & fees	705,000	769,092	64,092
P&Z: fees and misc revenue	10,000	63,747	53,747
Recreation: registration & entry fees	85,000	138,223	53,223
Fire dept: fees & misc revenue	15,000	46,585	31,585
Insurance settlement	-	12,293	12,293

The final budget and actual results varied during the year. The significant budgetary variances are as follows:

- Total governmental expenditures were approximately \$1,304,659 more than originally budgeted due to inflationary increases in costs and salary increases. Revenue increases as noted countered those expenses allowing the City to fund major projects and add to the General Funds fund balance.
- Public Safety was less than budgeted due to lower operating costs for personnel costs due to retirements, turnover and other administrative costs by \$195,225.
- Public Works was less than budgeted due to lower operating costs for personnel costs due to retirements and other administrative costs of \$196,833 and street related expenses of \$200,251.
- Parks and Recreation was more than budgeted due to capital expenditures for Highland Drive Park and the Rail-Trail Plaza project. Grant funds received helped with the overall costs of these projects.
- Economic and Physical Development was less than budgeted due to part-time reductions and administrative costs in the amount of \$22,670 and CBD Enhancements/promotion costs of \$65,416.
- General government expenditures were more than budgeted due to capital expenditures for the Fiber Ring project and the land swap with Lincoln County with a total increase of \$1,993,724. The overall budget increases were \$1,776,986 with decreases in contingency of \$147,790, debt services of \$31,281 and Unemployment/Workers Comp Insurance of \$11,698.

Proprietary Funds. The City of Lincolnton’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. The unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$7,022,928, and unrestricted net position for the Electric Fund amounted to \$7,980,768. The total change in net position for both funds was \$988,740 and \$1,052,332, respectively. The change in net position in the Water and Sewer Fund is a result of an increase in operating revenues and a donation of property. The change in net position in the Electric Fund is a result of an increase in operating revenues and an increase in investment earnings.

Capital Asset and Debt Administration

Capital Assets. The City of Lincolnton's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$51,032,988 (net of accumulated depreciation) and right to use assets totaling \$1,920,382 (net of accumulated amortization). These assets include buildings, roads and bridges, land, machinery and equipment, recreation and park facilities, and vehicles and leases.

Major capital asset transactions during the year include the following:

- Major additions in the General Fund included vehicles and equipment of approximately \$826,847, land of \$877,692, buildings and improvements of \$1,619,144, and construction in progress of \$1,213,221. Completion of construction in progress of \$1,035,702. The disposal of various assets of \$146,152
- Major additions in the Electric Fund included construction in progress of \$23,820, and vehicles and equipment of \$172,000.
- Major additions to the Water and Sewer Fund included \$231,844 for equipment, \$159,618 for construction in progress, \$475,000 for building and improvements, and \$208,051 for distribution systems. Completion of construction in progress of \$107,586. The disposal of various assets of \$133,136

**City of Lincolnton Capital Assets
(Net of depreciation/amortization)**

	Figure 4					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 10,129,657	\$ 9,251,965	\$ 865,534	\$ 865,534	\$ 10,995,191	\$ 10,117,499
Buildings/improvements	9,787,547	8,788,515	7,017,608	6,948,458	16,805,155	15,736,973
Distribution Systems	115,778	124,944	14,843,548	15,802,844	14,959,326	15,927,788
Infrastructure	1,800,437	1,937,867	-	-	1,800,437	1,937,867
Vehicles/equipment	2,235,286	2,090,378	3,621,705	3,911,766	5,856,991	6,002,144
Construction in progress	389,995	212,474	225,893	150,041	615,888	362,515
Total	\$ 24,458,700	\$ 22,406,143	\$ 26,574,288	\$ 27,678,643	\$ 51,032,988	\$ 50,084,786
Right to use assets:						
Leases	\$ 1,708,736	\$ 1,257,045	\$ 211,645	\$ 183,733	\$ 1,920,382	\$ 1,440,778

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

Long-Term Debt. As of June 30, 2024, the City of Lincolnton had \$1,753,406 of direct placement installment purchases. The direct placement installment purchases are backed by security interest in the property for which it was issued.

City of Lincolnton Outstanding Debt

	Figure 5					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Direct placement installment purchases	\$ 841,828	\$ 1,093,434	\$ 911,578	\$ 1,121,318	\$ 1,753,406	\$ 2,214,752
Lease payable	1,838,243	1,364,655	253,119	221,113	2,091,362	1,585,768
Compensated absences	484,739	465,031	169,710	167,329	654,449	632,360
OPEB	7,834,100	8,070,475	2,871,757	2,800,547	10,705,857	10,871,022
Pension related debt (LGERS)	5,482,324	4,719,104	1,820,888	1,629,195	7,303,212	6,348,299
Pension related debt (LEO)	1,478,613	1,338,743	-	-	1,478,613	1,338,743
Total	\$ 17,959,847	\$ 17,051,442	\$ 6,027,053	\$ 5,939,502	\$ 23,986,900	\$ 22,990,944

The City of Lincolnton’s total debt increased by \$995,956 (4.33%) during the fiscal year, primarily due to the principal payments and an increase in pension obligations (LGERS).

The City of Lincolnton has an Aaa bond rating from Moody’s Investors’ Service and an AAA rating from Standard and Poor’s Corporation and Fitch Ratings. This bond rating is a clear indicator of the sound financial condition of the City of Lincolnton. This achievement is a primary factor in keeping interest costs low on the City’s outstanding debt.

North Carolina general statutes limit 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 the government’s boundaries. The legal debt margin for the City of Lincolnton is \$128,661,694. The City has no bonds authorized, but un-issued, at June 30, 2024.

Additional information regarding the City of Lincolnton’s long-term debt can be found in Note III.B of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City:

- The City is continuing to evaluate its infrastructure assets and, as part of that ongoing evaluation, will prioritize any necessary capital improvements.
- Two industrial parks in Lincoln County are located within close proximity of our corporate limits, and their continuous growth benefits the City economically.
- The City replaced 5 aging vehicles through a lease program with Enterprise.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities: Property taxes are expected to increase 2 percent from amounts budgeted in the prior year due to growth. The City's General Fund budgeted revenues are approximately \$17,482,008.

The tax rate will remain at \$.50 cents per 100 dollars valuation.

Budgeted expenditures compared with 2024 actual expenditures are expected to increase 1.38% due to inflation.

Business-type Activities: The City continues to evaluate its water and sewer rates to ensure that revenues generated by that activity are sufficient to meet operating requirements, as well as ongoing debt service requirements.

Water and Sewer rates did not change. Electric rates did not change.

The City does anticipate an increase of five, or more, percent in water and sewer revenues due to the installation of smart meters.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the City's information found in this report, or requests for additional information, should be directed to the Director of Finance, City of Lincolnton, P. O. Box 617, Lincolnton, N. C. 28092. Questions concerning any of the Alcoholic Beverage Control Board information found in this report, or requests for additional information, should be directed to the Finance Officer, City of Lincolnton ABC Board, 105 Stanford Road, Lincolnton, N. C. 28092. You can also call 704-736-8980, visit our website at www.ci.lincolnton.nc.us or send an email to pmcbryde@lincolntonnc.org for more information.

BASIC FINANCIAL STATEMENTS

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

CITY OF LINCOLNTON, NORTH CAROLINA

**Statement of Net Position
June 30, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Lincolnton Tourism Development Authority	City of Lincolnton ABC Board
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 14,113,186	\$ 16,158,256	\$ 30,271,442	\$ 519,852	\$ 269,816
Taxes receivable, net	30,269	-	30,269	-	-
Accounts receivable, net	946,011	1,277,260	2,223,271	8,657	-
Note receivable	95,836	-	95,836	-	-
Due from other government agencies	537,543	-	537,543	-	-
Due from component unit	-	-	-	-	-
Internal balances	(1,854,743)	1,854,743	-	-	-
Inventories	13,440	405,630	419,070	-	841,151
Prepaid items	8,500	25,000	33,500	-	19,419
Total current assets	<u>13,890,042</u>	<u>19,720,889</u>	<u>33,610,931</u>	<u>528,509</u>	<u>1,130,386</u>
Noncurrent assets:					
Restricted cash	438,029	478,067	916,096	-	-
Capital assets:					
Right to use assets, net of mortization	1,708,736	211,645	1,920,381	-	-
Land and nondepreciable assets	10,519,653	1,091,427	11,611,080	-	716,082
Other capital assets, net of accumulated depreciation	<u>13,939,048</u>	<u>25,482,862</u>	<u>39,421,910</u>	<u>40,075</u>	<u>1,585,122</u>
Total noncurrent assets	<u>26,605,466</u>	<u>27,264,001</u>	<u>53,869,467</u>	<u>40,075</u>	<u>2,301,204</u>
Total assets	<u>40,495,508</u>	<u>46,984,889</u>	<u>87,480,398</u>	<u>568,584</u>	<u>3,431,590</u>
<u>Deferred Outflows of Resources</u>					
Pension deferrals	3,669,793	1,114,027	4,783,820	-	88,908
OPEB deferrals	<u>1,178,386</u>	<u>431,963</u>	<u>1,610,349</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>4,848,179</u>	<u>1,545,990</u>	<u>6,394,169</u>	<u>-</u>	<u>88,908</u>

cont.

CITY OF LINCOLNTON, NORTH CAROLINA

Page 2 of 2, cont.

**Statement of Net Position
June 30, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Lincolnton Tourism Development Authority	City of Lincolnton ABC Board
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 111,075	\$ 712,569	\$ 823,644	\$ -	\$ 179,269
Customer deposits - restricted	-	478,067	478,067	-	-
Unearned revenues	9,957	-	9,957	-	-
Current portion of long-term liabilities	<u>1,593,993</u>	<u>701,620</u>	<u>2,295,613</u>	-	<u>49,658</u>
Total current liabilities	<u>1,715,025</u>	<u>1,892,256</u>	<u>3,607,281</u>	-	<u>228,927</u>
Long-term liabilities					
Net pension liability	5,482,324	1,820,888	7,303,212	-	119,944
Total pension liability - long term	1,380,613	-	1,380,613	-	-
OPEB liability-long term	7,428,115	2,734,331	10,162,446	-	-
Due in more than one year	<u>2,074,802</u>	<u>770,214</u>	<u>2,845,016</u>	-	<u>627,523</u>
Total noncurrent liabilities	<u>16,365,854</u>	<u>5,325,433</u>	<u>21,691,287</u>	-	<u>747,467</u>
Total liabilities	<u>18,080,879</u>	<u>7,217,689</u>	<u>25,298,568</u>	-	<u>976,394</u>
<u>Deferred Inflows of Resources</u>					
Prepaid taxes	2,894	-	2,894	-	-
Pension deferrals	211,155	18,543	229,698	-	1,285
OPEB deferrals	<u>1,826,976</u>	<u>669,717</u>	<u>2,496,693</u>	-	-
Total deferred inflows of resources	<u>2,041,025</u>	<u>688,260</u>	<u>2,729,285</u>	-	<u>1,285</u>
<u>Net Position</u>					
Net investment in capital assets	23,487,366	25,621,235	49,108,601	40,075	1,624,023
Restricted for:					
Working capital	-	-	-	-	154,717
Stabilization by State Statute	1,483,554	-	1,483,554	-	-
Streets	437,048	-	437,048	-	-
Public safety	981	-	981	-	-
Economic development	-	-	-	528,509	-
Unrestricted	<u>(187,166)</u>	<u>15,003,696</u>	<u>14,816,530</u>	-	<u>764,079</u>
Total net position	<u>\$ 25,221,783</u>	<u>\$ 40,624,931</u>	<u>\$ 65,846,714</u>	<u>\$ 568,584</u>	<u>\$ 2,542,819</u>

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

CITY OF LINCOLNTON, NORTH CAROLINA

**Statement of Activities
For the Year Ended June 30, 2024**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lincolnton Tourism Development Authority	City of Lincolnton ABC Board
Primary Government:									
Governmental activities:									
General government	\$ 2,037,534	\$ -	\$ -	\$ -	(2,037,534)	\$ -	(2,037,534)	\$ -	-
Public safety	9,199,393	53,991	418,893	-	(8,726,509)	-	(8,726,509)	-	-
Public works	2,120,826	12,150	404,201	221,434	(1,483,041)	-	(1,483,041)	-	-
Economic and physical development	513,719	63,747	-	-	(449,972)	-	(449,972)	-	-
Environmental protection	727,830	38,350	-	-	(689,480)	-	(689,480)	-	-
Cultural and recreational	1,575,359	200,439	87,207	315,525	(972,188)	-	(972,188)	-	-
Interest on long-term debt	82,721	-	-	-	(82,721)	-	(82,721)	-	-
Total governmental activities	16,257,382	368,677	910,301	536,959	(14,441,445)	-	(14,441,445)	-	-
Business-type activities:									
Water and sewer	8,256,060	8,765,754	-	-	-	509,694	509,694	-	-
Electric	7,144,030	7,933,220	-	-	-	789,190	789,190	-	-
Total business-type activities	15,400,090	16,698,974	-	-	-	1,298,884	1,298,884	-	-
Total primary government	\$ 31,657,472	\$ 17,067,651	\$ 910,301	\$ 536,959	(14,441,445)	1,298,884	(13,142,561)	-	-
Component Unit:									
Lincolnton Tourism Development Authority	\$ 219,097	\$ -	\$ 138,424	\$ -	-	-	-	(80,673)	-
City of Lincolnton ABC Board	3,823,963	4,022,647	-	-	-	-	-	-	198,684
Total component unit	\$ 4,043,060	\$ 4,022,647	\$ 138,424	\$ -	-	-	-	(80,673)	198,684

cont.

CITY OF LINCOLNTON, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2024

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lincolnton Tourism Develop- ment Authority	City of Lincolnton ABC Board
General revenues:					
Ad valorem taxes	\$ 7,932,870	\$ -	\$ 7,932,870	\$ -	\$ -
Local option sales tax	5,421,490	-	5,421,490	-	-
Franchise tax	870,218	-	870,218	-	-
Other taxes and licenses	1,945,280	-	1,945,280	-	-
Unrestricted investment earnings	668,805	697,160	1,365,965	12,298	4,069
Miscellaneous	1,598,708	510,000	2,108,708	-	-
Gain (loss) on sale of capital assets	(32,311)	(61,522)	(93,833)	-	-
Transfers	403,450	(403,450)	-	-	-
Total general revenues and transfers	<u>18,808,510</u>	<u>742,188</u>	<u>19,550,698</u>	<u>12,298</u>	<u>4,069</u>
Changes in net position	<u>\$ 4,367,065</u>	<u>\$ 2,041,072</u>	<u>\$ 6,408,137</u>	<u>\$ (68,375)</u>	<u>\$ 202,753</u>
Net position- beginning	\$ 20,854,718	\$ 38,583,859	\$ 59,438,577	\$ 636,959	\$ 2,340,066
Changes in net position	<u>4,367,065</u>	<u>2,041,072</u>	<u>6,408,137</u>	<u>(68,375)</u>	<u>202,753</u>
Net position- ending	<u>\$ 25,221,783</u>	<u>\$ 40,624,931</u>	<u>\$ 65,846,714</u>	<u>\$ 568,584</u>	<u>\$ 2,542,819</u>

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

CITY OF LINCOLN, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2024**

	Major	Non-Major	Total
	General Fund	Other Governmental	
<u>Assets</u>			
Cash and cash equivalents	\$ 14,113,186	\$ -	\$ 14,113,186
Taxes receivable, net	30,269	-	30,269
Accounts receivable, net	946,011	-	946,011
Due from government agencies	537,543	-	537,543
Inventories	13,440	-	13,440
Prepaid items	8,500	-	8,500
Restricted cash	438,029	-	438,029
Total assets	\$ 16,086,978	\$ -	\$ 16,086,978
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 107,668	\$ -	\$ 107,668
Unearned revenues	9,957	-	9,957
Advance from other funds	1,854,743	-	1,854,743
Total liabilities	1,972,368	-	1,972,368
<u>Deferred Inflows of Resources</u>			
Property taxes receivable	30,269	-	30,269
Prepaid taxes	2,894	-	2,894
Total deferred inflows of resources	33,163	-	33,163
<u>Fund Balances</u>			
Nonspendable:			
Inventories	13,440	-	13,440
Prepaid expenditures	8,500	-	8,500
Restricted:			
Stabilization by State Statute	1,483,554	-	1,483,554
Streets - Powell Bill	437,048	-	437,048
Public safety - police	981	-	981
Assigned:			
Subsequent year's expenditures	200,000	-	200,000
Unassigned	11,937,924	-	11,937,924
Total fund balances	14,081,447	-	14,081,447
Total liabilities, deferred inflows of resources and fund balances	\$ 16,086,978	\$ -	\$ 16,086,978

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

CITY OF LINCOLNTON, NORTH CAROLINA

Reconciliation of the Governmental Funds Balance Sheet

To the Statement of Net Position

June 30, 2024

Total Fund Balance, Governmental Funds \$ 14,081,447

Amounts reported for governmental activities in the Statement of Net Position are different because:

Note receivable used in governmental activities is not a financial resource and, therefore, is not reported in the funds. 95,836

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Gross capital assets at historical cost	\$ 54,180,060	
Accumulated depreciation	<u>(29,721,359)</u>	24,458,701

Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Right to use assets at historical cost	\$ 2,861,551	
Accumulated amortization	<u>(1,152,815)</u>	1,708,736

Deferred outflows of resources related to the following are not reported in the funds:

Pensions		3,669,793
OPEB		1,178,386

Earned revenues considered deferred inflows of resources in the fund statements.

Property taxes receivable		30,269
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.

Accrued interest on long-term debt		(3,406)
Long-term debt		(841,828)
Lease liability		(1,838,243)
Compensated absences		(484,739)
Net pension liability		(5,482,324)
Total pension liability		(1,478,613)
OPEB liability		(7,834,100)

Deferred inflows of resources related to the following are not reported in the funds:

Pensions		(211,155)
OPEB		<u>(1,826,976)</u>

Net position of governmental activities		<u>\$ 25,221,783</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLNTON, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024**

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Other</u>	
	<u>Fund</u>	<u>Governmental</u>	<u>Total</u>
Revenues:			
Ad valorem taxes	\$ 7,948,518	\$ -	\$ 7,948,518
Other taxes and licenses	1,720,712	-	1,720,712
Unrestricted intergovernmental revenues	6,880,692	-	6,880,692
Restricted intergovernmental revenues	545,885	529,625	1,075,510
Permits and fees	127,886	-	127,886
Sales and services	268,913	-	268,913
Investment earnings	668,183	7,334	675,517
Miscellaneous	<u>1,596,852</u>	-	<u>1,596,852</u>
Total revenues	<u>19,757,641</u>	<u>536,959</u>	<u>20,294,600</u>
 Expenditures:			
General government	5,757,998	-	5,757,998
Public safety	8,277,955	-	8,277,955
Public works	1,757,701	221,434	1,979,135
Economic and physical development	447,805	-	447,805
Environmental protection	592,056	-	592,056
Cultural and recreational	1,419,860	315,525	1,735,385
Debt service:			
Principal retirement	251,605	-	251,605
Interest and other charges	<u>84,063</u>	-	<u>84,063</u>
Total expenditures	<u>18,589,043</u>	<u>536,959</u>	<u>19,126,002</u>
Revenues over (under) expenditures	<u>1,168,597</u>	-	<u>1,168,598</u>
 Other Financing Sources (Uses):			
Issuance of debt/leases	1,011,921	-	1,011,921
Transfers - in	<u>403,450</u>	-	<u>403,450</u>
Total other financing sources (uses)	<u>1,415,371</u>	-	<u>1,415,371</u>
 Net changes in fund balances	<u>\$ 2,583,968</u>	<u>\$ -</u>	<u>\$ 2,583,967</u>
 Fund balances, July 1, originally stated	\$ 11,490,338	\$ -	\$ 11,490,338
Prior period adjustment	-	-	-
Fund balances, July 1, restated	<u>11,490,338</u>	-	<u>11,490,338</u>
Net changes in fund balances	2,583,968	-	2,583,968
Increase (decrease) in inventory	<u>7,140</u>	-	<u>7,140</u>
 Fund balances, June 30	<u>\$ 14,081,447</u>	<u>\$ -</u>	<u>\$ 14,081,447</u>

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

CITY OF LINCOLNTON, NORTH CAROLINA

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$ 2,583,967
Change in fund balance due to change in reserve for inventory	7,140

Governmental funds report capital outlays as expenditures. However, in the
the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the current period.

Capital outlay	4,516,691
Depreciation and amortization expense	(1,980,130)
Gain (loss) on sale of capital assets	(32,311)
Proceeds from sale of capital assets	-

Contributions to the pension plan in the current year fiscal year are not included on the Statement of Activities	950,699
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Benefit payments paid and administrative expenses for the LEOSSA are not included in the Statement of Activities	102,883
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OPEB benefit payments and administrative costs made in the current fiscal year are not included in the Statement of Activities	280,879
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax purposes	(15,648)

The issuance of long-term debt provides current financial resources to governmental funds,
while the repayment of the principal of long-term debt consumes the current financial
resources of the governmental funds. Neither transaction has any effect on net position.
This amount is the net effect of these differences in the treatment of long-term
and related items.

New long-term debt/lease issued	(1,011,921)
Principal payments on long-term debt	251,605
Accrued interest payable	1,342
Principal payments on leases	538,334
Loans principal received	(25,643)

Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Compensated absences	(19,708)
Pension expense	(1,820,990)
OPEB plan expense	39,876

Change in net position of governmental activities	<u>\$ 4,367,065</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLNTON, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 7,540,000	\$ 7,803,447	\$ 7,948,518	\$ 145,071
Other taxes and licenses	1,681,000	1,685,158	1,720,712	35,554
Unrestricted intergovernmental revenues	5,819,000	6,128,413	6,880,692	752,279
Restricted intergovernmental revenues	359,000	552,039	545,885	(6,154)
Permits and fees	29,800	127,596	127,886	290
Sales and services	192,500	256,568	268,913	12,345
Investment earnings	51,000	613,381	668,183	54,802
Miscellaneous	<u>73,750</u>	<u>1,633,674</u>	<u>1,596,852</u>	<u>(36,822)</u>
Total revenues	<u>15,746,050</u>	<u>18,800,276</u>	<u>19,757,641</u>	<u>957,365</u>
Expenditures:				
General government	2,972,820	6,209,650	5,757,998	451,652
Public safety	8,487,250	8,793,412	8,277,955	515,457
Public works	1,898,695	1,957,238	1,757,701	199,537
Economic and physical development	641,185	700,083	447,805	252,278
Environmental protection	639,275	653,652	592,056	61,596
Cultural and recreational	1,304,610	1,572,692	1,419,860	152,832
Debt service:				
Principal retirement	173,071	280,758	251,605	29,153
Interest and other charges	<u>29,879</u>	<u>64,568</u>	<u>84,063</u>	<u>(19,495)</u>
Total expenditures	<u>16,146,785</u>	<u>20,232,053</u>	<u>18,589,043</u>	<u>1,643,010</u>
Revenues over (under) expenditures	<u>(400,735)</u>	<u>(1,431,777)</u>	<u>1,168,597</u>	<u>2,600,374</u>
Other Financing Sources (Uses):				
Issuance of debt/leases	-	1,031,041	1,011,921	(19,120)
Transfers in	400,735	400,735	403,450	2,715
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>400,735</u>	<u>1,431,777</u>	<u>1,415,371</u>	<u>(16,405)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,583,968</u>	<u>\$ 2,583,968</u>
Fund balance, July 1, originally stated			\$ 11,490,338	
Prior period adjustment			<u>-</u>	
Fund balance, July 1, restated			11,490,338	
Net change in fund balance			2,583,968	
Increase (decrease) in reserve for inventory			<u>7,140</u>	
Fund balance, June 30			<u>\$ 14,081,447</u>	

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

CITY OF LINCOLN, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Funds

June 30, 2024

<u>Assets</u>	Business-type Activities		
	Water and Sewer Fund	Electric Fund	Total
Current assets:			
Cash and cash equivalents	\$ 9,344,292	\$ 6,813,964	\$ 16,158,256
Accounts receivable	694,866	582,394	1,277,260
Advance to other funds	-	159,722	159,722
Inventories	247,718	157,912	405,630
Prepaid expenses	-	25,000	25,000
Total current assets	<u>10,286,876</u>	<u>7,738,992</u>	<u>18,025,868</u>
Noncurrent assets:			
Restricted cash and cash equivalents	162,267	315,800	478,067
Advance to other funds	-	1,695,021	1,695,021
Capital assets, right to use leased assets, net of amortization	135,836	75,809	211,645
Capital assets, net of accumulated depreciation	<u>24,070,814</u>	<u>2,503,474</u>	<u>26,574,288</u>
Total noncurrent assets	<u>24,368,917</u>	<u>4,590,104</u>	<u>28,959,021</u>
Total assets	<u>34,655,793</u>	<u>12,329,096</u>	<u>46,984,889</u>
<u>Deferred Outflows of Resources</u>			
Pension deferrals	832,501	281,526	1,114,027
OPEB deferrals	<u>344,937</u>	<u>87,026</u>	<u>431,963</u>
Total deferred outflows of resources	<u>1,177,438</u>	<u>368,552</u>	<u>1,545,990</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	117,516	595,053	712,569
Customer deposits - restricted	162,267	315,800	478,067
Loans payable - current	392,011	-	392,011
Lease payable - current	64,215	14,324	78,539
OPEB- current	120,756	16,670	137,426
Accrued compensated absences	<u>73,920</u>	<u>19,724</u>	<u>93,644</u>
Total current liabilities	<u>930,685</u>	<u>961,571</u>	<u>1,892,256</u>
Noncurrent liabilities:			
Loans payable	519,567	-	519,567
Leases payable	110,679	63,902	174,581
OPEB liability	2,172,437	561,894	2,734,331
Accrued compensated absences	47,380	28,686	76,066
Net pension liability	<u>1,360,730</u>	<u>460,158</u>	<u>1,820,888</u>
Total noncurrent liabilities	<u>4,210,793</u>	<u>1,114,640</u>	<u>5,325,433</u>
Total liabilities	<u>5,141,478</u>	<u>2,076,211</u>	<u>7,217,689</u>
<u>Deferred Inflows of Resources</u>			
Pension deferrals	13,857	4,686	18,543
OPEB deferrals	<u>534,791</u>	<u>134,926</u>	<u>669,717</u>
	<u>548,648</u>	<u>139,612</u>	<u>688,260</u>
<u>Net Position</u>			
Net investment in capital assets	23,120,178	2,501,057	25,621,235
Unrestricted	<u>7,022,928</u>	<u>7,980,768</u>	<u>15,003,696</u>
Total net position	<u>\$ 30,143,106</u>	<u>\$ 10,481,825</u>	<u>\$ 40,624,931</u>

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

CITY OF LINCOLN, NORTH CAROLINA

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024**

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer Fund	Electric Fund	Total
Operating Revenues:			
Electricity sales	\$ -	\$ 6,837,614	\$ 6,837,614
Water sales	3,614,977	-	3,614,977
Sewer charges	4,258,224	-	4,258,224
Water and sewer taps	659,836	-	659,836
Electricity - municipal operations	-	667,825	667,825
Other operating revenues	232,717	427,781	660,498
Total operating revenues	<u>8,765,754</u>	<u>7,933,220</u>	<u>16,698,974</u>
Operating Expenses:			
Electrical operations	-	1,814,860	1,814,860
Electrical power purchases	-	4,415,293	4,415,293
Water treatment plant	1,657,026	-	1,657,026
Water and sewer distribution maintenance	1,786,706	-	1,786,706
Waste treatment plant	1,855,660	-	1,855,660
Administrative	769,822	655,774	1,425,596
Depreciation/amortization	2,143,312	257,431	2,400,743
Other operating expenses	-	-	-
Total operating expenses	<u>8,212,526</u>	<u>7,143,358</u>	<u>15,355,884</u>
Operating income (loss)	<u>553,228</u>	<u>789,862</u>	<u>1,343,090</u>
Nonoperating Revenues (Expenses):			
Investment earnings	399,667	297,494	697,161
Gain (loss) on disposition of assets	(61,522)	-	(61,522)
Donation of property	510,000	-	510,000
Interest on long term debt	(43,535)	(672)	(44,207)
Total nonoperating revenues (expenses)	<u>804,610</u>	<u>296,822</u>	<u>1,101,432</u>
Income (loss) before transfers and capital contributions	<u>1,357,838</u>	<u>1,086,684</u>	<u>2,444,522</u>
Transfers (to) from other funds			
General Fund-payment in lieu of taxes	<u>(369,099)</u>	<u>(34,351)</u>	<u>(403,450)</u>
Changes in net position	<u>\$ 988,740</u>	<u>\$ 1,052,332</u>	<u>\$ 2,041,072</u>
Total net position - beginning	\$ 29,154,365	\$ 9,429,494	\$ 38,583,859
Changes in net position	988,740	1,052,332	2,041,072
Total net position - ending	<u>\$ 30,143,106</u>	<u>\$ 10,481,825</u>	<u>\$ 40,624,931</u>

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

CITY OF LINCOLNTON, NORTH CAROLINA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024**

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer Fund	Electric Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers and users	\$ 8,769,937	\$ 7,875,668	\$ 16,645,605
Customer deposits received	29,070	6,590	35,660
Cash paid for goods and services	(3,300,852)	(5,873,168)	(9,174,020)
Cash paid to or on behalf of employees for services	<u>(2,702,076)</u>	<u>(863,323)</u>	<u>(3,565,399)</u>
Net cash provided (used) by operating activities	<u>2,796,079</u>	<u>1,145,767</u>	<u>3,941,846</u>
 Cash Flows From Non-Capital Financing Activities:			
Advance to General Fund	-	-	-
Repayment from General Fund	-	157,362	157,362
Transfers - in (out)	<u>(369,099)</u>	<u>(34,351)</u>	<u>(403,450)</u>
Net cash provided (used) by non-capital financing activities	<u>(369,099)</u>	<u>123,011</u>	<u>(246,088)</u>
 Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(556,927)	(195,820)	(752,747)
Proceeds from sale of capital assets	-	-	-
Proceeds from borrowing	153,328	-	153,328
Principal paid on long-term debt	(448,239)	(5,897)	(454,136)
Interest paid on long-term debt	<u>(36,471)</u>	<u>(672)</u>	<u>(37,143)</u>
Net cash provided (used) by capital and related financing activities	<u>(888,309)</u>	<u>(202,389)</u>	<u>(1,090,698)</u>
 Cash Flows From Investing Activities:			
Investment earnings	<u>399,667</u>	<u>297,494</u>	<u>697,161</u>
Net cash provided (used) by investing activities	<u>399,667</u>	<u>297,494</u>	<u>697,161</u>
 Net increase (decrease) in cash and cash equivalents	1,938,338	1,363,883	3,302,221
Cash and cash equivalents at beginning of year	<u>7,568,221</u>	<u>5,765,882</u>	<u>13,334,103</u>
Cash and cash equivalents at end of year	<u>\$ 9,506,559</u>	<u>\$ 7,129,765</u>	<u>\$ 16,636,324</u>

cont.

CITY OF LINCOLNTON, NORTH CAROLINA

Page 2 of 2, cont.

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024**

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer Fund	Electric Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 553,228	\$ 789,862	\$ 1,343,090
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	2,143,312	257,431	2,400,743
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	4,183	(57,552)	(53,369)
(Increase) decrease in inventory	(119,806)	(47,471)	(167,277)
Increase (decrease) in accounts payable and other accrued liabilities	52,879	71,652	124,531
Increase (decrease) in accrued vacation pay	(2,627)	5,008	2,381
Increase (decrease) in OPEB liability	4,052	67,158	71,210
Increase (decrease) in deferred outflows of resources - OPEB	45,098	110	45,208
Increase (decrease) in deferred inflows of resources - OPEB	(63,146)	1,374	(61,772)
Increase (decrease) in deferred outflows of resources - pensions	54	(1,966)	(1,912)
Increase (decrease) in net pension liability	141,078	50,615	191,693
Increase (decrease) in deferred inflows of resources - pensions	8,704	2,956	11,660
Increase (decrease) in customer deposits	<u>29,070</u>	<u>6,590</u>	<u>35,660</u>
Net cash provided (used) by operating activities	<u>\$ 2,796,079</u>	<u>\$ 1,145,767</u>	<u>\$ 3,941,846</u>
Supplemental Schedule of Non Cash Financing Activities:			
Acquisition of right to use assets through issuance of lease liability	<u>\$ 59,855</u>	<u>\$ 63,220</u>	<u>\$ 123,075</u>
Acquisition of capital assets through donation	<u>\$ 510,000</u>	<u>\$ -</u>	<u>\$ 510,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

CITY OF LINCOLNTON, NORTH CAROLINA

Notes to the Financial Statements June 30, 2024

I. Summary of Significant Accounting Policies

The accounting policies of the City of Lincolnton, and its discretely presented component units, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Lincolnton is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, two legally separate entities for which the City is financially accountable. The discretely presented component units presented below are reported in separate columns in the City's financial statements in order to emphasize that they are legally separate from the City.

City of Lincolnton ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Lincolnton ABC Board, 105 Stanford Road, Lincolnton, N. C. 28092.

Lincolnton Tourism Development Authority

The members of the Lincolnton Tourism Development Authority (LTDA) governing board are appointed by the City. The City collects Room Occupancy Tax as provided in N. C. General Statutes 160A-215 and remits the tax to LTDA. The LTDA is required to make use of at least 2/3 of the funds remitted to it to promote travel and tourism in the City of Lincolnton and the remainder for tourism-related expenditures. The LTDA, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Financial statements of LTDA are included in this report. The LTDA does not issue separate financial statements.

B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent to the interfund services provided and other charges between the City's Water and Sewer Fund and Electric Fund. Elimination of these activities would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, generally, are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 specific 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 City's funds. Separate statements for each fund category - governmental and proprietary - 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, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, and other general government services.

The City reports the following non-major governmental fund:

Special Revenue Fund/State. The City uses this fund to account for grant funding from the state that is being used for various projects.

The City reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations.

Electric Fund. This Fund is used to account for the City's electric operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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 City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 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 City's Enterprise Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable 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. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the City, are recognized as revenue. Sales taxes are considered a shared revenue for the City of Lincoln because the tax is levied by Lincoln County and then remitted to, and distributed by, the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Enterprise Funds, and the Lincoln Tourism Development Authority (a discretely presented component unit). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Funds. The enterprise fund projects are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Budget ordinances allow for the transfer of funds within the department as long as expenditures do not exceed the appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board, and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City, the ABC Board and LTDA 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 investments of the City, the ABC Board and LTDA are reported at fair value. Non-participating interest-earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2024, the Term Portfolio has a duration of .15 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.

In accordance with State law, the City has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment, and to maximize investment income, and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents. The LTDA cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. The unexpended debt proceeds of the General Fund are classified as restricted assets for the General Fund because their use is completely restricted to the purpose for which the debt was originally issued. Powell Bill Funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Federal Asset Seizure Funds are also classified as restricted cash because it can be expended only for the purposes of expenses associated with forfeited operations or used to finance certain general investigative expenses.

City of Lincolnton Restricted Cash	
Governmental activities	
General Fund	
Streets	\$ 437,048
Public safety	981
SCIF funds	-
	<u>438,029</u>
Business-type activities	
Water and Sewer Fund	
Customer deposits	162,267
Electric Fund	
Customer deposits	<u>315,800</u>
Total business-type activities	<u>478,067</u>
Total restricted cash	<u>\$ 916,096</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City 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 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventory of the City is valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used, rather than when purchased. The inventories of the City's enterprise funds and the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed, rather than when purchased. The inventory of the ABC Board is valued at lower of cost (FIFO) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements and are expensed as the items are used. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is \$5,000. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired, or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the assets, or materially extend assets' lives, are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20-45 years
Buildings	25-50 years
Improvements	8-25 years
Vehicles	4-6 years
Furniture and equipment	5-15 years
Computer equipment	5 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	10-33 years
Improvements and equipment	5-10 years

8. Right to Use Assets

The City has also recorded right to use assets. The right to use assets arise in association with agreements where the City reports a Lease (only applies when the City is the lessee) or agreements where the City reports Information Technology (IT) Subscriptions in accordance with the requirements of GASB 87 and GASB 96, respectively. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. 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 assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension, and other post-employment deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then. The City has only four items that meet the criterion for this category - prepaid taxes, property taxes receivable, pension, and other post-employment deferrals.

10. Long-Term Obligations

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

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

11. Compensated Absences

The vacation policy of the City provides for a maximum of 240 hours to be carried from one year to the next. Any employee with more than 240 hours of accumulated leave during the last pay period of each calendar year shall have the excess accumulation removed so that only 240 hours are carried forward to the first pay period of the next calendar year. All excess vacation hours over 240 will be converted to the employee's sick leave account. If the employee separates from service, payment for accumulated vacation leave shall not exceed 240 hours. The vacation policy of the ABC Board provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City'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 City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The ABC Board's accumulated vacation pay is not considered to be material.

Both the City and the ABC Board's sick leave policies 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 neither the City, nor the ABC Board, has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Net Position/Fund Balances

Net Position

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

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 balances as follows:

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

Inventories - the portion of fund balance that is not an available resource, because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items - the portion of fund balance that is not available for appropriation, because it represents the year-end balance of prepaid items, which are not expendable available resources.

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

Restricted for Stabilization by State Statute - North Carolina 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. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids, as they are classified as non-spendable. 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 Streets - the Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill Funds.

Restricted for Economic Development - the portion of fund balance used to account for occupancy tax revenue which is restricted for tourism related purposes.

Restricted for Public Safety - the portion of fund balance that is restricted by revenue source for narcotic enforcement.

Committed Fund Balance - the portion of fund balance that can only be used for specific purposes imposed by a majority vote by quorum of City of Lincolnton's governing body (highest level of decision-making authority). The governing body 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.

Assigned Fund Balance - the portion of fund balance that City of Lincolnton intends to use for specific purposes but does not meet the criteria to be classified as committed. The governing council (the "Council") has the authority to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Subsequent Year's Expenditures - the portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance - the portion of fund balance that represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The City of Lincolnton does not have a formal revenue spending policy that provides guidance for programs with multiple revenue sources. However, the Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local, non-city funds, and city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

13. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Lincolnton's employer contributions are recognized when due, and the City of Lincolnton has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Other

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.

II. Stewardship, Compliance, and Accountability

A. Noncompliance with North Carolina General Statutes

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City, the ABC Board and the LTDA are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's, the ABC Board's and LTDA's agents in these units' names. 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 City, the ABC Board and the LTDA, these deposits are considered to be held by the City's, the ABC Board's and the LTDA's agents in their names. 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 City, the ABC Board and LTDA, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City, the ABC Board and LTDA under the Pooling Method, the potential exists for under collateralization. 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 City, the ABC Board and LTDA have no formal policy regarding custodial credit risk for deposits but rely on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the City's deposits had a carrying amount of \$13,319,420 and a bank balance of \$13,727,867. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2024, the City's petty cash fund totaled \$1,350.

At June 30, 2024, the ABC Board had a carrying amount of \$269,816 and a bank balance of \$338,860. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by federal depository insurance.

At June 30, 2024, the ABC Board had cash on hand of \$5,700.

At June 30, 2024, the LTDA had a carrying amount of \$519,852 and a bank balance of \$519,852. Of the bank balance \$250,000 was covered by federal depository insurance.

2. Investments

<u>Investment by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/24</u>	<u>Maturity</u>	<u>Rating</u>
N. C. Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$17,666,177</u>	N/A	AAAm
North Carolina Class	Level 1	<u>\$ 200,591</u>	N/A	AAAm

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 are 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' benchmark quoted prices.

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

Credit Risk. The City has no formal policy regarding credit risk but has internal management procedures that limit the City's 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. The City's investment in the N. C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard and Poor's, and AAAm-mf by Moody's Investment Service and the City's investments in North Carolina Class carried a credit rating of AAAm by Standard and Poor's Global Ratings as of June 30, 2024.

3. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 128,000</u>
Enterprise Funds:	
Water and Sewer Fund	105,845
Electric Fund	<u>121,386</u>
Total Enterprise Funds	<u>227,231</u>
Total	<u><u>\$ 355,231</u></u>

4. Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2024, was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 9,251,965	\$ 877,692	\$ -	\$ 10,129,657
Construction in progress	212,474	1,213,221	1,035,700	389,995
Total capital assets not being depreciated	9,464,439	\$ 2,090,913	\$ 1,035,700	10,519,652
Capital assets being depreciated:				
Building	13,160,626	\$ 1,164,273	\$ 14,751	14,310,148
Other improvements	3,787,256	454,874	22,777	4,219,353
Plant and distribution systems	239,075	-	-	239,075
Furniture and equipment	3,210,007	795,595	108,624	3,896,978
Vehicles and motorized equipment	7,306,582	31,252	-	7,337,834
Infrastructure	13,657,019	-	-	13,657,019
Total capital assets being depreciated	41,360,565	\$ 2,445,994	\$ 146,152	43,660,407
Less accumulated depreciation for:				
Building	6,035,173	\$ 443,659	\$ 14,751	6,464,081
Other improvements	2,124,194	173,080	19,401	2,277,873
Plant and distribution systems	114,131	9,166	-	123,297
Furniture and equipment	2,148,220	276,344	92,267	2,332,297
Vehicles and motorized equipment	6,277,991	389,238	-	6,667,229
Infrastructure	11,719,152	137,430	-	11,856,582
Total accumulated depreciation	28,418,861	\$ 1,428,917	\$ 126,419	29,721,359
Total capital assets being depreciated, net	12,941,704			13,939,048
Capital assets being amortized:				
Leased vehicles	1,627,285	\$ 939,309	\$ 249,666	2,316,928
Leased equipment	468,449	76,174	-	544,623
	2,095,734	\$ 1,015,483	249,666	2,861,551
Less accumulated amortization for:				
Leased vehicles	675,576	\$ 375,385	\$ 237,087	813,874
Leased equipment	163,113	175,828	-	338,941
	838,689	\$ 551,213	\$ 237,087	1,152,815
Total capital assets being amortized, net	1,257,045			1,708,736
Governmental activity capital assets, net	\$ 23,663,188			\$ 26,167,436

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

	<u>Depreciation</u>	<u>Amortization</u>
General government	\$ 505,935	\$ 175,828
Public safety	476,681	315,398
Public works	126,589	45,224
Economic and physical development	50,329	1,540
Environmental protection	161,053	2,345
Cultural and recreational	108,330	10,879
Total depreciation expense	\$ 1,428,917	\$ 551,213

Business-type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 261,726	\$ -	\$ -	\$ 261,726
Construction in progress	123,435	159,618	107,586	175,467
Total capital assets not being depreciated	385,161	\$ 159,618	\$ 107,586	437,193
Capital assets being depreciated:				
Building and improvements	14,535,668	\$ 475,000	\$ -	15,010,668
Plant and distribution systems	48,322,687	208,051	-	48,530,738
Furniture and equipment	11,371,349	331,844	133,136	11,570,057
Vehicles	526,794	-	-	526,794
Total capital assets being depreciated	74,756,498	\$ 1,014,895	\$ 133,136	75,638,257
Less accumulated depreciation for:				
Building and improvements	8,249,318	\$ 344,359	\$ -	8,593,677
Plant and distribution systems	33,122,046	1,126,522	-	34,248,568
Furniture and equipment	8,189,512	517,699	71,614	8,635,597
Vehicles	460,037	66,757	-	526,794
Total accumulated depreciation	50,020,913	\$ 2,055,337	\$ 71,614	52,004,636
Total capital assets being depreciated, net	24,735,585			23,633,621
Capital assets, net	25,120,746			24,070,814
Capital assets being amortized:				
Leased vehicles	337,482	\$ 59,855	\$ 53,822	343,515
Less accumulated amortization for:				
Leased vehicles	173,527	\$ 87,974	\$ 53,822	207,679
Total capital assets being amortized, net	163,955			135,836
Water and Sewer Fund capital assets, net	25,284,701			24,206,650
Electric Fund:				
Capital assets, not being depreciated:				
Land	603,808	\$ -	\$ -	603,808
Construction in progress	26,606	23,820	-	50,426
Total capital assets not being depreciated	630,414	\$ 23,820	\$ -	654,234
Capital assets being depreciated:				
Building and improvements	1,298,732	\$ -	\$ -	1,298,732
Plant and distribution systems	3,736,011	-	-	3,736,011
Furniture and equipment	911,842	157,000	-	1,068,842
Vehicles	948,556	15,000	-	963,556
Total capital assets being depreciated	6,895,141	\$ 172,000	\$ -	7,067,141
Less accumulated depreciation for:				
Building and improvements	636,624	\$ 61,491	\$ -	698,115
Plant and distribution systems	3,133,808	40,825	-	3,174,633
Furniture and equipment	417,641	99,552	-	517,193
Vehicles	779,585	48,375	-	827,960
Total accumulated depreciation	4,967,658	\$ 250,243	\$ -	5,217,901
Total capital assets being depreciated, net	1,927,483			1,849,240
Capital assets, net	2,557,897			2,503,474
Capital assets being amortized:				
Leased vehicles	27,659	\$ 63,220	\$ -	90,879
Less accumulated amortization for:				
Leased vehicles	7,881	\$ 7,188	\$ -	15,069
Total capital assets being amortized, net	19,778			75,810
Electric Fund capital assets, net	2,577,675			2,579,284
Business-type activities capital assets, net	\$ 27,862,377			\$ 26,785,934

The City has active construction projects as of June 30, 2024. At year-end, the City's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Smart Meter Project	\$ 1,707,938	\$ 69,574
City Park Project-Design Phase	77,896	219,554
Public Works Center-Architectural Phase	163,422	239,800
Riverview Lift Station	60,000	190,000
Main Influent Pump #2-WWTP	93,784	8,716
Clarifiers & RAS Pumps-WWTP	30,285	1,514,257
Total	\$ 2,133,325	\$ 2,241,901

Discretely Presented Component Units:

Activity for the City of Lincoln ABC Board for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 716,082	\$ -	\$ -	\$ 716,082
Capital assets being depreciated:				
Building and improvements	2,007,269	\$ -	\$ -	2,007,269
Equipment	356,469	37,390	-	393,859
Total capital assets being depreciated	2,363,738	\$ 37,390	\$ -	2,401,128
Less accumulated depreciation for:				
Building and improvements	505,123	\$ 51,142	\$ -	556,265
Equipment	218,573	41,168	-	259,741
Total accumulated depreciation	723,696	\$ 92,310	\$ -	816,006
Total capital assets being depreciated, net	1,640,042			1,585,122
Capital assets, net	\$ 2,356,124			\$ 2,301,204

Activity for the Lincoln Tourism Development Authority for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Construction in progress	\$ 50,000	\$ -	\$ 50,000	\$ -
Capital assets being depreciated:				
Equipment	57,249	\$ -	\$ -	57,249
Less accumulated depreciation for:				
Equipment	14,312	\$ 2,863	\$ -	17,175
Total capital assets being depreciated, net	42,937			40,075
Capital assets, net	\$ 92,937			\$ 40,075

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Payables at the government-wide level at June 30, 2024 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 37,480	\$ 70,188	\$ 3,406	\$ -	\$ 111,075
Other governmental	-	-	-	-	-
Total governmental activities	<u>37,480</u>	<u>70,188</u>	<u>3,406</u>	<u>-</u>	<u>111,075</u>
Business-type activities:					
Water and Sewer	105,686	-	11,830	-	117,516
Electric	491,759	-	-	103,294	595,053
Total business-type activities	<u>597,445</u>	<u>-</u>	<u>11,830</u>	<u>103,294</u>	<u>712,569</u>
Total	<u>\$ 634,925</u>	<u>\$ 70,188</u>	<u>\$ 15,236</u>	<u>\$ 103,294</u>	<u>\$ 823,644</u>

2. Pension Plan and Post-employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Lincoln 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 governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, and one appointed by the State House of Representatives, the State Treasurer and the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service, or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as 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. The City of Lincoln employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Lincoln's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.90% for general employees, 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 City of Lincoln were \$1,266,462 for the year ended June 30, 2024.

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

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

At June 30, 2024, the City reported a liability of \$7,303,212 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the City's proportion was 0.11027%, which was a decrease of 0.00226% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$2,134,242. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 813,794	\$ 17,520
Changes of assumptions	310,344	-
Net difference between projected and actual earnings on pension plan investments	1,954,659	-
Changes in proportion, and differences between, City contributions and proportionate share of contributions	122,881	56,848
City contributions subsequent to the measurement date	1,266,462	-
Total	<u>\$ 4,468,140</u>	<u>\$ 74,368</u>

\$1,266,462, reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2025	\$ 1,159,671
2026	597,692
2027	1,287,294
2028	82,653
2029	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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 the December 31, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 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 payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension asset to changes in the discount rate - The following presents the City’s proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the City’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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City’s proportionate share of the net pension liability (asset)	<u>\$12,652,527</u>	<u>\$7,303,212</u>	<u>\$2,899,154</u>

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers’ Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the “Separation Allowance”), a single-employer, defined benefit pension plan that provides retirement benefits to the City’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 .85% 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 City law enforcement officers are covered by the Separation Allowance. At December 31, 2022, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not receiving, benefits	-
Active plan members	<u>33</u>
Total	<u>40</u>

Summary of Significant Accounting Policies

Basis of Accounting - The City 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 meet the following criteria which we outlined in GASB Statement 73:

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022, valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity
Discount rate	4.00 percent

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

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

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

Contributions

The City 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 City'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 City paid \$98,334 as benefits came due for the reporting period.

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

At June 30, 2024, the City reported a total pension liability of \$1,478,613. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of \$101,068.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 132,237	\$ 3,169
Changes of assumptions	135,326	152,160
City benefit payments and plan administrative expense made subsequent to the measurement date	48,118	-
Total	<u>\$ 315,681</u>	<u>\$ 155,329</u>

\$48,118, paid as benefits came due, and \$-0- of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ending June 30:

2025	\$ 79,883
2026	25,401
2027	(7,977)
2028	5,082
2029	9,845
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 4.00 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (3.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	<u>\$ 1,588,379</u>	<u>\$ 1,478,613</u>	<u>\$ 1,378,438</u>

Law Enforcement Officers' Special Separation Allowance

Beginning Balance	\$ 1,338,743
Service Cost	58,283
Interest on the total pension liability	55,581
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of total pension liability	94,541
Changes of assumptions	29,799
Benefit payments	(98,334)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,478,613</u>

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, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	FRS WPF	Total
Pension expense	\$ 2,134,242	\$ 101,068	\$ 3,347	\$ 2,238,657
Pension liability	7,303,212	1,478,613	3,327	8,785,152
Proportionate share of the net pension liability	0.11027%	n/a	n/a	
Deferred outflows of resources:				
Differences between expected and actual experience	813,794	132,237	-	946,031
Changes of assumptions	310,344	135,326	-	445,670
Net difference between projected and actual earnings on plan investments	1,954,659	-	-	1,954,659
Changes in proportion, and differences between, contributions and proportionate share of contributions	122,881	-	-	122,881
Benefit payments and administrative costs paid subsequent to the measurement date	1,266,462	48,118	-	1,314,580
Deferred inflows of resources:				
Differences between expected and actual experience	17,520	3,169	-	20,689
Changes of assumptions	-	152,160	-	152,160
Net difference between projected and actual earnings on plan investments	-	-	-	-
Changes in proportion, and differences between, contributions and proportionate share of contributions	56,848	-	-	56,848

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. 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 Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report 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 City 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.

The City made contributions of \$98,867 for the reporting year. No amounts were forfeited.

d. Firefighters’ and Rescue Squad Workers’ Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Lincolnton, to the Firefighters’ and Rescue Squad Workers’ Pension Fund (FRSWPF), a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 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, and one appointed by the State House of Representatives, the State Treasurer and the State Superintendent, who serve as ex-officio members. The Firefighters’ and Rescue Squad Workers’ Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Firefighters’ and Rescue Squad Workers’ Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member, and contributions paid on the member’s behalf, into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed, minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan, which is paid by the City. The State, a non-employer contributor, funds the plan through appropriations. Contribution provisions are established by General Statute 58 - 86 and may be amended only by the North Carolina General Assembly. For the fiscal year ended June 30, 2024, the State contributed \$19,702,208 to the plan. The City of Lincolnton's proportionate share of the State's contribution is \$6,830.

Refunds of Contributions. Plan members who are no longer eligible, or who choose not to participate in the plan, may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by FRSWPF.

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

At June 30, 2024, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City, and supported by the State, was \$3,227. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2024 and at June 30, 2023 was 0%.

For the year ended June 30, 2024, the City recognized pension expense of \$3,347 and revenue of \$3,347 for support provided by the State. At June 30, 2024, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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 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 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.

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

e. Other Post-employment Benefits

Healthcare Benefits

Plan Description - Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the “HCB Plan”). This plan provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Government Employees’ Retirement System (the “System”) and have at least the following years of creditable service with the City or a disability status with the following years of creditable service with the City:

	<u>Creditable Years of Service</u>	<u>Disability Creditable Years of Service</u>
For employees hired on, or after, July 1, 2012	25	15
For employees hired prior to July 1, 2012	20	10

The City pays the full cost of coverage for these benefits. Also, the City’s retirees can purchase coverage for their dependents. Currently, thirty-two (32) retirees are eligible for post-employment health benefits. As of February 1, 2018, the City participates in the North Carolina State Health Plan which is a division of the North Carolina Department of the State Treasury.

Membership of the HCB Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	39
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	106
Total	<u>145</u>

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Funding Policy. The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by the City Council. The City’s members pay the City’s group rates for dependent coverage, if enrolled in dependent coverage at the time of retirement. The City has chosen to fund the healthcare benefits on a pay as you go basis.

Total OPEB Liability

The City's total OPEB liability of \$10,705,857 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability on the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.50 to 8.41 percent, average, including inflation
Discount Rate	3.65 percent
Healthcare cost trend rates	Pre-Medicare - 7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033

The discount rate is based on the Municipal Bond Index Rate as of the measurement date.

Changes in the Total OPEB Liability

	<u>Total OPEB</u>
Balance July 1, 2023	<u>\$ 10,871,022</u>
Changes for the year	
Service cost	318,103
Interest	384,690
Changes of benefit terms	-
Difference between expected and actual experience	(450,276)
Changes in assumptions of other inputs	232,299
Benefit payments	<u>(649,981)</u>
Net changes	<u>(165,165)</u>
Balance June 30, 2024	<u><u>\$ 10,705,857</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.65%.

Mortality rates were based on the RP-2014 Mortality Tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 11,699,676</u>	<u>\$ 10,705,857</u>	<u>\$ 9,822,870</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	(Medical - 6.0% Prescription - 6.0%)	Discount Rate (Medical - 7.0% Prescription - 7.0%)	(Medical - 8.0% Prescription - 8.0%)
Total OPEB liability	<u>\$ 9,703,080</u>	<u>\$ 10,705,857</u>	<u>\$ 11,878,215</u>

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$383,842. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,870	\$ 1,485,572
Changes of assumptions	<u>1,584,479</u>	<u>1,011,121</u>
Total	<u>\$ 1,610,349</u>	<u>\$ 2,496,693</u>

\$-0-, reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2025	\$ (251,809)
2026	(225,679)
2027	(74,560)
2028	(176,167)
2029	(151,094)
Therefore	(7,035)

The ABC Board has not elected to provide other post-employment benefits to employees.

f. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "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 month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan, and not by the City, the City does not determine the number of eligible participants. The City 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 City considers these contributions to be immaterial. The City provides additional group term life insurance through their health insurance plan. Any amount in excess of \$50,000 is considered taxable to the employee as a fringe benefit.

3. Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source

Contributions to pension plan in current fiscal year	\$ 1,266,462
Benefit payments and administrative expenses for LEOSSA made subsequent to the measurement date	48,118
Benefit payments and administrative expenses for OPEB made subsequent to the measurement date	-
Differences between expected and actual experience	946,031
Changes of assumptions	2,030,149
Net Differences between projected and actual	1,980,529
Changes in proportion, and differences between, employer contribution and proportionate share of contributions	122,881
Charge on refunding	-
Total	<u>\$ 6,394,170</u>

Deferred inflows of resources at year-end is comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 2,894	\$ 2,894
Taxes receivable, less penalties (General Fund)	-	30,272
Changes in assumptions	1,163,281	-
Differences between expected and actual experience	1,506,261	-
Changes in proportion, and differences between, employer contributions and proportionate share of contributions	56,848	-
	<u>\$ 2,729,284</u>	<u>\$ 33,166</u>

4. Risk Management

The City 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 City participates in a self-funding risk financing pool offered by the North Carolina League of Municipalities for Workers' Compensation coverage up to statutory limits.

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

The City is eligible to and has purchased commercial flood insurance for a limit of \$5,000,000 for all locations on our commercial property policy, except the areas located in special flood hazard areas as defined by the National Flood Insurance Program, and all locations in any Federal Emergency Management Agency Flood Zones.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more, at any given time, of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$1,000,000. The remaining employees that have access to funds are insured up to \$100,000.

The Lincolnton Tourism Development Authority's finance officer is bonded for \$50,000.

The ABC Board's general manager and finance officer are bonded for \$50,000.

5. Long-Term Obligations

a. Installment Purchases

The City has entered into various direct placement installment purchases to finance the following:

Serviced by the General Fund:

\$120,000, 2015, 4.5% installment purchase payable to an individual bank in monthly installments of \$1,244, due in 2025, secured by land	\$ 12,136
\$250,000, 2020, 2.99% installment purchase payable to bank in annual installments of \$39,087, due in 2026, secured by equipment	74,421
\$309,000, 2020, 2.99% installment purchase payable to bank in annual installments of \$48,312, due in 2026, secured by equipment	92,957
\$662,149, 2021, 2.49% loan payable to a bank in annual installments of \$102,676, due in 2027, secured by equipment	293,040
\$157,390, 2021, 3.06% loan payable to a bank in annual installments of \$25,361, due in 2028, secured by equipment	94,012
\$350,582, 2023, 3.7% loan payable to a bank in monthly installments of \$4,752, due in 2029, secured by equipment	275,263
	<u>841,828</u>

Serviced by the Water and Sewer Fund:

\$2,470,515, 2019, 3.00% installment purchase payable in annual installments of \$397,121, due in 2026, secured by equipment	758,250
\$153,328, 2024, 6.375% installment purchase payable in annual installments of \$27,927, due in 2030, secured by equipment	153,328
	<u>911,578</u>

Total	<u><u>\$ 1,753,406</u></u>
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Annual debt service requirements to maturity for long-term obligations are as follows:

	Direct Placement		Revolving Loans		Total Debt Due	
	Installment purchase		Principal	Interest	Principal	Interest
	Principal	Interest				
Governmental Activities:						
2025	\$ 259,847	\$ 25,002	\$ -	\$ -	\$ 259,847	\$ 25,002
2026	255,321	17,364	-	-	255,321	17,364
2027	175,254	9,748	-	-	175,254	9,748
2028	77,815	4,550	-	-	77,815	4,550
2029	55,249	1,781	-	-	55,249	1,781
2030	18,343	135	-	-	18,343	135
Total governmental	841,828	58,580	-	-	841,828	58,580
Business-type Activities:						
2025	392,011	33,037	-	-	392,011	33,037
2026	403,408	20,470	-	-	403,408	20,470
2027	20,419	7,508	-	-	20,419	7,508
2028	21,739	6,188	-	-	21,739	6,188
2029	23,131	4,796	-	-	23,131	4,796
2030	24,639	3,288	-	-	24,639	3,288
2031	26,232	1,695	-	-	26,232	1,695
Total business-type	911,578	76,983	-	-	911,578	76,983
Total	\$ 1,753,406	\$ 135,563	\$ -	\$ -	\$ 1,753,406	\$ 135,563

At June 30, 2024, the City of Lincolnton had no bonds authorized but un-issued and a legal debt margin of \$128,661,694.

b. Leases

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

As of June 30, 2024, the City had 77 active leases. The leases have payments that range from \$686 to \$146,000 and interest rates from 0.4350% to 2.2600%. As of June 30, 2024, the total combined value of the lease liability is \$2,091,362, the total short-term lease liability is \$660,142. The combined value of the right to use assets, as of June 30, 2024, is \$3,295,963 with accumulated amortization of \$1,375,563. The right to use assets is discussed in more detail in section III.A.4 of the notes.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Governmental Activities:	Principal	Interest	Total
2025	\$ 581,602	\$ 29,458	\$ 611,060
2026	459,749	19,286	479,035
2027	347,352	12,318	359,670
2028	245,348	7,355	252,703
2029	204,192	2,499	206,691
Total governmental	\$ 1,838,243	\$ 70,916	\$ 1,909,159
Business-type Activities:			
Water and Sewer			
2025	\$ 64,215	\$ 2,945	\$ 67,160
2026	75,082	1,588	76,670
2027	14,550	855	15,405
2028	10,975	554	11,529
2029	10,071	216	10,287
	<u>174,893</u>	<u>6,158</u>	<u>181,051</u>
Electric			
2025	14,324	414	14,738
2026	17,944	602	18,546
2027	13,142	641	13,783
2028	9,937	433	10,370
2029	22,879	214	23,093
	<u>78,226</u>	<u>2,304</u>	<u>80,530</u>
Total business activities	\$ 253,119	\$ 8,462	\$ 261,581

Changes in Long-Term Liabilities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion of Balance
Governmental activities:					
Compensated absences	\$ 465,031	\$ 284,972	\$ 265,264	\$ 484,739	\$ 248,559
Lease liabilities	1,364,655	1,011,921	538,334	1,838,242	581,602
Total pension liability (LEO)	1,338,743	238,204	98,334	1,478,613	98,000
Total OPEB liability	8,070,475	-	236,375	7,834,100	405,985
Net pension liability (LGERS)	4,719,104	763,220	-	5,482,324	-
Direct placement installment purchase	1,093,434	-	251,606	841,828	259,847
Governmental activities long-term liabilities	\$ 17,051,442	\$ 2,298,317	\$ 1,389,913	\$ 17,959,846	\$ 1,593,993
Business-type activities:					
Water and Sewer Fund:					
Compensated absences	\$ 123,927	\$ 80,287	\$ 82,914	\$ 121,300	\$ 73,920
Lease liabilities	200,210	59,714	85,031	174,893	64,215
Total OPEB liability	2,289,141	4,052	-	2,293,193	120,756
Net pension liability (LGERS)	1,219,652	141,078	-	1,360,730	-
Revenue bonds	-	-	-	-	-
Revolving loans	-	-	-	-	-
Direct placement installment purchase	1,121,318	153,328	363,068	911,578	392,011
Water and Sewer Fund long-term liabilities	4,954,248	438,459	531,013	4,861,694	650,902
Electric Fund:					
Compensated absences	43,402	20,715	15,707	48,410	19,724
Lease liabilities	20,903	63,220	5,897	78,226	14,324
Total OPEB liability	511,406	67,158	-	578,564	16,670
Net pension liability (LGERS)	409,543	50,615	-	460,158	-
Electric Fund long-term liabilities	985,254	201,708	21,604	1,165,358	50,718
Business-type activities long-term liabilities	\$ 5,939,502	\$ 640,167	\$ 552,617	\$ 6,027,052	\$ 701,620

Compensated absences, OPEB liabilities and pension liabilities are typically liquidated in the corresponding fund as the liability. Compensated absences are accounted for on a FIFO basis, assuming that employees are taking leave as it is earned.

C. Interfund Balances and Activity

Interfund Loan - The General Fund borrowed funds from the Electric Fund to fund various projects.

Interfund loans consist of the following at June 30, 2024:

\$1,000,000 interfund loan over fifteen years, with an interest rate of 1.5%, with \$74,994 annual payments for the construction of a police building, through 2033.	\$ 626,573
\$1,054,429 interfund loan over fifteen years, with an interest rate of 1.5%, with \$79,024 annual payments for the construction of a police building, through 2036.	861,950
\$448,000 interfund loan over fifteen years, with an interest rate of 1.5%, with \$33,575 annual payments for the construction of a welcome center, through 2036.	<u>366,220</u>
Total advances to other funds	1,854,743
Due within one year	<u>159,722</u>
Due in more than one year	<u>\$ 1,695,021</u>

Transfers To/From Other Funds

The composition of transfers as of June 30, 2024, is as follows:

	<u>General Fund</u>	<u>Transfers In Electric Rate Stabilization Fund</u>	<u>Total</u>
Transfer Out			
Water and Sewer Fund	\$ 369,099	\$ -	\$ 369,099
Electric Fund	34,351	-	34,351
Total	<u>\$ 403,450</u>	<u>\$ -</u>	<u>\$ 403,450</u>

Transfers are used to: (1) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, (2) move funds from the fund with collection authorization to other funds to stabilize rates.

For the year ended June 30, 2024, the government made the following transfers:

Transfers from the Water and Sewer Fund to the General Fund - payment in lieu of taxes.

Transfers from the Electric Fund to the General Fund - payment in lieu of taxes.

D. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2024, the City of Lincolnton has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$3,347 for the 15 employed firemen who perform firefighting duties for the City’s fire department. The employees elected to be members of the Firemen and Rescue Workers’ Pension Fund, a cost sharing, multiple-employer, public employee retirement system established, and administered, by the State of North Carolina. The Plan is funded by a \$120 annual contribution paid by the City, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$-0- for the low interest loans provided to eligible firemen by the local board of trustees of the Firemen’s Relief Fund during the fiscal year ended June 30, 2024. Under State law, the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 24,458,700	\$ 26,574,288
Right to use assets	1,708,736	211,645
Less: long-term debt	<u>(2,680,070)</u>	<u>(1,164,697)</u>
	<u>\$ 23,487,366</u>	<u>\$ 25,621,235</u>

F. Fund Balance

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

Total Fund Balance - General Fund	\$ 14,081,447
Less:	
Inventories	13,440
Prepaid	8,500
Stabilization by State Statute	1,483,554
Streets - Powell Bill	437,048
Police	981
Appropriated Fund Balance in 2024 Budget	200,000
Remaining Fund Balance	11,937,924

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

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
\$-0-	\$-0-	\$-0-

III. Jointly Governed Organizations

The City, in conjunction with eighteen other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (NCMPA#1). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The nineteen members, which receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2024, were \$4,415,293.

The City, in conjunction with nine counties and seventy-four other municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$2,690 to the Council during the fiscal year ended June 30, 2024.

IV. Joint Venture

The City, in conjunction with Lincoln County, participates in a general aviation airport. The Airport Authority's board shall be reconstructed as a five-member board, with one member appointed by the City and four members by the County; however, one of the four members selected by the County shall reside within the City of Lincolnton, and the other three shall reside within the County. The members on the Authority's board shall have staggered 3-year terms, and a two-term limit, with a chairman to be designated by the County. The Airport has been in existence since 1986, but it is not yet self-sustaining. The City has a pro-rata, shared, ongoing financial responsibility in proportion to the rate at which received sales taxes are allocated for the Airport, because it and the County are legally obligated, under the intergovernmental agreement that created the Airport, to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The City contributed \$15,600 to the Airport during the fiscal year ended June 30, 2024. 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, 2024. Complete financial statements for the Airport can be obtained from Lincoln County Administrative Offices at 115 West Main Street, Lincolnton, N. C. 28092.

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2024, the City reported revenues and expenditures for the payments of \$-0- made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2024. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina, 27603.

V. Related Organization

The five-member board of the City of Lincolnton Housing Authority is appointed by the City Council of the City of Lincolnton. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Lincolnton is also disclosed as a related organization in the notes to the financial statements for the City of Lincolnton Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority's office at 806 McBee Street, Lincolnton, N.C. 28092.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VII. Significant Effects of Subsequent Events

Management has evaluated subsequent events through January 22, 2025, the date on which the financial statements were available to be issued. During the period from the end of the year, and through this date, the following subsequent events occurred that require recognition or disclosure in these financial statements:

The City of Lincolnton entered into a contract with McGill Associates back in August of 2022 to provide professional services for the redevelopment of City Park. This was presented to City Council and approved. The proposed plan was presented to City Council at the 2023 Budget Retreat and the City Council approved the plan presented and the additional services of McGill Associates to prepare the PARTF Grant Application for the park. Application was due by May 1, 2023. Application was submitted and the City of Lincolnton was awarded the maximum amount available through the NC Parks and Recreation Trust Fund of \$500,000 in August 2023. This project will be over several years with an anticipated cost of \$5,042,274. In addition to the PARTF Grant, the City plans to utilize ARPA money reimbursed, apply for other grants, and fund balance if needed. The City is currently in the Design Phase of this project that has an estimated cost of \$260,000.

The City of Lincolnton entered into a contract with Burch Environmental LLC to assist with the NCDEQ-Water Infrastructure funding through SWIA. The City applied for two AIA projects; Water and Wastewater Projects. This funding is to assist with the "Asset Inventory and Assessment" of the City's infrastructure. The City was awarded \$300,000 for Wastewater and \$100,000 for Water. Burch Environmental LLC will be handling the projects per the Resolutions approved by City Council on August 3, 2023. The City is nearing the completion of this contract with the remaining services to be completed by McGill Associates for the Water Mains and WWTP assessments. Once that is completed, the City intends to contract with Burch Environmental LLC again to pursue larger grant funding for the Water and Wastewater infrastructure needs.

The City of Lincolnton is working with Burch Environmental, LLC to assist with securing a State Emergency Loan for the Wastewater Treatment Clarifiers. This project is estimated to cost \$1,544,542 and will be over a minimum of 18 months to complete. The SEL is for a period of 20 years with a 1.93% interest rate. The contractor chosen by the City is Charles R. Underwood, Inc. who is scheduled to disassemble, clean, rebuild, and replace Clarifier's 1 and 2 and the RAS Pump. This was finally approved to start December 2, 2024.

The City of Lincolnton entered into a contract with Becker Morgan Group Inc to assist with the architectural needs for the Public Service Center property purchased at 500 Sigmon Road. This project is estimated to cost between \$6,000,000 and \$8,000,000. This will take several years to complete. The goal is to move the entire Public Works to the new centralized location.

The City of Lincolnton was impacted by Hurricane Helene in late September 2024, which caused devastation to our community as well to public property and equipment. The City hasn't fully assessed the damages but will seek FEMA reimbursement to offset the damages incurred.

REQUIRED SUPPLEMENTARY INFORMATION

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

- **Schedule of the Proportionate Share of the Net Pension Liability (Asset) for Local Government Employees' Retirement System**
 - **Schedule of Contributions - Local Government Employees' Retirement System**
 - **Schedule of the Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension**
 - **Schedule of Changes in Total Pension Liability-Law Enforcement Officers' Special Separation Allowance**
 - **Schedule of Total Pension Liability as a Percentage of Covered Payroll-Law Enforcement Officers' Special Separation Allowance**
 - **Schedule of Changes in the Total OPEB Liability and Related Ratios**
-

CITY OF LINCOLNTON, NORTH CAROLINA

**City of Lincolnton's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*
Local Government Employees' Retirement System**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Lincolnton's proportion of the net pension liability (asset) (%)	0.11027%	0.11253%	0.10248%	0.10361%	0.09491%	0.09534%	0.09746%	0.09605%	0.10989%	0.11119%
City of Lincolnton's proportion of the net pension liability (asset) (\$)	\$ 7,303,212	\$ 6,348,299	\$ 1,571,629	\$ 3,702,428	\$ 2,591,918	\$ 2,261,791	\$ 1,488,919	\$ 2,038,503	\$ 493,180	\$ (655,739)
City of Lincolnton's covered payroll	\$ 8,788,589	\$ 8,646,634	\$ 7,903,048	\$ 7,484,813	\$ 6,976,386	\$ 6,673,226	\$ 6,563,566	\$ 6,145,468	\$ 6,170,108	\$ 6,230,371
City of Lincolnton's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	83.10%	73.42%	19.89%	49.47%	37.15%	33.89%	22.68%	33.17%	7.99%	(10.52%)
Plan fiduciary net pension as a percentage of the total pension liability**	84.14%	84.14%	95.51%	88.61%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%

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

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

CITY OF LINCOLNTON, NORTH CAROLINA

**City of Lincolnton's Contributions
Required Supplementary Information
Last Ten Fiscal Years
Local Government Employees' Retirement System**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,266,462	\$ 1,085,937	\$ 999,408	\$ 818,409	\$ 687,610	\$ 557,523	\$ 516,612	\$ 491,998	\$ 437,201	\$ 440,567
Contributions in relation to the contractually required contributions	1,266,462	1,085,937	999,408	818,409	687,610	557,523	516,612	491,998	437,201	440,567
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Lincolnton's covered payroll	\$ 8,788,589	\$ 8,788,589	\$ 8,646,634	\$ 7,903,048	\$ 7,484,813	\$ 6,976,386	\$ 6,673,226	\$ 6,563,566	\$ 6,145,468	\$ 6,170,108
Cotributions as a percentage of covered payroll	14.41%	12.36%	11.56%	10.36%	9.19%	7.99%	7.74%	7.50%	7.11%	7.14%

CITY OF LINCOLNTON, NORTH CAROLINA

**City of Lincolnton's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years*
Firefighters' and Rescue Squad Workers' Pension**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City of Lincolnton's proportionate share of the net pension liability (asset) (%)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
City of Lincolnton's proportionate share of the net pension liability (asset) (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City of Lincolnton	3,227	10,047	(15,623)	29,360	15,717	30,683	22,859	16,133	20,230
Total	\$ 3,227	\$ 10,047	\$ (15,623)	\$ 29,360	\$ 15,717	\$ 30,683	\$ 22,859	\$ 16,133	\$ 20,230
City of Lincolnton's covered payroll	\$ 2,229,939	\$ 2,229,939	\$ 1,874,956	\$ 1,387,166	\$ 1,387,168	\$ 1,082,484	#####	\$ 936,500	\$ 744,636
City of Lincolnton's proportionate share of the net pension liability as a percentage of covered payroll	0.14%	0.45%	(0.83%)	2.12%	1.13%	2.83%	2.15%	1.72%	2.72%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.69%	89.69%	89.69%	89.69%	89.35%	84.94%	91.40%	93.42%

*The amounts are presented for the prior fiscal year.

Information is not required to be presented retroactively. Additional years information will be displayed as it becomes available.

CITY OF LINCOLNTON, NORTH CAROLINA

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Eight Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,338,743	\$ 1,531,315	\$ 1,430,885	\$ 1,019,789	\$ 1,014,141	\$ 980,468	\$ 943,092	\$ 976,259
Service cost	58,283	79,079	74,718	46,812	40,112	39,841	32,657	37,675
Interest on the total pension liability	55,581	33,402	26,827	31,642	35,422	29,583	34,553	33,318
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	94,541	2,420	116,846	(11,339)	(13,303)	85,376	17,713	-
Changes of assumptions or other inputs	29,799	(213,912)	(36,212)	442,306	25,430	(32,508)	48,344	(18,181)
Benefit payments	(98,334)	(93,561)	(81,749)	(98,325)	(82,013)	(8,619)	(95,891)	(85,979)
Other changes	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,478,613</u>	<u>\$ 1,338,743</u>	<u>\$ 1,531,315</u>	<u>\$ 1,430,885</u>	<u>\$ 1,019,789</u>	<u>\$ 1,094,141</u>	<u>\$ 980,468</u>	<u>\$ 943,092</u>

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

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension plan.

Information is not required to be presented retroactively. Additional years information will be displayed as it becomes available.

CITY OF LINCOLNTON, NORTH CAROLINA

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Eight Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension liability	\$ 1,478,613	\$ 1,338,743	\$ 1,531,315	\$ 1,430,885	\$ 1,019,789	\$ 1,014,141	\$ 980,468	\$ 943,092
Covered-employee payroll	2,082,596	1,896,960	1,677,372	1,775,754	1,621,737	1,502,102	1,493,025	1,545,187
Total pension liability as a percentage of covered employee payroll	71.00%	70.57%	91.29%	80.58%	62.88%	67.51%	65.67%	61.03%

Notes to the schedule:

The City of Lincolnton has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 to pay the related benefits.

Information is not required to be presented retroactively. Additional years information will be displayed as it becomes available.

CITY OF LINCOLNTON, NORTH CAROLINA

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Seven Fiscal Years
June 30, 2024**

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 318,103	\$ 426,016	\$ 510,663	\$ 370,272	\$ 418,078	\$ 433,171	\$ 469,911
Interest	384,690	266,119	263,026	363,341	436,147	401,537	348,745
Changes of benefit terms	-	-	(40,713)	-	-	-	-
Differences between expected and actual experience	(450,276)	24,518	(1,070,127)	(28,075)	(1,665,740)	82,464	29,100
Changes of assumptions	232,299	(1,405,231)	1,433,508	1,212,786	226,155	(326,388)	(560,847)
Benefit payments	(649,981)	(665,830)	(520,918)	(553,667)	(676,174)	(640,476)	(549,082)
Net change in total OPEB liability	(165,165)	(1,354,408)	575,439	1,364,657	(1,261,534)	(49,692)	(262,173)
Total OPEB liability - beginning	10,871,022	12,225,430	11,649,991	10,285,334	11,546,868	11,596,560	11,858,733
Total OPEB liability - ending	<u>\$ 10,705,857</u>	<u>\$ 10,871,022</u>	<u>\$ 12,225,430</u>	<u>\$ 11,649,991</u>	<u>\$ 10,285,334</u>	<u>\$ 11,546,868</u>	<u>\$ 11,596,560</u>
Covered-employee payroll	\$ 6,264,455	\$ 6,456,672	\$ 6,456,672	\$ 7,026,971	\$ 7,026,971	\$ 5,935,441	\$ 5,935,441
Total OPEB liability as a percentage of covered-employee payroll	170.90%	168.37%	189.35%	165.79%	146.37%	194.54%	195.38%

Notes to Schedule

The OPEB plan has no assets accumulated in a trust that meet the criteria which are outlined in GASB Statement 75 to pay the related benefits for the plan. Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

GOVERNMENTAL ACTIVITIES

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUND/STATE

The Special Revenue Fund/State is used to account for state grants funding which are legally required to be accounted for in a special revenue fund.

CITY OF LINCOLN, NORTH CAROLINA

**General Fund
Balance Sheets**

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 14,113,186	\$ 12,267,973
Taxes receivable, net	30,269	45,917
Accounts receivable, net	946,011	915,644
Due from governmental agencies	537,543	421,745
Inventories	13,440	6,300
Prepaid items	8,500	8,500
Restricted cash	438,029	368,969
Total assets	<u>\$ 16,086,978</u>	<u>\$ 14,035,048</u>
<u>Liabilities</u>		
Accounts payable and other accrued liabilities	\$ 107,668	\$ 285,024
Advance from other funds	1,854,743	2,012,105
Unearned revenues	9,957	155,979
Total liabilities	<u>1,972,368</u>	<u>2,453,108</u>
<u>Deferred Inflows of Resources</u>		
Property taxes receivable	30,269	45,917
Prepaid taxes	2,894	45,686
Total deferred inflows of resources	<u>33,163</u>	<u>91,603</u>
<u>Fund Balances</u>		
Non Spendable:		
Inventories	13,440	6,300
Prepaid expenditures	8,500	8,500
Restricted:		
Stabilization by State statute	1,483,554	1,337,389
Streets	437,048	361,415
Public safety - police	981	7,554
Assigned:		
Subsequent year's expenditures	200,000	-
Unassigned	<u>11,937,924</u>	<u>9,769,179</u>
Total fund balances	<u>14,081,447</u>	<u>11,490,338</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,086,978</u>	<u>\$ 14,035,048</u>

General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Ad valorem taxes:				
Current year	\$ 7,733,447	\$ 7,883,672	\$ 150,225	\$ 5,724,236
Prior years	50,000	41,171	(8,829)	55,979
Interest and penalties	20,000	23,675	3,675	21,674
Total	<u>7,803,447</u>	<u>7,948,518</u>	<u>145,071</u>	<u>5,801,889</u>
Other taxes and licenses:				
Other taxes	<u>1,685,158</u>	<u>1,720,712</u>	<u>35,554</u>	<u>1,255,966</u>
Unrestricted intergovernmental revenues:				
Local option sales tax	4,700,000	5,421,490	721,490	5,185,778
Payment in lieu of taxes	43,173	43,173	-	37,839
Utility franchise tax	870,218	870,218	-	848,501
Beer and wine tax	55,761	55,761	-	50,794
ABC profit distribution	94,846	125,635	30,789	90,000
Other	364,416	364,416	-	158,095
Total	<u>6,128,414</u>	<u>6,880,693</u>	<u>752,279</u>	<u>6,371,007</u>
Restricted intergovernmental revenues:				
Powell Bill street aid allocation	384,855	384,855	-	345,030
Powell Bill investment earnings	17,564	19,347	1,783	10,894
Controlled substance tax	4,000	2,698	(1,302)	4,638
Federal Equitable deposits	10,518	9,536	(982)	27,413
ABC revenue for law enforcement	20,000	20,000	-	20,000
CARES funds	12,000	12,000	-	10,168
On-behalf of payments-Fire and Rescue	4,000	3,347	(653)	2,635
Federal, state and local grants	99,103	94,103	(5,000)	6,378
Total	<u>552,040</u>	<u>545,886</u>	<u>(6,154)</u>	<u>427,156</u>

cont.

General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	<u>2024</u>		<u>Variance</u>	<u>2023</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Revenues (continued):				
Permits and fees:				
Zoning fees	\$ 63,597	\$ 63,747	\$ 150	\$ 16,045
Other fees	<u>64,000</u>	<u>64,139</u>	<u>139</u>	<u>32,392</u>
Total	<u>127,597</u>	<u>127,886</u>	<u>289</u>	<u>48,437</u>
Sales and services:				
Cemetery lot sales	38,350	38,350	-	45,550
Recreation fees and concessions	189,109	200,439	11,330	208,197
Other	<u>29,109</u>	<u>30,123</u>	<u>1,014</u>	<u>30,944</u>
Total	<u>256,568</u>	<u>268,912</u>	<u>12,344</u>	<u>284,691</u>
Investment earnings	<u>613,381</u>	<u>668,183</u>	<u>54,802</u>	<u>338,920</u>
Miscellaneous:				
Sale of property	14,342	4,342	(10,000)	520,009
Small business emergency loan receipts	33,750	26,265	(7,485)	42,915
Other	<u>1,585,583</u>	<u>1,566,245</u>	<u>(19,338)</u>	<u>137,973</u>
Total	<u>1,633,675</u>	<u>1,596,852</u>	<u>(36,823)</u>	<u>700,897</u>
Total revenues	<u>18,800,280</u>	<u>19,757,640</u>	<u>957,362</u>	<u>15,228,961</u> cont.

General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	<u>Budget</u>	<u>Actual</u>		
Expenditures:				
General government:				
Governing body				
Salaries and employee benefits	\$ 54,594	\$ 54,594	\$ -	\$ 57,083
Other operating expenditures	1,870,322	1,580,937	289,385	1,394,763
Tax collection fees	249,927	248,218	1,709	184,579
Capital outlay	2,966,241	3,012,989	(46,748)	1,240,607
Interdepartmental charges	(246,069)	(246,069)	-	(237,700)
	<u>4,895,015</u>	<u>4,650,669</u>	<u>244,346</u>	<u>2,639,332</u>
Administrative				
Salaries and employee benefits	701,019	686,706	14,313	619,537
Other operating expenditures	150,183	61,946	88,237	33,383
Interdepartmental charges	(218,102)	(218,102)	-	(199,720)
	<u>633,100</u>	<u>530,550</u>	<u>102,550</u>	<u>453,200</u>
Finance				
Salaries and employee benefits	538,114	498,747	39,367	427,905
Other operating expenditures	88,400	37,346	51,054	26,804
Interdepartmental charges	(516,458)	(516,458)	-	(475,340)
	<u>110,056</u>	<u>19,635</u>	<u>90,421</u>	<u>(20,631)</u>
IT				
Salaries and employee benefits	49,805	48,123	1,682	43,274
Other operating expenditures	162,950	152,804	10,146	116,773
Capital outlay	358,724	356,219	2,505	421,095
	<u>571,479</u>	<u>557,146</u>	<u>14,333</u>	<u>581,142</u>
Total general government	<u>6,209,650</u>	<u>5,758,000</u>	<u>451,650</u>	<u>3,653,043</u>
Public safety:				
Police				
Salaries and employee benefits	3,842,385	3,513,387	328,998	3,407,526
Other operating expenditures	435,863	372,091	63,772	332,247
Capital outlay	169,429	149,763	19,666	36,383
	<u>4,447,677</u>	<u>4,035,241</u>	<u>412,436</u>	<u>3,776,156</u>

cont.

General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	Budget	Actual		
Expenditures (continued):				
Fire				
Salaries and employee benefits	\$ 2,565,110	\$ 2,564,620	\$ 490	\$ 2,409,063
Other operating expenditures	319,646	307,325	12,321	265,545
Capital outlay	62,897	62,897	-	9,507
	<u>2,947,653</u>	<u>2,934,842</u>	<u>12,811</u>	<u>2,684,115</u>
Boger City Fire				
Salaries and employee benefits	1,130,649	1,079,863	50,786	880,522
Other operating expenditures	249,797	210,374	39,423	231,878
Capital outlay	17,635	17,635	-	-
	<u>1,398,081</u>	<u>1,307,872</u>	<u>90,209</u>	<u>1,112,400</u>
Total public safety	<u>8,793,411</u>	<u>8,277,955</u>	<u>515,456</u>	<u>7,572,671</u>
Public works:				
General and administrative				
Salaries and employee benefits	124,703	120,378	4,325	154,650
Operating expenditures	41,333	40,462	871	27,524
Interdepartmental charges	(169,731)	(169,731)	-	(173,910)
	<u>(3,695)</u>	<u>(8,891)</u>	<u>5,196</u>	<u>8,264</u>
Street maintenance				
Salaries and employee benefits	643,516	762,099	(118,583)	640,282
Operating expenditures	726,930	509,262	217,668	176,190
Capital outlay	15,000	12,000	3,000	48,700
Interdepartmental charges	(200,429)	(200,429)	-	(190,850)
	<u>1,185,017</u>	<u>1,082,932</u>	<u>102,085</u>	<u>674,322</u>
Powell Bill assistance				
Operating expenditures	362,718	288,986	73,732	269,724
	<u>362,718</u>	<u>288,986</u>	<u>73,732</u>	<u>269,724</u>
Fleet maintenance				
Salaries and employee benefits	180,631	180,600	31	163,356
Operating expenditures	270,565	252,071	18,494	98,225
Capital outlay	5,450	5,450	-	-
Interdepartmental charges	(59,048)	(59,048)	-	(54,980)
	<u>397,598</u>	<u>379,073</u>	<u>18,525</u>	<u>206,601</u>

cont.

General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	Budget	Actual		
Expenditures (continued):				
Airport operation	\$ 15,600	\$ 15,600	\$ -	\$ 15,600
Total public works	<u>1,957,238</u>	<u>1,757,700</u>	<u>199,538</u>	<u>1,174,511</u>
Economic and physical development:				
Business and community development				
Salaries and employee benefits	106,045	104,208	1,837	96,704
Operating expenditures	<u>116,337</u>	<u>55,536</u>	<u>60,801</u>	<u>67,960</u>
	<u>222,382</u>	<u>159,744</u>	<u>62,638</u>	<u>164,664</u>
Planning and zoning				
Salaries and employee benefits	252,600	229,389	23,211	183,603
Operating expenditures	135,860	74,431	61,429	48,938
Capital outlay	105,000	-	105,000	-
Interdepartmental charges	<u>(15,759)</u>	<u>(15,759)</u>	<u>-</u>	<u>(12,860)</u>
	<u>477,701</u>	<u>288,061</u>	<u>189,640</u>	<u>219,681</u>
Total economic and physical development	<u>700,083</u>	<u>447,805</u>	<u>252,278</u>	<u>384,345</u>
Environmental protection:				
Solid waste				
Salaries and employee benefits	447,899	431,234	16,665	400,959
Operating expenditures	174,501	129,570	44,931	132,177
Capital outlay	<u>31,252</u>	<u>31,252</u>	<u>-</u>	<u>350,582</u>
	<u>653,652</u>	<u>592,056</u>	<u>61,596</u>	<u>883,718</u>
Total environmental protection	<u>653,652</u>	<u>592,056</u>	<u>61,596</u>	<u>883,718</u>
Cultural and recreational:				
Salaries and employee benefits	791,127	791,024	103	656,412
Operating expenditures	386,862	322,434	64,428	303,399
Capital outlay	<u>394,702</u>	<u>306,402</u>	<u>88,300</u>	<u>66,635</u>
Total cultural and recreational	<u>1,572,691</u>	<u>1,419,860</u>	<u>152,831</u>	<u>1,026,446</u>

cont.

General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	<u>Budget</u>	<u>Actual</u>		
Expenditures (continued):				
Debt service:				
Principal retirement	\$ 280,758	\$ 251,605	\$ 29,153	\$ 237,112
Interest and other charges	<u>64,568</u>	<u>84,063</u>	<u>(19,495)</u>	<u>69,636</u>
Total debt service	<u>345,326</u>	<u>335,668</u>	<u>9,658</u>	<u>306,748</u>
Total expenditures	<u>20,232,051</u>	<u>18,589,044</u>	<u>1,643,007</u>	<u>15,001,482</u>
Revenues over (under) expenditures	<u>(1,431,771)</u>	<u>1,168,596</u>	<u>2,600,369</u>	<u>227,479</u>
Other Financing Sources (Uses):				
Issuance of debt/leases	1,031,041	1,011,921	(19,120)	1,074,478
Transfers (to) from other funds				
Special Revenue Fund/Federal	-	-	-	2,784,706
Water and Sewer Fund	366,384	369,099	2,715	389,222
Electric Fund	<u>34,351</u>	<u>34,351</u>	<u>-</u>	<u>30,465</u>
Total other financing sources (uses)	<u>1,431,776</u>	<u>1,415,371</u>	<u>(16,405)</u>	<u>4,278,871</u>
Revenues and other financing sources over (under) expenditures and other financing uses and extraordinary item	<u>\$ -</u>	<u>\$ 2,583,968</u>	<u>\$ 2,583,968</u>	<u>\$ 4,506,353</u>
Fund balances, July 1		\$ 11,490,338		\$ 6,985,896
Revenues over (under) expenditures		2,583,968		4,506,353
Increase (decrease) in reserve for inventory		<u>7,140</u>		<u>(1,910)</u>
Fund balances, June 30		<u>\$ 14,081,447</u>		<u>\$ 11,490,338</u>

CITY OF LINCOLNTON, NORTH CAROLINA

**Special Revenue Fund/State
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024**

	<u>Project</u>	<u>Prior</u>	<u>Actual</u>	<u>Total to</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Current</u>	<u>Date</u>	<u>Positive</u>
			<u>Year</u>		<u>(Negative)</u>
Revenues:					
SCIF grant funds	\$ 333,950	\$ 25,713	\$ 308,191	\$ 333,904	\$ (46)
AIA grant funds	221,434	-	221,434	221,434	-
Investment earnings	7,334	46	7,334	7,380	46
Total revenues	<u>562,718</u>	<u>25,759</u>	<u>536,959</u>	<u>562,718</u>	<u>-</u>
Expenditures:					
Capital expense - Water AIA	11,902	-	11,902	11,902	-
Capital expense - Wastewater AIA	209,532	-	209,532	209,532	-
Capital expense - playground *	247,938	10,639	237,299	247,938	-
Capital expense - Rail Trail *	93,346	15,120	78,226	93,346	-
Total expenditures	<u>562,718</u>	<u>25,759</u>	<u>536,959</u>	<u>562,718</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfer in (out) - General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, July 1				<u>-</u>	
Fund balance, June 30				<u>\$ -</u>	

* Project complete at 6/30/2024.

GOVERNMENTAL ACTIVITIES
COMPONENT UNIT

***Lincolnton Tourism Development Authority* - This fund is used to account for occupancy tax revenue to be used for tourism-related purposes.**

CITY OF LINCOLNTON, NORTH CAROLINA

**Lincolnton Tourism Development Authority - Component Unit
Schedule of Revenues, Expenditures and Changes in Fund Balance**

Budget and Actual

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023)

	<u>2024</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2023</u>
			<u>(Negative)</u>	<u>Actual</u>
Revenues:				
Unrestricted intergovernmental:				
Local occupancy tax	\$ 150,000	\$ 138,424	\$ (11,576)	\$ 150,998
Investment earnings	<u>5,657</u>	<u>12,298</u>	<u>6,641</u>	<u>6,156</u>
Total revenues	<u>155,657</u>	<u>150,722</u>	<u>(4,935)</u>	<u>157,154</u>
Expenditures:				
Advertising & promotions	85,000	52,628	32,372	32,639
Insurance	450	450	-	450
Other operating expenditures	120,207	113,156	7,051	40,832
Capital outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total expenditures	<u>255,657</u>	<u>166,234</u>	<u>89,423</u>	<u>123,921</u>
Revenues over (under) expenditures	(100,000)	(15,512)	84,488	33,233
Other Financing Sources (Uses):				
Appropriated fund balance	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(15,512)</u>	<u>\$ (15,512)</u>	<u>33,233</u>
Reconciliation From Budgetary Basis (Modified Accrual)				
To Full Accrual:				
Depreciation expense		(2,862)		(2,864)
Write off preciously capitalized item		(50,000)		-
Cost of expenditures that were capitalized		<u>-</u>		<u>50,000</u>
Revenues over (under) expenditures		(68,374)		80,369
Fund balance, July 1		<u>636,957</u>		<u>556,588</u>
Fund balance, June 30		<u>\$ 568,584</u>		<u>\$ 636,957</u>

BUSINESS - TYPE ACTIVITIES

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's governing body has decided that periodic determination of net income is appropriate for accountability purposes.

***Water and Sewer Fund* - This fund is used to account for the activities associated with the production, distribution and transmission of potable water by the City to its users and for the operation and maintenance of the City's sewer and surface drainage systems.**

***Electric Fund* - This fund is used to account for the activities associated with the distribution and transmission of electricity by the City to its users.**

***Electric Rate Stabilization Fund* - This fund is used to account for funds being accumulated to stabilize Electric Rates.**

CITY OF LINCOLNTON, NORTH CAROLINA

**Statements of Net Position
Water and Sewer Fund
June 30, 2024 and 2023**

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 9,344,292	\$ 7,435,024
Accounts receivable	694,866	699,049
Inventories	247,718	127,912
Prepaid expenses	-	-
Total current assets	<u>10,286,876</u>	<u>8,261,985</u>
Noncurrent assets:		
Restricted cash and cash equivalents	162,267	133,197
Capital assets, right to use leased assets, net of amortization	135,836	163,955
Capital assets, net of accumulated depreciation	24,070,814	25,120,747
Total assets	<u>34,655,793</u>	<u>33,679,884</u>
 <u>Deferred Outflows of Resources</u>		
Pension deferrals	832,501	832,555
OPEB deferrals	344,937	390,035
Total deferred outflows of resources	<u>1,177,438</u>	<u>1,222,590</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	117,516	57,573
Customer deposits - restricted	162,267	133,197
Loans payable - current	392,011	363,540
Lease payable - current	64,215	77,092
OPEB - current	120,756	149,440
Accrued compensated absences	73,920	70,364
Total current liabilities	<u>930,685</u>	<u>851,206</u>
Noncurrent liabilities:		
Loans payable	519,567	757,778
Lease payable	110,679	123,118
OPEB liability	2,172,437	2,139,701
Accrued compensated absences	47,380	53,563
Net pension liability	1,360,730	1,219,652
Total noncurrent liabilities	<u>4,210,793</u>	<u>4,293,812</u>
Total liabilities	<u>5,141,478</u>	<u>5,145,018</u>
 <u>Deferred Inflows of Resources</u>		
Pension deferrals	13,857	5,153
OPEB deferrals	534,791	597,937
Total deferred inflows of resources	<u>548,648</u>	<u>603,090</u>
 <u>Net Position</u>		
Net investment in capital assets	23,120,178	23,963,174
Unrestricted	7,022,928	5,191,192
Total net position	<u>\$ 30,143,106</u>	<u>\$ 29,154,365</u>

CITY OF LINCOLN, NORTH CAROLINA

Statements of Revenues, Expenses and Changes in Net Position

Water and Sewer Fund

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Water charges	\$ 3,614,977	\$ 3,463,192
Sewer charges	4,258,224	4,247,794
Water and sewer taps	659,836	171,390
Other operating revenues	<u>232,717</u>	<u>254,466</u>
Total operating revenues	<u>8,765,754</u>	<u>8,136,842</u>
Operating Expenses:		
Water treatment plant	1,657,026	1,490,429
Water and sewer distribution maintenance	1,786,706	1,711,935
Waste treatment plant	1,855,660	1,736,625
Administration	769,822	723,360
Depreciation/amortization	<u>2,143,312</u>	<u>2,059,145</u>
Total operating expenses	<u>8,212,526</u>	<u>7,721,494</u>
Operating income (loss)	<u>553,228</u>	<u>415,348</u>
Nonoperating Revenues (Expenses):		
Investment earnings	399,667	248,825
Gain (loss) on disposition of capital assets	(61,522)	30,079
Donation of property	510,000	-
Interest on long-term debt	<u>(43,535)</u>	<u>(58,172)</u>
Total nonoperating revenues (expenses)	<u>804,610</u>	<u>220,732</u>
Income (loss) before transfers	1,357,838	636,080
Transfer to General Fund-payment in lieu of taxes	<u>(369,099)</u>	<u>(389,222)</u>
Change in net position	<u>\$ 988,740</u>	<u>\$ 246,858</u>
Total net position -beginning	\$29,154,365	\$28,907,507
Change in net position	<u>988,740</u>	<u>246,858</u>
Total net position - ending	<u>\$30,143,106</u>	<u>\$29,154,365</u>

CITY OF LINCOLNTON, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Water and Sewer Fund

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Water charges	\$ 3,610,000	\$ 3,614,977	\$ 4,977	\$ 3,463,192
Sewer charges	4,300,000	4,258,224	(41,776)	4,247,794
Water and sewer taps	658,436	659,836	1,400	171,390
Other	243,801	232,717	(11,084)	254,466
Total operating revenues	<u>8,812,237</u>	<u>8,765,754</u>	<u>(46,483)</u>	<u>8,136,842</u>
Nonoperating revenues:				
Investment earnings	363,919	399,667	35,748	248,825
Total nonoperating revenues	<u>363,919</u>	<u>399,667</u>	<u>35,748</u>	<u>248,825</u>
Total revenues	<u>9,176,156</u>	<u>9,165,421</u>	<u>(10,735)</u>	<u>8,385,667</u>
Expenditures:				
Operating expenditures:				
Water treatment plant				
Salaries and employee benefits	977,621	807,600	170,021	761,313
Chemicals	232,191	205,404	26,787	184,989
Electricity	285,754	277,749	8,005	247,656
Water service contract	160,000	154,530	5,470	167,739
Repairs and maintenance	31,096	21,229	9,867	26,381
Other operating expenditures	198,448	147,812	50,636	81,729
	<u>1,885,110</u>	<u>1,614,324</u>	<u>270,786</u>	<u>1,469,807</u>
Water and sewer distribution maintenance				
Salaries and employee benefits	1,180,844	1,142,831	38,013	1,036,907
Supplies	262,909	256,473	6,436	271,732
Repairs and maintenance	203,185	180,522	22,663	146,355
Other operating expenditures	212,795	149,438	63,357	193,719
	<u>1,859,733</u>	<u>1,729,264</u>	<u>130,469</u>	<u>1,648,713</u>
Waste treatment plant				
Salaries and employee benefits	839,266	751,643	87,623	753,190
Sludge removal	229,539	229,539	-	189,215
Electricity	278,000	278,000	-	278,000
Repairs and maintenance	254,829	205,671	49,158	119,750
Other operating expenditures	608,444	477,543	130,901	377,612
	<u>2,210,078</u>	<u>1,942,396</u>	<u>267,682</u>	<u>1,717,767</u>
Administration	<u>769,822</u>	<u>769,822</u>	<u>-</u>	<u>723,360</u>

cont.

CITY OF LINCOLNTON, NORTH CAROLINA

Page 2 of 2, cont.

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Water and Sewer Fund

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	Budget	Actual		
Total operating expenditures	\$ 6,724,743	\$ 6,055,806	\$ 668,937	\$ 5,559,647
Debt service:				
Principal retirement	454,501	448,099	6,402	1,109,075
Interest and fees	48,852	36,471	12,381	61,957
Total debt service	503,353	484,570	18,783	1,171,032
Capital outlay:				
Water treatment plant	290,000	42,662	247,338	250,435
Water and sewer distribution maintenance	1,916,481	995,656	920,825	1,200,629
Waste water treatment plant	290,000	88,464	201,536	118,371
Total capital outlay	2,496,481	1,126,782	1,369,699	1,569,435
Total expenditures	9,724,577	7,667,158	2,057,419	8,300,114
Revenues over (under) expenditures	(548,421)	1,498,263	2,046,684	85,553
Other Financing Sources (Uses):				
Appropriated fund balance	200,000	-	(200,000)	-
Transfer-General Fund-payment in lieu of taxes	(377,909)	(369,099)	8,810	(389,222)
Capital contributions	510,000	510,000	-	-
Gain (loss) on disposition of capital assets	3,000	(61,522)	(64,522)	30,079
Lease liabilities issued	-	59,715	59,715	-
Proceeds from borrowing	213,328	153,328	(60,000)	-
Total other financing sources	548,419	292,422	(255,997)	(359,143)
Revenues and other sources over (under) expenditures and other uses	\$ -	1,790,685	\$ 1,790,685	(273,590)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:				
Increase (decrease) in inventory		119,806		25,872
(Increase) decrease in accrued vacation pay		2,627		(17,102)
Increase (decrease) in deferred outflows of resources - pensions		(54)		383,496
(Increase) decrease in net pension liability		(141,078)		(950,229)
(Increase) decrease in deferred inflows of resources - pensions		(8,704)		379,771
Increase (decrease) in deferred outflows of resources - OPEB		(45,098)		(90,156)
(Increase) decrease in OPEB liability		(4,052)		301,925
(Increase) decrease in deferred inflows of resources - OPEB		63,146		(136,279)
Cost of expenditures that were capitalized		1,126,782		1,569,435
Payment of debt principal		448,099		1,109,075
Proceeds from borrowing		(153,328)		-
Lease liabilities issued		(59,715)		-
(Increase) decrease in accrued interest		(7,064)		3,785
Depreciation/amortization		(2,143,312)		(2,059,145)
Change in net position		\$ 988,740		\$ 246,858

CITY OF LINCOLNTON, NORTH CAROLINA

**Statements of Cash Flows
Water and Sewer Fund
For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Cash received from customers and users	\$ 8,769,937	\$ 8,108,006
Customer deposits received	29,070	5,291
Cash paid for goods and services	(3,300,852)	(3,090,846)
Cash paid to or on behalf of employees for services	<u>(2,702,076)</u>	<u>(2,551,408)</u>
Net cash provided (used) by operating activities	<u>2,796,079</u>	<u>2,471,043</u>
Cash Flows From Non-Capital Financing Activities:		
Transfers - in (out)	<u>(369,099)</u>	<u>(389,222)</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(556,927)	(1,569,435)
Proceeds from sale of capital assets	-	42,325
Proceeds from borrowing	153,328	-
Principal paid on long-term debt	(448,239)	(1,107,221)
Interest paid on long-term debt	<u>(36,471)</u>	<u>(61,956)</u>
Net cash provided (used) by capital and related financing activities	<u>(888,309)</u>	<u>(2,696,287)</u>
Cash Flows From Investing Activities:		
Investment earnings	<u>399,667</u>	<u>248,825</u>
Net cash provided (used) by investing activities	<u>399,667</u>	<u>248,825</u>
Net increase (decrease) in cash and cash equivalents	1,938,338	(365,641)
Cash and cash equivalents at beginning of year	<u>7,568,221</u>	<u>7,933,862</u>
Cash and cash equivalents at end of year	<u>\$ 9,506,559</u>	<u>\$ 7,568,221</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided		
(Used) by Operating Activities:		
Operating income (loss)	\$ 553,228	\$ 415,348
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	2,143,312	2,059,145
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	4,183	(28,836)
(Increase) decrease in inventory	(119,806)	(25,873)
Increase (decrease) in accounts payable and other accrued liabilities	52,879	(82,606)
Increase (decrease) in accrued vacation pay	(2,627)	17,102
Increase (decrease) in OPEB liability	4,052	(301,925)
(Increase) decrease in deferred outflows of resources-OPEB	45,098	90,156
Increase (decrease) in deferred inflows of resources-OPEB	(63,146)	136,279
(Increase) decrease in deferred outflows of resources-pensions	54	(383,496)
Increase (decrease) in net pension liability	141,078	950,229
Increase (decrease) in deferred inflows of resources-pensions	8,704	(379,771)
Increase (decrease) in customer deposits	<u>29,070</u>	<u>5,291</u>
Net cash provided (used) by operating activities	<u>\$ 2,796,079</u>	<u>\$ 2,471,043</u>
Supplemental Schedule of Non Cash Financing Activities:		
Acquisition of capital assets through donation	<u>\$ 510,000</u>	<u>\$ -</u>
Acquisition of right to use asset through lease liability	<u>\$ 59,855</u>	<u>\$ -</u>

CITY OF LINCOLN, NORTH CAROLINA

**Statements of Net Position
Electric Fund
June 30, 2024 and 2023**

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 6,813,964	\$ 5,456,672
Accounts receivable	582,394	524,842
Advance to other funds	159,722	157,361
Inventories	157,912	110,441
Prepaid expenses	<u>25,000</u>	<u>25,000</u>
Total current assets	<u>7,738,992</u>	<u>6,274,316</u>
Noncurrent assets:		
Restricted cash and cash equivalents	315,800	309,210
Advance to other funds	1,695,021	1,854,744
Capital asset, right to use leased assets, net of amortization	75,809	19,778
Capital assets, net of accumulated depreciation	<u>2,503,474</u>	<u>2,557,897</u>
Total assets	<u>12,329,096</u>	<u>11,015,945</u>
<u>Deferred Outflows of Resources</u>		
Pension deferrals	281,526	279,560
OPEB deferrals	<u>87,026</u>	<u>87,136</u>
Total deferred outflows of resources	<u>368,552</u>	<u>366,696</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	595,053	523,401
Customer deposits - restricted	315,800	309,210
Accrued compensated absences	19,724	20,468
Leases payable - current	14,324	4,776
OPEB- current	<u>16,670</u>	<u>17,206</u>
Total current liabilities	<u>961,571</u>	<u>875,061</u>
Noncurrent liabilities:		
Leases payable	63,902	16,127
OPEB liability	561,894	494,200
Accrued compensated absences	28,686	22,934
Net pension liability	<u>460,158</u>	<u>409,543</u>
Total noncurrent liabilities	<u>1,114,640</u>	<u>942,804</u>
Total liabilities	<u>2,076,211</u>	<u>1,817,865</u>
<u>Deferred Inflows of Resources</u>		
Pension deferrals	4,686	1,730
OPEB deferrals	<u>134,926</u>	<u>133,552</u>
Total deferred inflows of resources	<u>139,612</u>	<u>135,282</u>
<u>Net Position</u>		
Net investment in capital assets	2,501,057	2,556,772
Unrestricted	<u>7,980,768</u>	<u>6,872,721</u>
Total net position	<u>\$ 10,481,825</u>	<u>\$ 9,429,493</u>

CITY OF LINCOLN, NORTH CAROLINA

Statements of Revenues, Expenses and Changes in Net Position

Electric Fund

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Electric sales	\$ 6,837,614	\$ 6,629,936
Electricity - municipal operations	667,825	635,345
Other operating revenues	<u>427,781</u>	<u>436,418</u>
Total operating revenues	<u>7,933,220</u>	<u>7,701,699</u>
Operating Expenses:		
Electrical operations	1,814,860	1,640,811
Electrical power purchases	4,415,293	4,413,439
Administrative	655,774	622,000
Depreciation/amortization	<u>257,431</u>	<u>250,324</u>
Total operating expenses	<u>7,143,358</u>	<u>6,926,574</u>
Operating income (loss)	<u>789,862</u>	<u>775,125</u>
Nonoperating Revenues (Expenses):		
Interest expense	(672)	(364)
Investment earnings	297,494	156,780
Gain (loss) on disposition of capital assets	<u>-</u>	<u>(19,473)</u>
Total nonoperating revenues (expenses)	<u>296,822</u>	<u>136,943</u>
Income (loss) before transfers	1,086,684	912,068
Transfer to the General Fund-payment in lieu of taxes	<u>(34,351)</u>	<u>(30,465)</u>
Change in net position	<u>\$ 1,052,332</u>	<u>\$ 881,603</u>
Total net position - beginning	\$ 9,429,493	\$ 8,547,891
Change in net position	<u>1,052,332</u>	<u>881,603</u>
Total net position - ending	<u>\$10,481,825</u>	<u>\$ 9,429,493</u>

CITY OF LINCOLN, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Electric Fund

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Variance Positive (Negative)	2023 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Electricity sales	\$ 6,820,000	\$ 6,837,614	\$ 17,614	\$ 6,629,936
Electricity - municipal operations	667,875	667,825	(50)	635,345
Other operating revenues	403,834	427,781	23,947	436,418
Total operating revenues	7,891,709	7,933,220	41,511	7,701,699
Nonoperating revenues:				
Investment earnings	384,404	297,494	(86,910)	156,780
Total revenues	8,276,113	8,230,714	(45,399)	7,858,479
Expenditures:				
Salaries and employee benefits	960,427	863,323	97,104	818,768
Electrical power purchases	4,500,000	4,415,293	84,707	4,413,439
Administrative	655,774	655,774	-	622,000
Repairs and maintenance	425,199	200,744	224,455	180,153
Other operating expenditures	1,134,208	673,009	461,199	608,411
Capital outlay	559,585	259,040	300,545	634,000
Debt service				
Principal retirement	6,205	5,897	308	4,412
Interest	364	672	(308)	364
Total operating expenditures	8,241,762	7,073,752	1,168,010	7,281,547
Revenues over (under) expenditures	34,351	1,156,962	1,122,611	576,932
Other Financing Sources (Uses):				
Gain(loss) on disposition of capital assets	-	-	-	(19,473)
Proceeds from borrowing	-	-	-	-
Lease liabilities issued	-	63,220	63,220	-
Transfers from (to):				
General Fund-payment in lieu of taxes	(34,351)	(34,351)	-	(30,465)
Rate Stabilization Fund	-	-	-	-
Total other financing sources (uses)	(34,351)	28,869	63,220	(49,938)

cont.

CITY OF LINCOLN, NORTH CAROLINA

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Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Electric Fund

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	<u>2024</u>		Variance	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>2023</u> <u>Actual</u>
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 1,185,831	\$ 1,185,831	\$ 526,994
Reconciliation From Budgetary Basis				
(Modified Accrual) to Full Accrual:				
Transfer to Rate Stabilization Fund		-		-
Lease liabilities issued		(63,220)		-
Principal retirement		5,897		4,412
Increase (decrease) in inventory		47,471		39,985
(Increase) decrease in accrued vacation pay		(5,008)		(9,002)
Increase (decrease) in deferred outflows of resources - pensions		1,966		126,146
(Increase) decrease in net pension liability		(50,615)		(317,499)
(Increase) decrease in deferred inflows of resources - pensions		(2,956)		129,774
(Increase) decrease in OPEB liability		(67,158)		47,561
(Increase) decrease in deferred outflows of resources - OPEB		(110)		(16,455)
Increase (decrease) in deferred inflows of resources - OPEB		(1,374)		(33,989)
Cost of expenditures that were capitalized		259,040		634,000
Depreciation/amortization		<u>(257,431)</u>		<u>(250,324)</u>
Changes in net position		<u>\$ 1,052,332</u>		<u>\$ 881,603</u>

CITY OF LINCOLN, NORTH CAROLINA

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**Statements of Cash Flows
Electric Fund
For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Cash received from customers and users	\$ 7,875,668	\$ 7,736,432
Customer deposits received	6,590	16,130
Cash paid for goods and services	(5,873,168)	(5,934,351)
Cash paid to or on behalf of employees for services	(863,323)	(818,769)
Net cash provided (used) by operating activities	<u>1,145,767</u>	<u>999,442</u>
 Cash Flows From Non-Capital Financing Activities:		
Repayment from other fund	157,362	155,036
Transfers - in (out)	(34,351)	(30,465)
Net cash provided (used) by non-capital financing activities	<u>123,011</u>	<u>124,571</u>
 Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(195,820)	(634,000)
Proceeds from sale of capital assets	-	-
Principal paid	(5,897)	(4,412)
Interest paid	(672)	(364)
Net cash provided (used) by capital and related financing activities	<u>(202,389)</u>	<u>(638,776)</u>
 Cash Flows From Investing Activities:		
Investment earnings	297,494	156,780
Net cash provided (used) by investing activities	<u>297,494</u>	<u>156,780</u>
 Net increase (decrease) in cash and cash equivalents	1,363,883	642,017
Cash and cash equivalents at beginning of year	<u>5,765,882</u>	<u>5,123,865</u>
Cash and cash equivalents at end of year	<u>\$ 7,129,765</u>	<u>\$ 5,765,882</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 789,862	\$ 775,125
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization	257,431	250,324
Changes in assets, deferred outflows of resources and liabilities:		
(Increase) decrease in accounts receivable	(57,552)	34,733
(Increase) decrease in inventory	(47,471)	(39,985)
(Increase) decrease in prepaid expense	-	-
Increase (decrease) in accounts payable and other accrued liabilities	71,652	(110,348)
Increase (decrease) in accrued vacation pay	5,008	9,001
Increase (decrease) in OPEB liability	67,158	(47,561)
(Increase) decrease in deferred outflows of resources-OPEB	110	16,455
(Increase) decrease in deferred outflows of resources-pensions	(1,966)	(126,146)
Increase (decrease) net pension liability	50,615	317,499
Increase (decrease) in deferred inflows of resources-pensions	2,956	(129,774)
Increase (decrease) in deferred inflows of resources-OPEB	1,374	33,989
Increase (decrease) in customer deposits	6,590	16,130
Net cash provided (used) by operating activities	<u>\$ 1,145,767</u>	<u>\$ 999,442</u>

CITY OF LINCOLNTON, NORTH CAROLINA

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Statements of Cash Flows
Electric Fund
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Supplemental Schedule of Non Cash Financing Activities:		
Acquisition of right to use asset through lease liability	\$ 63,220	\$ -
Additional advance with the transfer of assets	\$ -	\$ -

CITY OF LINCOLNTON, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Electric Rate Stabilization Fund

From Inception and for the Year Ended June 30, 2024

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Transfers in (out):				
Electric Fund	750,000	750,000	-	750,000
Electric Fund	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>

OTHER SCHEDULES

**This section contains additional information required on
property taxes and transfers.**

- **Schedule of Ad Valorem Taxes Receivable**
 - **Analysis of Current Tax Levy**
-

CITY OF LINCOLN, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

June 30, 2024

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023 - 2024	\$ -	\$ 8,041,356	\$ 7,937,511	\$ 103,845
2022 - 2023	93,449	-	78,212	15,237
2021 - 2022	14,374	-	6,202	8,172
2020 - 2021	9,970	-	4,117	5,853
2019 - 2020	8,872	-	4,459	4,412
2018 - 2019	6,768	-	3,195	3,573
2017 - 2018	3,579	-	885	2,694
2016 - 2017	3,436	-	262	3,174
2015 - 2016	5,489	-	59	5,431
2014 - 2015	5,937	-	59	5,878
2013 - 2014	18,045	-	18,045	-
Total	<u>\$ 169,919</u>	<u>\$ 8,041,356</u>	<u>\$ 8,053,006</u>	158,267
Less allowance for uncollectibles				<u>(128,000)</u>
Balance				<u>\$ 30,269</u>
Reconciliation With Revenue:				
Taxes - Ad valorem - General Fund				\$ 7,948,518
Adjustments, releases and discounts				110,115
Taxes written off				18,045
Interest collected				<u>(23,675)</u>
Total collections and credits				<u>\$ 8,053,003</u>

CITY OF LINCOLNTON, NORTH CAROLINA

**Analysis of Current Tax Levy
June 30, 2024**

	<u>City Wide</u>		<u>Total Levy</u>		
			<u>Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxes at current year's rate	\$ 1,505,989,486	0.50	\$ 7,529,947	\$ 7,529,947	\$ -
Motor vehicles taxed at current year rate	<u>117,750,368</u>	0.50	<u>588,752</u>	<u>-</u>	<u>588,752</u>
Total	<u>1,623,739,854</u>		<u>8,118,699</u>	<u>7,529,947</u>	<u>588,752</u>
Discoveries:					
Current year taxes	6,213,400		31,067	31,067	-
Adjustments	<u>(21,682,084)</u>		<u>(108,410)</u>	<u>(108,410)</u>	<u>-</u>
Total	<u>(15,468,684)</u>		<u>(77,343)</u>	<u>(77,343)</u>	<u>-</u>
Total property valuation	<u>\$1,608,271,170</u>				
Net levy			8,041,356	7,452,604	588,752
Less uncollected taxes at June 30, 2024			<u>(103,845)</u>	<u>(103,845)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 7,937,511</u>	<u>\$ 7,348,759</u>	<u>\$ 588,752</u>
Current levy collection percentage			<u>98.71</u>	<u>98.61</u>	<u>100.00</u>

STATISTICAL SECTION

(Unaudited)

This part of the City of Lincolnton's Annual Comprehensive 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 government's overall financial health.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

CITY OF LINCOLNTON, NORTH CAROLINA

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental Activities:										
Net investment in capital assets	\$ 18,225,559	\$ 17,845,361	\$ 17,836,400	\$ 18,078,633	\$ 18,180,889	\$ 18,104,701	\$ 20,703,171	\$ 21,487,462	\$ 21,205,099	\$ 23,487,366
Restricted	1,490,531	1,592,074	1,522,318	1,721,261	1,446,522	2,127,871	1,435,400	1,487,501	1,706,358	1,921,583
Unrestricted	<u>748,673</u>	<u>857,731</u>	<u>133,971</u>	<u>(7,372,812)</u>	<u>(6,908,253)</u>	<u>(6,051,578)</u>	<u>(7,092,864)</u>	<u>(5,864,033)</u>	<u>(2,056,739)</u>	<u>(187,166)</u>
Total governmental activities										
net position	<u>\$ 20,464,763</u>	<u>\$ 20,295,166</u>	<u>\$ 19,492,689</u>	<u>\$ 12,427,082</u>	<u>\$ 12,719,158</u>	<u>\$ 14,180,994</u>	<u>\$ 15,045,707</u>	<u>\$ 17,110,930</u>	<u>\$ 20,854,718</u>	<u>\$ 25,221,783</u>
Business-type Activities:										
Net investment in capital assets	\$ 17,189,653	\$ 18,312,253	\$ 19,838,664	\$ 20,899,184	\$ 20,641,887	\$ 25,485,337	\$ 25,721,285	\$ 25,564,361	\$ 26,519,946	\$ 25,621,235
Unrestricted	<u>10,597,432</u>	<u>11,227,830</u>	<u>11,183,342</u>	<u>9,870,326</u>	<u>12,257,836</u>	<u>9,189,737</u>	<u>10,817,482</u>	<u>11,891,039</u>	<u>12,063,913</u>	<u>15,003,696</u>
Total business-type activities										
net position	<u>\$ 27,787,085</u>	<u>\$ 29,540,083</u>	<u>\$ 31,022,006</u>	<u>\$ 30,769,510</u>	<u>\$ 32,899,723</u>	<u>\$ 34,675,074</u>	<u>\$ 36,538,767</u>	<u>\$ 37,455,400</u>	<u>\$ 38,583,859</u>	<u>\$ 40,624,931</u>
Primary Government:										
Net investment in capital assets	\$ 35,415,212	\$ 36,157,614	\$ 37,675,064	\$ 38,977,817	\$ 38,822,776	\$ 43,590,038	\$ 46,424,456	\$ 47,051,823	\$ 47,725,045	\$ 49,108,601
Restricted	1,490,531	1,592,074	1,522,318	1,721,261	1,446,522	2,127,871	1,435,400	1,487,501	1,706,358	1,921,583
Unrestricted	<u>11,346,106</u>	<u>12,085,562</u>	<u>11,317,314</u>	<u>2,497,515</u>	<u>5,349,583</u>	<u>3,138,159</u>	<u>3,724,618</u>	<u>6,027,006</u>	<u>10,007,174</u>	<u>14,816,530</u>
Total primary government										
net position	<u>\$ 48,251,849</u>	<u>\$ 49,835,250</u>	<u>\$ 50,514,696</u>	<u>\$ 43,196,592</u>	<u>\$ 45,618,881</u>	<u>\$ 48,856,068</u>	<u>\$ 51,584,474</u>	<u>\$ 54,566,330</u>	<u>\$ 59,438,577</u>	<u>\$ 65,846,714</u>

**Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

Expenses:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government	\$ 1,864,278	\$ 1,896,606	\$ 1,864,038	\$ 2,121,703	\$ 2,061,727	\$ 1,802,847	\$ 2,336,593	\$ 3,174,700	\$ 2,541,629	\$ 2,037,534
Public safety	4,562,298	4,487,641	4,808,973	5,397,252	5,711,498	5,895,541	6,893,445	7,637,598	8,456,741	9,199,393
Public works	1,315,049	1,342,101	1,352,039	1,420,115	1,245,261	1,094,464	1,592,569	1,386,645	1,294,415	2,120,826
Economic and physical development	348,274	404,448	333,749	378,549	489,183	456,021	472,536	374,984	686,249	513,719
Environmental protection	1,173,121	1,120,857	1,010,361	759,807	750,577	761,337	586,561	546,385	444,674	727,830
Cultural and recreational	654,985	683,973	688,966	991,094	956,697	980,229	938,555	1,098,701	1,062,649	1,575,359
Interest on long-term debt	5,662	16,458	37,365	37,729	36,502	40,228	45,071	76,743	68,332	82,721
Total governmental activities	9,923,668	9,952,085	10,095,491	11,106,249	11,251,446	11,030,667	12,865,330	14,295,756	14,554,689	16,257,382
Business-type activities:										
Interest on long-term debt	663,840	312,468	296,382	200,965	158,795	175,910	132,043	85,919	58,536	44,207
Water and sewer	6,516,275	6,220,283	6,370,070	6,158,426	5,995,286	6,522,861	6,861,420	6,959,880	7,721,494	8,212,525
Electric	8,066,191	7,525,821	7,445,989	7,561,454	7,403,339	6,773,377	7,336,762	7,514,097	6,926,575	7,143,358
Total business-type activities	15,246,306	14,058,572	14,112,442	13,920,845	13,557,420	13,472,148	14,330,225	14,559,896	14,706,605	15,400,090
Total expenses	\$ 25,169,974	\$ 24,010,658	\$ 24,207,933	\$ 25,027,094	\$ 24,808,865	\$ 24,502,815	\$ 27,195,555	\$ 28,855,652	\$ 29,261,294	\$ 31,657,472
Program Revenues:										
Governmental activities:										
Charges for services:										
Environmental protection	\$ 8,875	\$ 29,259	\$ 27,201	\$ 12,221	\$ 49,377	\$ 39,700	\$ 31,751	\$ 42,450	\$ 16,045	\$ 38,350
Cultural and recreational	120,945	116,764	169,179	177,133	127,134	90,281	40,957	142,285	208,197	200,439
Other	24,052	17,187	17,427	43,303	21,908	25,758	31,988	56,570	84,093	129,888
Operating grants and contributions	447,765	428,431	490,071	545,794	592,248	1,458,602	1,673,229	1,446,519	3,369,957	910,301
Capital grants and contributions	14,237	364,737	-	156,106	646,462	-	401,152	1,385,764	47,870	536,959
Total governmental activities	615,874	956,378	703,878	934,557	1,437,129	1,614,341	2,179,077	3,073,588	3,726,162	1,815,937
Business-type activities:										
Charges for services-Water and Sewer	8,434,290	8,393,729	8,011,313	8,056,185	7,660,499	7,598,165	7,624,106	8,284,548	8,136,843	8,765,754
Charges for services-Electric	7,943,099	7,793,578	7,918,630	7,913,749	8,162,947	7,838,694	8,897,302	7,497,646	7,701,699	7,933,220
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	16,377,389	16,187,307	15,929,943	15,969,934	15,823,446	15,436,859	16,521,408	15,782,194	15,838,542	16,698,974
Total program revenues	\$ 16,993,263	\$ 17,143,685	\$ 16,633,821	\$ 16,904,491	\$ 17,260,575	\$ 17,051,200	\$ 18,700,485	\$ 18,855,782	\$ 19,564,704	\$ 18,514,911

CITY OF LINCOLNTON, NORTH CAROLINA

**Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net revenue (expense)										
Governmental activities	\$ (9,307,794)	\$ (8,995,707)	\$ (9,391,613)	\$ (10,171,692)	\$ (9,814,317)	\$ (9,416,326)	\$ (10,686,253)	\$ (11,222,168)	\$ (10,828,527)	\$ (14,441,445)
Business-type activities	<u>1,131,083</u>	<u>2,128,735</u>	<u>1,817,501</u>	<u>2,049,090</u>	<u>2,266,026</u>	<u>1,964,711</u>	<u>2,191,183</u>	<u>1,222,298</u>	<u>1,131,937</u>	<u>1,298,884</u>
Total net expense	<u>\$ (8,176,710)</u>	<u>\$ (6,866,972)</u>	<u>\$ (7,574,112)</u>	<u>\$ (8,122,603)</u>	<u>\$ (7,548,291)</u>	<u>\$ (7,451,614)</u>	<u>\$ (8,495,070)</u>	<u>\$ (9,999,870)</u>	<u>\$ (9,696,590)</u>	<u>\$ (13,142,561)</u>
General Revenues										
Governmental activities:										
Ad valorem taxes	\$ 4,761,205	\$ 4,641,125	\$ 4,718,281	\$ 4,737,848	\$ 4,855,114	\$ 5,421,455	\$ 5,556,374	\$ 5,618,118	\$ 5,815,807	\$ 7,932,870
Other taxes and licenses	3,573,901	3,682,640	4,148,713	4,466,391	4,662,968	4,756,705	5,411,921	7,058,557	7,468,878	8,236,988
Unrestricted investment earnings	3,477	10,321	18,979	49,932	95,717	90,267	59,940	41,877	341,958	668,805
Other	56,808	86,953	(3,245)	8,048	87,525	204,664	103,044	149,152	525,985	1,566,397
Transfers	394,135	405,071	405,071	405,071	405,071	405,071	419,687	419,687	419,687	403,450
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>8,789,526</u>	<u>8,826,110</u>	<u>9,287,798</u>	<u>9,667,289</u>	<u>10,106,394</u>	<u>10,878,162</u>	<u>11,550,966</u>	<u>13,287,391</u>	<u>14,572,315</u>	<u>18,808,510</u>
Business-type activities:										
Unrestricted investment earnings	10,869	26,421	51,748	136,764	255,617	215,711	69,429	73,137	405,605	697,160
Other	(405,084)	2,914	17,744	(12,133)	13,641	-	22,767	40,884	10,606	448,478
Transfers	<u>(394,135)</u>	<u>(405,071)</u>	<u>(405,071)</u>	<u>(405,071)</u>	<u>(405,071)</u>	<u>(405,071)</u>	<u>(419,687)</u>	<u>(419,687)</u>	<u>(419,687)</u>	<u>(403,450)</u>
Total business-type activities	<u>(788,350)</u>	<u>(375,736)</u>	<u>(335,579)</u>	<u>(280,440)</u>	<u>(135,813)</u>	<u>(189,360)</u>	<u>(327,491)</u>	<u>(305,666)</u>	<u>(3,476)</u>	<u>742,188</u>
Total primary government	<u>\$ 8,001,176</u>	<u>\$ 8,450,374</u>	<u>\$ 8,952,219</u>	<u>\$ 9,386,849</u>	<u>\$ 9,970,581</u>	<u>\$ 10,688,802</u>	<u>\$ 11,223,475</u>	<u>\$ 12,981,725</u>	<u>\$ 14,568,839</u>	<u>\$ 19,550,698</u>
Change in Net Position:										
Governmental activities	\$ (518,268)	\$ (169,597)	\$ (103,815)	\$ (504,403)	\$ 292,076	\$ 1,461,836	\$ 864,713	\$ 2,065,223	\$ 3,743,788	\$ 4,367,065
Business-type activities	<u>342,733</u>	<u>1,752,998</u>	<u>1,481,922</u>	<u>1,768,649</u>	<u>2,130,213</u>	<u>1,775,351</u>	<u>1,863,692</u>	<u>916,632</u>	<u>1,128,461</u>	<u>2,041,072</u>
Total primary government	<u>\$ (175,535)</u>	<u>\$ 1,583,401</u>	<u>\$ 1,378,107</u>	<u>\$ 1,264,247</u>	<u>\$ 2,422,291</u>	<u>\$ 3,237,187</u>	<u>\$ 2,728,405</u>	<u>\$ 2,981,855</u>	<u>\$ 4,872,249</u>	<u>\$ 6,408,137</u>

CITY OF LINCOLNTON, NORTH CAROLINA

**Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

Fiscal Year	Property Tax	Rental Vehicle Tax	Sales Tax	Franchise Tax	Payment in lieu of Tax (1)	Payment in lieu of Tax (2)	Alcoholic Beverage Tax	Solid Waste Disposal Tax	Total
2015	4,761,205	21,270	2,499,885	920,256	22,471	394,135	50,317	6,717	8,676,256
2016	4,641,125	16,000	2,644,526	873,432	21,216	405,071	46,286	5,900	8,653,556
2017	4,718,281	27,376	2,983,564	911,698	23,400	405,071	47,787	7,086	9,124,263
2018	4,737,848	26,362	3,155,789	895,540	28,545	405,071	46,076	7,250	9,302,481
2019	4,855,114	29,012	3,357,639	897,284	28,669	405,071	45,706	7,413	9,625,908
2020	5,421,455	26,833	3,520,805	863,965	35,233	405,071	45,441	8,044	10,326,847
2021	5,556,374	31,861	4,184,806	821,540	42,175	419,687	45,742	8,074	11,110,259
2022	5,618,118	32,596	4,845,657	809,362	42,316	419,687	44,189	8,485	11,820,410
2023	5,815,807	35,513	5,185,778	848,501	37,839	419,687	50,794	8,730	12,402,649
2024	7,948,518	29,567	5,421,490	870,218	43,173	403,450	55,761	9,029	14,781,206

(1) Payment in lieu of tax from the Housing Authority

(2) Payment in lieu of tax from the Enterprise Funds

CITY OF LINCOLNTON, NORTH CAROLINA

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund:										
Nonspendable:										
Inventories	\$ 22,880	\$ 14,316	\$ 5,828	\$ 14,396	\$ 10,598	\$ 7,955	\$ 11,195	\$ 8,210	\$ 6,300	\$ 13,440
Prepaid expenditures	58,524	57,490	44,437	33,207	50,587	11,500	11,500	7,000	8,500	8,500
Restricted:										
Stabilization by State Statute	633,776	695,340	827,256	1,045,057	1,006,402	1,758,308	1,156,191	1,242,039	1,337,389	1,483,554
Streets - Powell Bill	849,755	896,728	695,057	676,199	440,115	369,558	278,229	314,798	361,415	437,048
Public safety - Police	7,000	5	5	5	5	5	980	3,801	7,554	981
Assigned:										
Subsequent year's expenditures	1,405,541	1,050,000	785,301	765,470	237,000	405,000	-	-	-	200,000
Unassigned	<u>1,714,961</u>	<u>2,508,579</u>	<u>2,794,186</u>	<u>2,261,650</u>	<u>3,455,634</u>	<u>4,296,297</u>	<u>4,250,111</u>	<u>5,410,047</u>	<u>9,769,179</u>	<u>11,937,924</u>
Total general fund	<u>\$ 4,692,437</u>	<u>\$ 5,222,459</u>	<u>\$ 5,152,070</u>	<u>\$ 4,795,984</u>	<u>\$ 5,200,341</u>	<u>\$ 6,848,623</u>	<u>\$ 5,708,206</u>	<u>\$ 6,985,895</u>	<u>\$ 11,490,337</u>	<u>\$ 14,081,447</u>
All Other Governmental Funds:										
Restricted:										
Economic development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>								

CITY OF LINCOLNTON, NORTH CAROLINA

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Basis of Accounting)
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:										
Ad valorem taxes	\$ 4,734,705	\$ 4,712,610	\$ 4,704,877	\$ 4,800,673	\$ 4,879,429	\$ 5,433,254	\$ 5,605,996	\$ 5,638,718	\$ 5,801,889	\$ 7,948,518
Other taxes and licenses	27,986	32,034	167,263	203,572	207,745	208,777	1,216,803	1,227,033	1,255,966	1,720,712
Unrestricted intergovernmental	3,601,858	3,709,323	4,109,375	4,387,039	4,584,284	4,677,896	5,323,877	5,978,781	6,371,007	6,880,692
Restricted intergovernmental	391,822	505,951	362,145	577,679	1,109,648	1,328,634	544,468	1,377,198	3,259,686	545,885
Permits and fees	27,756	32,559	35,394	44,632	45,786	45,636	30,501	46,937	48,437	127,886
Sales and services	142,760	149,132	199,336	210,912	179,758	133,334	75,982	215,802	284,691	268,913
Investment earnings	3,477	10,321	18,979	49,932	95,717	90,267	57,750	35,267	338,966	668,183
Miscellaneous	54,519	296,487	120,621	59,802	60,400	192,057	116,393	179,450	700,898	1,596,852
Total revenues	<u>8,984,882</u>	<u>9,448,416</u>	<u>9,717,989</u>	<u>10,334,241</u>	<u>11,162,766</u>	<u>12,109,855</u>	<u>12,971,770</u>	<u>14,699,186</u>	<u>18,061,540</u>	<u>19,757,641</u>
Expenditures:										
General government	1,355,882	1,327,589	1,293,767	1,572,754	1,607,558	1,641,391	2,047,976	2,959,225	3,653,043	5,757,998
Public safety	4,902,029	5,060,727	5,022,088	6,029,667	5,534,104	5,460,482	7,708,278	7,221,585	7,572,671	8,277,955
Public works	1,234,560	1,241,230	1,651,114	1,266,038	1,301,877	1,185,753	1,402,534	1,279,448	1,174,511	1,757,701
Economic and physical development	346,769	374,412	315,893	422,053	484,657	618,334	977,246	441,575	384,345	447,805
Environmental protection	1,099,891	1,519,010	873,584	580,802	593,203	886,254	641,937	476,928	883,718	592,056
Cultural and recreational	632,441	708,628	977,385	1,036,387	1,258,794	1,167,270	974,988	1,031,702	1,074,316	1,419,860
Debt service:										
Principal	89,200	271,078	404,726	435,016	357,078	426,797	402,337	349,056	237,112	251,605
Interest	5,662	12,229	37,591	38,714	37,410	36,719	42,702	78,679	69,636	84,063
Total expenditures	<u>9,666,434</u>	<u>10,514,903</u>	<u>10,576,148</u>	<u>11,381,430</u>	<u>11,174,683</u>	<u>11,423,000</u>	<u>14,197,998</u>	<u>13,838,198</u>	<u>15,049,353</u>	<u>18,589,044</u>
Revenues over (under) expenditures	<u>(681,552)</u>	<u>(1,066,487)</u>	<u>(858,158)</u>	<u>(1,047,189)</u>	<u>(11,916)</u>	<u>686,855</u>	<u>(1,226,228)</u>	<u>860,988</u>	<u>3,012,187</u>	<u>1,168,597</u>

CITY OF LINCOLNTON, NORTH CAROLINA

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Basis of Accounting)
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Other Financing Sources (Uses):										
Transfers in	\$ 394,135	\$ 405,071	\$ 405,071	\$ 405,071	\$ 405,071	\$ 405,071	\$ 419,687	\$ 1,157,027	\$ 3,204,393	\$ 403,450
Transfers out	-	-	-	-	-	-	-	(737,340)	(2,784,706)	-
Capital contributions	-	-	-	-	-	-	401,152	-	-	-
Issuance of debt/leases	470,000	1,200,000	391,186	275,589	-	559,000	819,539	-	1,074,478	1,011,921
Miscellaneous	-	-	-	1,875	15,000	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>864,135</u>	<u>1,605,071</u>	<u>796,257</u>	<u>682,535</u>	<u>420,071</u>	<u>964,071</u>	<u>1,640,377</u>	<u>419,687</u>	<u>1,494,165</u>	<u>1,415,371</u>
Net change in fund balances	<u>\$ 182,583</u>	<u>\$ 538,585</u>	<u>\$ (61,901)</u>	<u>\$ (364,654)</u>	<u>\$ 408,155</u>	<u>\$ 1,650,926</u>	<u>\$ 414,149</u>	<u>\$ 1,280,675</u>	<u>\$ 4,506,350</u>	<u>\$ 2,583,968</u>
Debt service as a percentage of non-capital project expenditures	1.2%	0.8%	1.0%	3.1%	4.7%	4.7%	3.8%	4.5%	2.4%	2.4%

CITY OF LINCOLNTON, NORTH CAROLINA

**Assessed Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Assessed Value (1)				Property Tax Rate (Per \$100 Assessed Value)	Percent Increase in Value	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Value (3)	Public Service Companies	Total				
2015	706,398,383	134,664,090	19,126,151	860,188,624	0.56	(2.5)%	859,243,456	100.11 %
2016 (2)	685,583,561	125,026,097	21,026,134	831,635,792	0.56	(3.3)%	831,552,637	100.01 %
2017	702,208,297	125,357,003	23,533,271	851,098,571	0.56	2.3 %	846,166,992	100.58 %
2018	701,648,672	132,992,216	24,285,332	858,926,220	0.56	0.9 %	870,315,305	98.69 %
2019	715,613,213	137,747,098	25,290,939	878,651,250	0.56	2.3 %	857,870,168	102.42 %
2020	807,305,151	145,584,898	26,327,143	979,217,192	0.56	11.4 %	966,200,603	101.35 %
2021	823,334,077	155,334,000	25,400,076	1,004,068,153	0.56	2.5 %	1,005,800,000	99.83 %
2022	884,662,089	105,924,557	25,889,808	1,016,476,454	0.56	1.2 %	1,046,000,000	97.18 %
2023	913,537,334	109,988,968	28,020,980	1,051,547,282	0.56	3.5 %	1,062,168,972	99.00 %
2024 (2)	1,458,302,958	120,210,298	29,757,914	1,608,271,170	0.50	52.9 %	1,624,516,333	99.00 %

Notes:

- (1) Assessed value is established by Lincoln County Assessor's office.
- (2) North Carolina General Statutes require that a reappraisal of real property be conducted every eight years. A revaluation of real property became effective for the fiscal year.
- (3) Includes vehicles. During 2014, the State of North Carolina began collecting vehicle taxes.
- (4) 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 the actual property sales which took place for Lincoln County during the fiscal year.

CITY OF LINCOLNTON, NORTH CAROLINA

**Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of Lincolnton	<u>0.56</u>	<u>0.50</u>								
Lincoln County	<u>0.598</u>	<u>0.611</u>	<u>0.611</u>	<u>0.611</u>	<u>0.611</u>	<u>0.599</u>	<u>0.599</u>	<u>0.619</u>	<u>0.619</u>	<u>0.499</u>
Special District:										
East Lincoln Water and Sewer District	<u>0.0342</u>	<u>0.0345</u>	<u>0.0000</u>							
Fire Districts:										
Alexis	0.1100	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	0.1165	0.1065
Boger City	0.0925	0.0999	0.0999	0.0999	0.0999	0.1050	0.1250	0.1250	0.1250	0.1250
Crouse	0.0609	0.0640	0.0640	0.0640	0.0640	0.0860	0.0860	0.0860	0.0860	0.0860
Denver	0.1099	0.1125	0.1125	0.1150	0.1150	0.1150	0.1150	0.1150	0.1220	0.1040
East Lincoln	0.0850	0.0850	0.1125	0.0890	0.0890	0.0980	0.0980	0.1250	0.1200	0.1024
Howards Creek	0.1150	0.1203	0.1223	0.1223	0.1223	0.1355	0.1355	0.1355	0.1355	0.1355
North Brook	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0950
North 321	0.0400	0.0400	0.0400	0.0400	0.0400	0.0700	0.0700	0.0700	0.0900	0.0900
Pumpkin Center	0.1242	0.1295	0.9700	0.9700	0.9700	0.9700	0.1200	0.1200	0.1200	0.1050
South Fork	0.1236	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250
Union	<u>0.0900</u>	<u>0.0900</u>	<u>0.0900</u>	<u>0.1250</u>						
	<u>1.03</u>	<u>1.08</u>	<u>1.95</u>	<u>1.97</u>	<u>1.97</u>	<u>2.05</u>	<u>1.22</u>	<u>1.24</u>	<u>1.27</u>	<u>1.20</u>

Other Tax Data:

Tax rates are established on a per \$100 valuation basis and are levied on July 1, the first day of the fiscal year.

There is a State statutory tax rate limit of \$1.50 per hundred dollars valuation for operating expenses, but no limitation on the rate of tax, which may be levied for debt service.

The City has no financial responsibility for the public school system. It is funded through the County, State and Federal Government.

Lincoln County is an overlapping district of the East Lincoln Water and Sewer District.

Fire districts are overlapping of the County and the East Lincoln Water and Sewer District, but not of the City of Lincolnton.

CITY OF LINCOLNTON, NORTH CAROLINA

**Principal Property Taxpayers
Nine Years Ago and Current Year
(Unaudited)**

<u>Taxpayer</u>	<u>Type of Enterprise</u>	<u>2024</u>			<u>2015</u>		
		<u>Total Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Triangle Real Estate	Apts/ Real Estate	\$ 44,549,067	1	2.77	\$ -	-	-
Colonial Village of Linc, LLC	Apts/ Real Estate	33,763,663	2	2.10	6,917,983	6	0.80
Wal-Mart Real Estate Business	Real Estate	16,083,240	3	1.00	16,743,890	1	2.00
Ingles Markets	Retail	15,281,063	4	0.95	13,395,550	2	1.60
Lincolnton Oak Apartments, LLC	Real Estate	14,703,178	5	0.91	6,009,178	7	0.72
Griffin-American Healthcare REIT	Healthcare	14,376,045	6	0.89	-	-	-
T & T Investments	Real Estate	12,316,335	7	0.77	11,580,318	3	1.40
Duke Energy	Utility	12,157,637	8	0.76	4,655,695	10	0.56
Archer Central Building, LLC	Real Estate	10,951,221	9	0.68	-	-	-
Lowes Home Centers, Inc.	Retail	10,532,152	10	0.65	10,765,666	4	1.30
Bell South Telephone Company	Utility	-	-	-	8,357,923	5	1.00
Lincoln General, LLC	Real Estate	-	-	-	5,891,548	8	0.70
SMV Lincolnton, LLC	Real Estate	-	-	-	5,467,597	9	0.65
		-	-	-	-	-	-
Totals		<u>\$ 184,713,601</u>		<u>11.48</u>	<u>\$ 89,785,348</u>		<u>10.73</u>

CITY OF LINCOLNTON, NORTH CAROLINA

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Total tax Levy for Fiscal Year	Current Year's Taxes Collected/Credited	Percentage of Levy Collected	Collections in Subsequent Years	Total Collections and Credits	Percentage of Total tax Collections to Net Levv	Total Receivable Balance June 30 (1)
2015	4,817,056	4,688,416	97.3	122,762	4,811,178	99.9	5,878
2016	4,657,160	4,577,654	98.3	74,075	4,651,729	99.9	5,431
2017	4,766,152	4,653,457	97.6	109,521	4,762,978	99.9	3,174
2018	4,813,332	4,723,012	98.1	87,626	4,810,638	99.9	2,694
2019	4,920,447	4,840,432	98.4	76,442	4,916,874	99.9	3,573
2020	5,483,656	5,395,076	98.4	84,168	5,479,244	99.9	4,412
2021	5,622,783	5,572,445	99.1	44,485	5,616,930	99.9	5,853
2022	5,692,268	5,643,215	99.1	40,881	5,684,096	99.9	8,172
2023	5,888,665	5,795,216	98.4	78,212	5,873,428	99.7	15,237
2024	8,041,356	7,937,511	98.7	-	7,937,511	98.7	103,845

Notes:

(1) Includes current portion only of taxes receivable.

CITY OF LINCOLNTON, NORTH CAROLINA

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities		Business Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Installment Financing	Lease Liability	Revenue Bonds	State Revolving Loan	Installment Financing	Lease Liability			
2015	380,800	-	9,479,000	5,508,929	-	-	15,368,729	3.78	1,461
2016	1,309,722	-	7,968,000	4,866,749	-	-	14,144,471	3.34	1,333
2017	1,296,182	-	6,428,000	4,240,000	-	-	11,964,182	2.74	1,112
2018	1,136,755	-	4,861,000	3,543,000	-	-	9,540,755	2.01	902
2019	779,678	-	3,265,000	2,829,000	2,470,015	-	9,343,693	1.82	854
2020	911,880	-	1,647,000	2,101,000	2,144,113	-	6,803,993	1.29	607
2021	1,329,019	-	-	1,358,000	1,962,245	-	4,649,264	*	398
2022	979,964	1,140,461	-	686,000	1,473,755	294,310	4,574,490	*	269
2023	1,093,434	1,364,655	-	-	1,121,318	221,113	3,800,520	*	325
2024	841,828	1,838,242	-	-	911,578	253,119	3,844,767	*	317

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

* - information not available

CITY OF LINCOLNTON, NORTH CAROLINA

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population	Total Assessed Value	Gross Bonded Debt	Less: Debt Payable From Enterprise Revenues	Total General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015	10,552	860,188,624	9,479,000	9,479,000	-	-	-
2016	10,612	831,635,792	7,968,000	7,968,000	-	-	-
2017	10,754	851,098,571	6,428,000	6,428,000	-	-	-
2018	10,578	858,926,220	4,861,000	4,861,000	-	-	-
2019	10,945	878,651,250	3,265,000	3,265,000	-	-	-
2020	11,200	979,217,192	1,647,000	1,647,000	-	-	-
2021	11,675	1,004,068,153	-	-	-	-	-
2022	11,678	1,016,476,454	-	-	-	-	-
2023	11,678	1,051,547,282	-	-	-	-	-
2024	12,128	1,608,271,170	-	-	-	-	-

(1) North Carolina Office of State Budget and Management.

CITY OF LINCOLNTON, NORTH CAROLINA

Direct and Overlapping Government Activities Debt

June 30, 2024

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
County of Lincoln	\$ 79,263,790	8.41 %	\$ <u>6,666,085</u>
Subtotal, overlapping debt			6,666,085
City of Lincolnton direct debt			<u>2,680,070</u>
Total direct and overlapping debt			<u>\$ 9,346,155</u>

Note: The percentage of overlapping debt is based on the June 30, 2024 assessed valuation of the County of Lincoln of \$18,967,400,000 as compared to the June 30, 2024 assessed valuation for the City of Lincolnton of \$1,608,271,170.

Tax reports received from Lincoln County Tax Department for tax year 2024.

CITY OF LINCOLNTON, NORTH CAROLINA

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed value of taxable property	\$ 860,188,624	\$ 831,635,792	\$ 851,098,571	\$ 858,926,220	\$ 878,651,250	\$ 979,217,192	\$ 1,004,068,153	\$ 1,016,476,454	\$ 1,051,547,282	\$ 1,608,271,170
Debt limit, 8% of assessed value (statutory limitation)	\$ 68,815,090	\$ 66,530,863	\$ 68,087,886	\$ 68,714,098	\$ 70,292,100	\$ 78,337,375	\$ 80,325,452	\$ 81,318,116	\$ 84,123,783	\$ 128,661,694
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount set aside for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 68,815,090	\$ 66,530,863	\$ 68,087,886	\$ 68,714,098	\$ 70,292,100	\$ 78,337,375	\$ 80,325,452	\$ 81,318,116	\$ 84,123,783	\$ 128,661,694
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Note: NC Statute GS 159-55 limits the City's outstanding debt to 8% of the appraised value of property subject to taxation.

CITY OF LINCOLNTON, NORTH CAROLINA

**Bond Coverage
Combined Enterprise System Bonds
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Revenues Available for Debt Service	Less Expenses	Income Available for Debt Service	Total Debt Service	Principal	Interest	Coverage
2015	8,445,905	4,769,117	3,676,788	2,575,103	1,985,263	589,840	1.43
2016	8,416,097	4,485,512	3,930,585	2,465,652	2,153,184	312,468	1.59
2017	8,061,581	4,617,328	3,444,253	6,703,132	6,406,750	296,382	0.51
2018	8,161,071	4,537,616	3,623,455	2,464,965	2,264,000	200,965	1.47
2019	7,850,776	4,338,029	3,512,747	2,468,796	2,310,000	158,796	1.42
2020	7,746,192	4,827,695	2,918,497	2,847,812	2,671,902	175,910	1.02
2021	7,686,680	4,959,830	2,726,850	2,850,374	2,718,331	132,043	0.96
2022	8,348,586	4,943,100	3,405,486	1,314,724	1,228,977	85,747	2.59
2023	8,415,746	5,662,349	2,753,397	1,167,247	1,109,075	58,172	2.36
2024	9,613,899	6,069,214	3,544,685	491,634	448,099	43,535	7.21

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation or PILOT (payment in lieu of taxes).

CITY OF LINCOLNTON, NORTH CAROLINA

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population (1)	Personal Income Amounts Expressed in Thousands	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (%) (4)
2015	10,522	406,301	38,614	42.0	11,646	5.9
2016	10,612	423,938	39,949	38.5	11,503	4.7
2017	10,754	436,515	40,591	42.0	11,503	3.8
2018	10,578	475,593	44,961	43.0	11,441	3.5
2019	10,945	512,859	46,858	43.0	11,443	4.1
2020	11,091	528,394	47,642	43.0	11,443	12.0
2021	11,675	562,771	48,203	43.0	11,406	4.2
2022	11,678	614,926	52,657	43.0	11,288	3.0
2023	11,678	635,833	54,447	36.0	11,310	3.1
2024	12,128	-	-	36.0	11,744	3.5

Data Sources

(1) North Carolina Office of State Budget and Management, U.S. Census Bureau

(2) State Department of Commerce, Bureau of Economic Analysis

(3) Department of Public Instruction

(4) North Carolina Employment Security Commission

Information not available for 2023 personal income and per capita personal income.

Note: Separate data for the City is not available except for the population amounts, Lincoln County data was provided. Personal income information is a total for the previous year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF LINCOLNTON, NORTH CAROLINA

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lincoln County Schools	1,415	1	2.94 %	1,582	1	4.00 %
Lincoln County Government	831	2	1.73 %	751	2	1.90 %
Wal-Mart Stores, Inc.	725	3	1.51 %	730	3	1.84 %
The Timken Company	636	4	1.32 %	531	6	1.34 %
RSI Home Products	570	5	1.18 %	625	5	1.58 %
Atrium Health (Lincoln Medical Center)	551	6	1.15 %	652	4	1.65 %
Robert Bosch Tool Corporation	500	7	1.04 %	162	14	0.41 %
Amerihealth Caritas Services, LLC	485	8	1.01 %	-		- %
Julius Blum, Inc.	473	9	0.98 %	372	7	0.94 %
Leeboy	465	10	0.97 %	-		- %
Lowes				270	9	0.68 %
Actavis Corp				330	8	0.83 %
Total	6,651		13.83 %	6,005		15.17 %
Total Civilian Labor Force	48,113			39,584		

Sources: Lincoln Economic Development Association

North Carolina Department of Commerce Division of Employment Security

Note: Separate Data for the City is not available, Lincoln County data was provided.

CITY OF LINCOLNTON, NORTH CAROLINA

**Full-Time Equivalent City Government Employees By Function
Last Ten Fiscal Years
(Unaudited)**

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government										
City Manager	3	3	4	3	3	3	2	2	2	3
Human resources	4	4	4	4	4	5	5	5	5	4
Finance	9	9	8	8	8	7	7	6	6	7
Information technology	-	-	-	-	-	-	-	1	1	1
Public Safety										
Police										
Officers	31	31	33	33	33	33	33	33	34	35
Civilians	5	5	5	5	5	4	2	3	3	3
Fire										
Firefighters and officers	21	21	22	23	26	27	38	39	38	39
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Public works	3	3	3	3	3	2	3	3	3	3
Street	12	12	12	11	11	11	11	11	10	10
Equipment services	3	2	2	2	2	2	2	2	2	2
Environmental Protection										
Solid waste	12	13	13	11	7	7	6	6	7	6
General services-cemetery	2	2	2	-	-	-	-	-	-	-
Economic and Physical Development										
Planning and zoning	2	2	2	3	3	3	2	2	2	2
Business and community development	2	2	1	1	1	1	1	1	1	1
Cultural and Recreational										
Parks and recreation	5	5	5	7	7	7	5	5	4	7
Water and Sewer										
Water treatment plant	9	10	10	10	10	10	9	10	8	8
Distribution and collection	13	11	11	11	11	12	13	11	12	13
Waste water treatment plant	8	9	9	9	9	9	9	9	9	9
Electric	<u>7</u>	<u>8</u>	<u>9</u>							
Total	<u>152</u>	<u>153</u>	<u>155</u>	<u>153</u>	<u>152</u>	<u>152</u>	<u>157</u>	<u>158</u>	<u>156</u>	<u>163</u>

Source: Finance Department's payroll records.

FY 2021 Firefighters and officers include Boger City Fire Department.

CITY OF LINCOLNTON, NORTH CAROLINA

**Operating Indicators By Function
Last Ten Fiscal Years
(Unaudited)**

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Public Safety										
Police										
Physical arrests	1,505	1,330	1,243	1,308	652	1,017	904	688	810	854
Parking violations	79	61	150	843	477	816	563	942	314	127
Traffic violations	1,727	2,359	1,830	1,667	1,357	1,068	896	1,613	2,083	1,244
Fire										
Number of calls answered	2,164	2,185	2,212	2,294	2,259	2,074	2,629	3,462	3,439	3,391
Inspections (3)	597	344	301	297	243	317	363	775	765	836
Public Works - Highways and streets										
Street resurfacing (miles) (2)	0.98	1.03	2.24	1.57	1.80	-	1.94	1.36	0.62	1.62
Potholes repaired	42	39	83	83	196	193	102	267	182	249
Environmental Protection										
Refuse collected (tons/day)	30.33	27.88	26.56	22.82	18.91	14.74	9.00	21.40	26.36	33.57
Recyclables collected (tons/day)	1.07	1.04	1.10	1.03	0.69	0.30	0.32	0.32	0.31	0.30
Cultural and Recreational (1)										
Youth sports participants	1,228	1,209	1,157	1,281	1,396	829	432	1,766	2,151	2,343
Youth camps/clinics participants	235	179	199	2,121	1,634	1,298	39	1,101	1,517	1,762
Open gym participants	10,099	7,827	9,846	15,219	15,229	14,122	4,500	14,506	16,046	23,019
Swimming pool participants	10,825	11,045	7,767	9,686	8,101	5,697	1,595	6,896	6,605	10,978
Other programs participants	5,305	3,992	3,435	3,885	5,531	2,879	2,279	3,196	2,248	1,260
Special events	19	23	23	27	25	14	12	21	23	39
Special events participants	6,427	6,971	3,435	6,750	6,101	4,003	12	10,440	6,668	12,765
Recreation program participants	34,109	34,223	28,791	38,942	37,992	28,828	23,110	37,905	35,235	52,127
Facility and ball field rentals	2,570	2,911	2,952	2,843	1,862	1,041	349	474	423	491

Operating Indicators By Function
Last Ten Fiscal Years
(Unaudited)

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water										
New connections	18	12	14	12	34	24	58	120	85	161
Water main breaks	20	31	18	23	22	25	30	33	31	32
Average daily consumption (thousands of gallons)	3,000	3,000	2,689	2,424	2,295	2,606	2,605	2,763	2,721	2,178
Wastewater										
New connections	10	5	14	9	25	9	38	63	72	163
Average daily sewage treatment (thousands of gallons)	2,075	2,390	1,760	1,700	1,760	2,415	2,442	1,641	1,755	1,664
Electric										
New connections	15	4	23	9	6	8	16	21	20	19

Sources: Various City departments.

Note: Indicators are not available for general government function.

- (1) Covid pandemic resulted in a lower number of participants in 2020 and 2021
- (2) Resurfacing streets is contracted out.
- (3) Fire inspections include reinspections required for compliance measures.

CITY OF LINCOLNTON, NORTH CAROLINA

Capital Asset Statistics By Function
Last Ten Fiscal Years
(Unaudited)

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	1	1
Patrol units	34	37	38	38	38	38	38	38	35	48
Fire stations	2	2	2	2	2	2	2	2	2	2
Public Works - Highways and streets										
Streets (miles)	59.90	59.90	60.15	60.15	60.15	60.15	60.15	60.15	60.64	60.64
Streetlights	981	981	981	981	981	981	981	981	981	981
Traffic signals	11	11	11	11	11	11	11	11	11	11
Environmental Protection										
Refuse collection trucks	5	5	5	5	5	5	5	5	5	5
Cultural and Recreational										
Number of parks	3	3	3	4	4	4	4	4	4	4
Park acreage	79.37	79.37	79.37	89.37	89.37	89.37	89.37	89.37	89.37	89.37
Parks with trail systems	2	2	2	3	3	3	3	3	3	3
Park trail mileage	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Number of greenways	1	1	1	1	1	1	1	1	1	1
Greenway mileage	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Number of ball fields	5	5	5	5	5	5	5	5	5	5
Number of soccer fields	2	2	2	2	2	2	2	2	2	2

CITY OF LINCOLNTON, NORTH CAROLINA

**Capital Asset Statistics By Function
Last Ten Fiscal Years
(Unaudited)**

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water										
Water mains (miles) (2)	260	260	260	260	260	260	260	260	140	140
Fire hydrants	717	717	717	717	717	717	717	717	717	717
Maximum daily capacity (thousands of gallons)	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Sewer										
Sanitary sewers (miles) (2)	225.75	225.75	225.75	225.75	225.75	225.75	225.75	225.75	112.00	112.00
Storm sewers (miles)(1)	-	-	-	-	-	-	-	-	-	-
Maximum daily treatment capacity (thousands of gallons)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Electric										
Number of distribution stations	1	1	1	1	1	1	1	1	1	1
Miles of services lines (2)	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0	60.7	60.7

Sources: Various city departments.

Note: No capital asset indicators are available for general government function.

(1) Not under Phase I or II storm water regulations-miles unknown.

(2) Currently reviewing and updating miles related to water, sewer and electric.

Documenting in iamGISs software. Prior years mileage was estimated.

CITY OF LINCOLNTON, NORTH CAROLINA

**Water Sold By Type Of Customer
Last Ten Fiscal Years
(in millions of gallons)
(Unaudited)**

Type of Customer	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	198.1	214.7	215.9	213.5	228.8	237.5	237.7	400.5	397.3	236.6
Industrial	4.0	18.2	20.2	18.3	20.1	13.4	16.1	13.9	15.9	13.6
Industrial/Textile	308.8	227.1	167.7	132.0	130.0	69.1	39.7	45.6	71.8	35.2
Commerical	108.5	107.7	106.4	107.6	124.9	117.7	113.9	119.5	121.1	119.9
Institutional (1)	37.9	38.7	38.0	39.1	37.4	40.3	32.4	52.7	46.9	56.3
Other Local Governments	19.8	116.3	187.7	194.3	193.3	239.3	393.5	227.1	296.8	323.4
Military	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Government	<u>7.3</u>	<u>7.6</u>	<u>8.7</u>	<u>8.5</u>	<u>7.5</u>	<u>7.5</u>	<u>7.0</u>	<u>7.9</u>	<u>5.5</u>	<u>9.9</u>
Total	<u>684.5</u>	<u>730.4</u>	<u>744.7</u>	<u>713.4</u>	<u>742.1</u>	<u>724.9</u>	<u>840.4</u>	<u>867.3</u>	<u>955.4</u>	<u>795.0</u>
Total direct rate per 1,000 gallons	<u>\$ 4.99</u>	<u>\$ 5.00</u>	<u>\$ 4.81</u>	<u>\$ 4.90</u>						

Source: City of Lincolnton, Utility Billing Office

CITY OF LINCOLNTON, NORTH CAROLINA

**Sewer Sold By Type Of Customer
Last Ten Fiscal Years
(in millions of gallons)
(Unaudited)**

Type of Customer	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	161.6	157.6	158.9	158.7	175.2	178.3	237.9	411.3	402.0	238.4
Industrial	55.2	63.8	58.8	52.9	125.1	54.8	55.0	51.9	57.4	46.0
Industrial/Textile	267.9	195.2	137.7	116.4	67.5	69.1	39.7	45.6	71.8	35.2
Commerical	94.4	91.8	93.1	97.2	116.2	104.7	114.7	120.3	121.9	120.9
Institutional (1)	33.3	28.9	30.5	32.8	31.7	34.1	34.6	55.9	49.9	59.5
Military	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Government	<u>7.0</u>	<u>7.3</u>	<u>8.3</u>	<u>8.5</u>	<u>7.6</u>	<u>7.2</u>	<u>7.0</u>	<u>7.9</u>	<u>5.5</u>	<u>9.9</u>
Total	<u>619.5</u>	<u>544.7</u>	<u>487.4</u>	<u>466.6</u>	<u>523.4</u>	<u>448.3</u>	<u>489.0</u>	<u>693.0</u>	<u>708.6</u>	<u>510.0</u>
Total direct rate per 1,000 gallons	<u>\$ 7.57</u>	<u>\$ 8.60</u>	<u>\$ 9.00</u>							

Source: City of Lincolnton, Utility Billing Office

CITY OF LINCOLN, NORTH CAROLINA

**Water and Sewer Rates
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2015	15.32	4.57	22.94	6.82
2016	16.71	4.52	22.94	7.47
2017	16.55	4.48	24.77	7.40
2018	16.55	4.48	24.77	7.40
2019	16.55	4.48	24.77	7.40
2020	16.55	4.48	24.77	7.40
2021	16.55	4.48	24.77	7.40
2022	16.55	4.48	24.77	7.40
2023	16.55	4.48	24.77	7.40
2024	16.55	4.48	24.77	7.40

Note: Rates are based on 5/8" meter, which is the standard household meter size.

Source: City of Lincoln Schedule of Fees (inside City limits)

COMPLIANCE SECTION

Independent Auditors' 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 On Compliance For Each Major State Program And On Internal Control Over Compliance Required By The Uniform Guidance And The State Single Audit Implementation Act

**Independent Auditors' 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**

To the Honorable Mayor and
Members of the City Council
City of Lincolnton, 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lincolnton, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lincolnton, North Carolina's basic financial statements, and have issued our report thereon dated January 22, 2025. The financial statements of the Lincolnton Tourism Development Authority and the City of Lincolnton ABC Board were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Lincolnton Tourism Development Authority and the City of Lincolnton ABC Board.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lincolnton, North Carolina's internal control over financial reporting (internal control) as a basis for designing 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 the City of Lincolnton, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lincolnton, North Carolina'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 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 weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lincolnton, North Carolina's financial statements are free from 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 financial statements. 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.

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 22, 2025

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Lincolnton, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Lincolnton, North Carolina, 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 City of Lincolnton's major State programs for the year ended June 30, 2024. The City of Lincolnton's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

In our opinion, the City of Lincolnton 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, 2024.

Basis for Opinion on Each Major State Program

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Lincolnton and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the City of Lincolnton's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Lincolnton State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Lincolnton's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Lincolnton's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Lincolnton's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Lincolnton's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Lincolnton's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 22, 2025

CITY OF LINCOLNTON, NORTH CAROLINA

Schedule of Findings and Responses
For the Year Ended June 30, 2024

Section I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X none reported

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X none reported

Federal Awards

Identification of major Federal programs:

None.

State Awards

Internal control over major State programs:

* Material weakness(es) identified?

_____ yes X none reported

* Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditors' 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 none reported

Identification of major State programs:

Name of major State programs:

Powell Bill

cont.

CITY OF LINCOLNTON, NORTH CAROLINA

**Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2024**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Responses

None reported.

Section IV. State Award Findings and Responses

None reported.

CITY COUNCIL
Ed L. Hatley, Mayor
Christine Poinsette, Mayor Pro-Tem
Roby D. Jetton
Kevin Demeny
Jill Tipton



CITY MANAGER
Ritchie Haynes
rhaynes@lincolntonnc.org
CITY CLERK
Daphne Ingram
d Ingram@lincolntonnc.org
CITY ATTORNEY
John M. Friguglietti, Jr., P.A.
john@davidsonlawyers.net

**Corrective Action Plan
For the Year Ended June 30, 2024**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Responses

None reported.

Section IV. State Award Findings and Responses

None reported.

CITY OF LINCOLNTON, NORTH CAROLINA

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024**

Finding: None

CITY OF LINCOLNTON, NORTH CAROLINA

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024**

Grantor/Pass-through	Federal Assistance Listing	State/Pass-through Grantor's	Fed. (Direct & Pass-through Expenditures	State Expenditures	Passed-through to Subrecipients
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures
Federal Awards:					
Cash Programs:					
U.S. Department of Treasury					
Coronavirus State and Local Fiscal Recovery Fund	21.027	XXXX	\$ 221,434	\$ -	\$ -
Total assistance - federal programs			221,434	-	-
State Grants:					
Cash Programs:					
N.C. Department of Transportation					
Powell Bill		38570	-	328,568	-
N.C. Office of State Budget and Management					
State Capital and Infrastructure Fund (SCIF)			-	308,191	-
Total assistance - State programs			-	636,759	-
Total assistance			\$ 221,434	\$ 636,759	\$ -

cont.

CITY OF LINCOLNTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2024

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of the City of Lincolnton, North Carolina under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 *U. S. 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 the City of Lincolnton, North Carolina, it is not intended to, and does not, present the financial position, changes in net position or cash flows of City of Lincolnton, North Carolina.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited, as to reimbursement.

Note 3: Indirect Cost Rate

City of Lincolnton, North Carolina has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.