

READER'S GUIDE TO THE BUDGET

One of the primary goals in formatting this Budget has been to make it user-friendly. Government budgets by definition are confusing documents, particularly for the first-time reader.

County budgets in North Carolina are governed by three primary sources: a) Generally Accepted Accounting Principles (GAAP) for Governments, which are established nationwide by the Government Accounting Standards Board (GASB); b) the NC Local Government Budget and Fiscal Control Act (LGBFCA), codified as NCGS Chapter 159, Article 3; and c) the NC Uniform Chart of Accounts, which sets out a standard set of accounting codes statewide. GASB requires the use of multiple funds, grouped into seven categories, plus a Long-term Debt Account Group and a Fixed Asset Account Group. To further complicate it, some of those fund categories are budgeted, accounted for, and reported in audits using the modified accrual basis of accounting, and some the accrual basis of accounting. *It is very important to note that North Carolina's LGBFCA requires that all budgets be approved and accounted for during the fiscal year using the modified accrual basis of accounting.* Then, at year end, some funds are converted to full accrual accounting in the audit to comply with GASB's Generally Accepted Accounting Principles for Governments.

Most citizens are accustomed to private sector accounting, where a business has one balance sheet and one income statement, both kept on the accrual basis of accounting. Therefore, it is strongly recommended that you take a few moments to review this Reader's Guide before reading the Budget. It should help you better understand the framework of the County's fund structure and accounting system.

Lincoln County will operate with eighteen separate funds this year, which makes County budgeting and accounting considerably different from that in the private sector. Although the County may in most cases legally transfer money from one fund to another, each fund is a separate accounting entity with assets, liabilities, fund equity, revenues, and expenditures. Consequently, there will be eighteen separate balance sheets and income statements. Generally Accepted Accounting Principles set out seven different categories, or types of funds, for use by governmental entities. The funds by fund type that will be used in the fiscal year are as follows, and are summarized in the chart on the next page:

(1) Governmental Funds

General Fund – This is the principal fund of the county and is used to account for all activities of the county not included in other specified funds. The General Fund accounts for the normal recurring activities of the County (i.e., general government, sheriff, planning and zoning, finance, parks and recreation, EMS, public health, social services, support for education, and general debt service).

LIST OF FUNDS

Fund Number	Basis of Acc'ting	Types of Funds Actual Funds	FY 2014 Budget	FY 2015 Budget
GOVERNMENTAL FUND TYPES:				
GENERAL FUNDS:				
11	Modified	GENERAL FUND	Current	Current
SPECIAL REVENUE FUNDS:				
22	Modified	LAW ENFORCEMENT FUND	Current	Current
23	Modified	FEDERAL LAW ENFORCEMENT FUND	Current	Current
26	Modified	EMERGENCY TELEPHONE SYSTEM FUND	Current	Current
50	Modified	FIRE DISTRICTS FUND	Current	Current
CAPITAL PROJECTS FUNDS:				
20	Modified	SCHOOL CAPITAL RESERVE FUND	Current	Current
21	Modified	SCHOOL CAPITAL PROJECTS FUND	Current	Current
44	Modified	GENERAL CAPITAL PROJECTS FUND	Current	Current
DEBT SERVICE FUNDS:				
NONE				
PROPRIETARY FUND TYPES:				
ENTERPRISE FUNDS				
61	Accrual	WATER AND SEWER FUND	Current	Current
62	Accrual	EAST LINCOLN WATER AND SEWER DISTRICT FUND	Current	Current
64	Accrual	WATER AND SEWER CAPITAL PROJECTS FUND	Current	Current
66	Accrual	SOLID WASTE FUND	Current	Current
INTERNAL SERVICE FUNDS:				
80	Accrual	HEALTH INSURANCE FUND	Current	Current
81	Accrual	WORKERS COMPENSATION INSURANCE FUND	Current	Current
FIDUCIARY FUND TYPES:				
70	Accrual	INMATE TRUST FUND	N/A	N/A
71	Accrual	SOCIAL SERVICES FUND	N/A	N/A
72	Accrual	MISCELLANEOUS FUND	N/A	N/A
77	Accrual	TAX COLLECTOR FUND	N/A	N/A
18 Funds				18 Funds

NOTES: Modified Budgeted and Audited on the Modified Accrual Basis of Accounting.
 Accrual Budgeted on the Modified Accrual Basis of Accounting,
 but Audited on the Accrual Basis of Accounting.

Special Revenue Funds – Funds used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Included in the Special Revenue Funds are the Law Enforcement Fund, the Federal Law Enforcement Fund, the Emergency Telephone System Fund, and the Fire Districts Fund. The Narrative Section at the front of each Fund explains in detail the purpose of that fund.

Capital Project Funds – Funds used to account for financial resources segregated for the acquisition or construction of major capital facilities. The Capital Project Funds include the School Capital Projects Fund, the School Capital Reserve Fund, and the General Capital Projects Fund. Again, the Narrative Section at the front of each Fund explains in detail the purpose of that fund.

Debt Service Funds – Funds used to account for financial resources accumulated for the repayment of principal and interest on long-term debt obligations of the county. The county has no debt service funds. The general long-term debt is budgeted for repayment from the General Fund. Debt of the enterprise funds is budgeted within those specific funds.

(2) Proprietary Funds

Enterprise Funds – Funds used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County has three Enterprise Funds, with one capital project fund associated with them. They are all considered Enterprise Funds as the W&S Capital Projects Fund will be closed into the Water and Sewer Fund at year-end in the audit. The four funds are: the Water and Sewer Fund, the East Lincoln Water and Sewer District Fund, the Water and Sewer Capital Projects Fund, and the Solid Waste Fund (formerly titled the Landfill Fund). Again, the Narrative Section at the front of each Fund explains in detail the purpose of that fund.

Internal Service Funds – Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to the other government units, on a cost reimbursement (internal fees and charges) basis. The county has two Internal Service Funds, the Health Insurance Fund and the Workers Compensation Insurance Fund. The Narrative Section at the front of these funds explains in detail their purpose.

(3) Fiduciary Funds

Agency Funds – Funds that account for monies collected on behalf of others, or for pension benefits. The county operates four agency funds to collect funds for other agencies. Under NC statutes, they are not budgeted, as the money collected is turned over to the other agencies for their use. *So, there are fourteen, not eighteen, fund budgets within this budget document.*

Appropriations for all funds lapse at year-end except for the Water and Sewer Capital Projects Fund and the General Capital Projects Fund.

All Governmental Funds are accounted for using the modified accrual basis, which is a hybrid of cash and accrual, where some revenues and expenses are accrued, and some are on a cash basis. These funds reflect only available resources. The fixed assets and the long-term debt are not on the balance sheets in these funds, but are kept in two account groups, entitled the General Fixed Assets Account Group and the General Long-term Debt Account Group. In addition, this Budget shows all the major capital expenditures for these types of funds in the School Capital Projects Fund, the School Capital Reserve Fund, or the General Capital Projects Fund. Major capital expenditures are defined as capital assets costing at least \$5,000 and having a useful life of at least two years. This includes not only land, buildings, and infrastructure, but also vehicles and equipment.

The funds budgeted here are serviced by several bank accounts. Five of those accounts are used for the agency funds of the County, with the other accounts being the property of Lincoln County. Some of these accounts are used for investment purposes, such as investments held in the North Carolina Capital Management Trust (NCCMT). Also, some of the bank accounts are required to be separated from all other bank accounts, such as the proceeds from the issuance of school bonds, which must be separated for the calculation of arbitrage earnings, as required by federal law. The chart on the following page shows which bank accounts service each of the funds.

Following this Reader's Guide to the Budget is the County Manager's Budget Message. This message includes a listing of the assumptions used in developing the Budget. It also includes a discussion of the major issues requiring financing that the Board of Commissioners considers and how this Budget proposes to address them.

The next section, Summary Budget of All Funds, is a multi-sheet spreadsheet, which summarizes all budgeted funds of Lincoln County, and the projected available fund balances. This summary includes all revenues and transfers into a fund, and all expenditures and transfers out of a fund. *In short, it is the entire budget in a condensed format.* Should the Board of Commissioners wish to change any aspect of the proposed Budget contained herein, they would simply adopt the Budget Ordinance subject to those specific changes.

The next section contains a List of Authorized Full-time Personnel Positions funded by this Budget. This lists the number of budgeted positions within each department and

BANK ACCOUNTS ASSIGNED TO FUNDS

	Payroll	Tax Special	Gen Fund	Gen Fund	Gen Fund	Gen Fund
Name of Fund Served	Account	Acct - Chking with Interest	Acct - Chking with Interest	Acct - Invst Ckng Acct	Acct - Term Investment Acct	Acct - QZAB Investment Acct
<i>Governmental Fund Types:</i>						
<i>a) General Fund:</i>						
11 General Fund						
	Payroll Account	Tax Special Acct - Chking with Interest	Law Enfrcmnt Fund Acct - Invst Ckng Acct	Fed Law Enf. Fund Acct - Invst Ckng Acct	Emerg. Telep. Fund Acct- Invst Ckng Acct	
<i>b) Special Revenue Funds:</i>						
22 Law Enforcement Fund						
23 Federal Law Enforcement Fund						
26 Emergency Tel. System Fund						
50 Fire Districts Fund						
	Capital Reserve Fund Acct- Invst Ckng Acct	2010-B School Bonds Acct - Invst Ckng Acct	2011-B School Bonds Acct - Invst Ckng Acct	CIP Account - Checking with Interest	RBC MM Account with Interest	2008 Public Impr. Bonds Acct - Invst Ckng Acct
<i>c) Capital Projects Funds:</i>						
20 School Capital Projects Fund						
21 School Capital Reserve Fund						
44 General Capital Projects Fund						
	Payroll Account	Tax Special Acct - Chking with Interest	Water Fund Acct- Chking with Interest	E. Lin W & S Dist Acct - Ckng with Interest	E. Lin W & S Dist Acct - Invst Ckng Acct	
<i>Proprietary Fund Types:</i>						
<i>Enterprise Funds:</i>						
61 Water & Sewer Fund						
62 E. Lincoln W & S Fund						
	Payroll Account	Tax Special Acct - Chking with Interest	Water Capital Projects Fund - Chkng w Interest	Water Capital Projects Fund - Invst Ckng Acct	Landfill Fund Acct - Chking with Interest	Landfill Fund Account - Invst Ckng Acct
<i>Enterprise Funds (continued):</i>						
64 Water Capital Projects Fund						
66 Landfill Fund						
	Workers Comp Fund - Checking with Interest	Tax Special Acct- Chking with Interest	Inmate Trust Acct- Chking with Interest	Trustee Acct - Checking without Interest	Trustee Acct - Passbook Acct with Interest	Health Insurance Checking with Interest
<i>Fiduciary Fund Types:</i>						
80 Health Insurance Fund						
81 Workers Compensation Fund						
<i>Agency Funds:</i>						
70 Inmate Trust Fund						
71 Social Services Fund						
72 Miscellaneous Fund						
77 Tax Collector Fund						

division of the County for the last four years, and the County Manager's recommended number for FY 2014.

Following that are sections for each one of the funds that are budgeted.

After all funds are presented, there is an Appendix. It provides the following information:

- A. Debt Service Schedules. The County's debt service is divided into five separate debt service schedules as follows:
 - 1. Debt for General County Purposes.
 - 2. Debt for School Purposes.
 - 3. Debt for the Water and Sewer System.
 - 4. Debt for the East Lincoln Water and Sewer District.
 - 5. Debt for the Solid Waste System (Landfill and Convenience Sites).
- B. A Glossary of Terms used in governmental budgeting and accounting to assist the first-time reader. It should help clarify new terms that may not be familiar to the reader.



COUNTY OF LINCOLN, NORTH CAROLINA

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

OFFICE OF THE COUNTY MANAGER

W. TRACY JACKSON, COUNTY MANAGER
MARTHA W. LIDE, ASST. COUNTY MANAGER
(704) 736-8471
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The Honorable Board of County Commissioners
County of Lincoln
115 West Main Street
Lincolnton, North Carolina 28092

May 19, 2014

County Manager's Message Regarding the Proposed Fiscal Year (FY) 2015 Budget

Gentlemen and Mrs. Martin:

I present for your consideration the proposed FY 2015 Budget for Lincoln County. What follows is a description of the revenues and expenditures being recommended for the Fiscal Year (FY) 2015 starting July 1, 2014 and ending June 30, 2015. The total amount being requested is \$88,701,584 which is a 1% increase (\$836,304) over FY 2014. The Unassigned Fund Balance is anticipated to be similar to FY14 at \$11,644,997 which is 13% of the total proposed budget for FY15.

Budget Assumptions:

In preparing this Budget and the Capital Improvements Program (CIP), Staff relied upon a number of assumptions that were critical to projecting revenues and expenditures and developing the CIP. Please recall that the budget is a planning document, and not every issue can be anticipated prior to the adoption of the budget. Therefore, it is necessary to base the budget on certain assumptions. If changing circumstances affect those assumptions, the budget can be adjusted during the fiscal year.

The assumptions used in preparing the FY 2015 Budget were:

- The economy will show gradual improvement throughout the fiscal year somewhere in the 1-2% range.
- Inflation will remain similar to recent years with a slight increase in 2015.
- Revenues were projected from a conservative, but realistic, perspective and are not overly optimistic or pessimistic.

- A property tax collection rate of 97.55% with a 1% increase over FY 2014. The three local option sales taxes are projected to increase 1 – 2% over FY 2014.
- An ad valorem (property) tax rate of \$0.598 per \$100 of assessed valuation (same as FY14). Please see the chart on the next page containing information collected by the North Carolina Association of County Commissioners (NCACC). It shows Lincoln County's current tax rate of \$0.598 compared to adjoining counties and similar NC counties. *Among adjoining counties, we have the 3rd lowest tax rate. Among similar counties, we have the 4th lowest tax rate.* In other words, Lincoln County enjoys a much lower property tax rate than many of our neighboring counties and other counties to which we compare.
- Assumes that adequate, available fund balances will be maintained in all operating funds.
- All Proprietary (Enterprise) Funds will be self-supporting without assistance from the General Fund.
- Fees & Miscellaneous Revenues will remain unchanged except for proposed adjustments to certain Solid Waste Fees.
- A recommended tax rate of \$0.0342 per \$100 of assessed value for the East Lincoln Water & Sewer District. This is a decrease from \$0.0359 per \$100 of assessed valuation in FY14 as per projections previously called for.
- Merit Increase: Assumes a 2.5 % merit increase for employees, and assumes that new employees will continue to be eligible for probationary increases of 2.5% during the fiscal year.
- Assumes that there will be a six and one-half percent (6.5%) increase in the County's portion of medical insurance premiums for the PPO and the HSA Plan. I have proposed the County absorb the increase in the FY15 premium cost for our employees in FY 2015. I have advised our employees that this may not be possible in future years, and they may be asked to share in this expense.
- Fuel will average \$3.50 per gallon on the open market. The County pays about \$.56 less than that due to its sales tax exemption.
- State support for the Board of Education, Department of Social Services, and the Public Health Department will vary little from the past.

Budget Highlights:

There were a variety of issues impacting the proposed FY 2015 Budget for Lincoln County. These include:

- Capital Requests: There were numerous requests for CIP items in FY15 and some are being recommended while others are not. Facility, vehicle, and technology-related requests received the highest priority with even some of those needs being delayed if waiting was seen as not being detrimental to the department or its service. The largest projects include proposed renovations to the Old Hospital, Warren Building, and Courthouse (\$17,000,000); and the expansion and closure of landfill cells (\$3,190,000).
- Personnel Requests: There were a total of twenty-two (22) requests for new positions across the County and five (5) reductions in force (RIF). The RIF's are planned for the Home Health Agency (4 positions) and the Register of Deeds (1 position) and will occur prior to June 30, 2014. A total of eleven (11) new positions are being recommended:

FY 2015 SURVEY OF ADJOINING AND SIMILAR NC COUNTIES*

ADJOINING COUNTIES

County	2012 Population	Econ. Tier	FY14 Assessed Value	Median Income	Tax rate/\$100	13-14 Exp	# Emp	Water/Sewer
Burke	90,051	I	\$6,245,865,486	\$37,719	0.6800	\$73,346,071	521	Y
Catawba	155,353	II	\$16,199,627,635	\$44,339	0.5300	\$166,935,090	1,084	Y
Cleveland	97,800	II	\$7,470,000,000	\$37,390	0.7200	\$98,771,449	842	Y
Gaston	208,704	II	\$15,127,000,000	\$40,969	0.8700	\$222,105,939	1,476	N
Iredell	163,189	III	\$21,106,500,000	\$49,902	0.4850	\$164,108,385	940	N
<i>Lincoln</i>	79,512	III	\$8,316,421,750	\$50,746	0.5980	\$87,865,280	671	Y
Average:	132,435	n/a	\$12,410,902,479	\$43,511	0.6472	\$135,522,036	922	n/a

Mecklenburg	962,593	III	\$114,300,000,000	\$52,111	0.8157	\$1,079,419,240	5,377	Y
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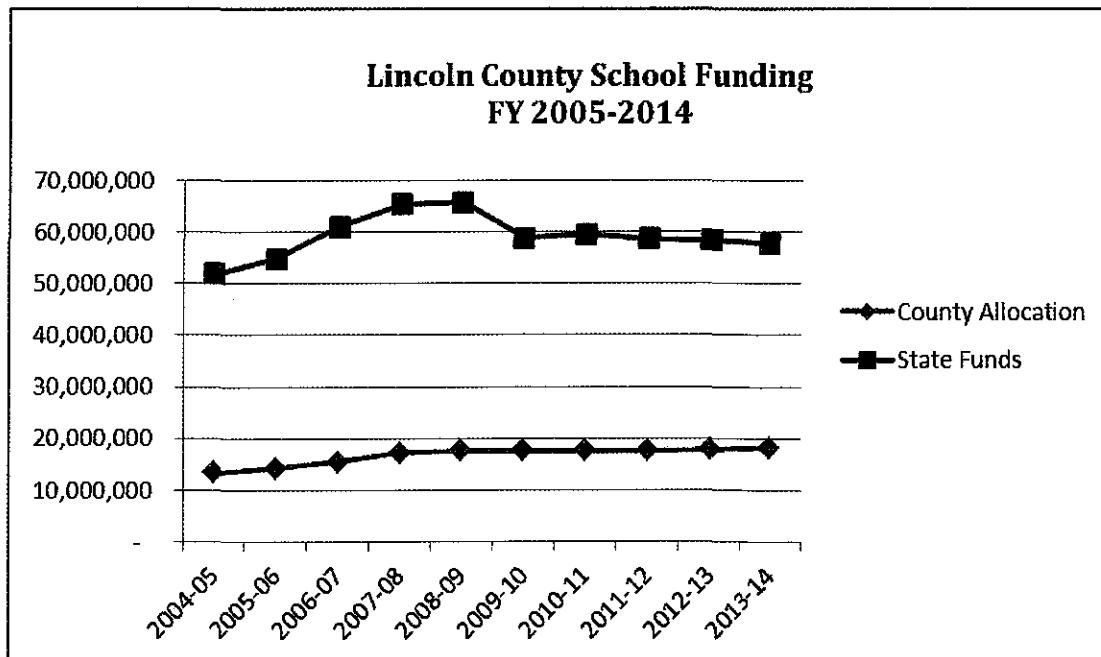
NC COUNTIES SIMILAR TO LINCOLN COUNTY**

County	2012 Population	Econ. Tier	FY14 Assessed Value	Median Income	Tax rate/\$100	13-14 Exp	# Emp	Water/Sewer
Chatham	66,618	III	\$9,100,000,000	\$53,564	0.6219	\$92,581,387	489	Y
Craven	105,080	II	\$9,847,000,000	\$47,291	0.4700	\$92,988,968	587	Y
Harnett	120,900	II	\$7,462,937,353	\$40,617	0.7250	\$110,237,472	902	Y
Haywood	59,276	II	\$7,346,847,549	\$40,114	0.5413	\$68,713,290	502	N
<i>Lincoln</i>	79,512	III	\$8,316,421,750	\$50,746	0.5980	\$87,865,280	671	Y
Moore	90,414	III	\$12,120,800,000	\$47,301	0.4650	\$88,065,894	600	Y
Nash	95,728	II	\$6,936,000,000	\$43,151	0.6700	\$87,805,377	681	Y
Rockingham	92,977	I	\$6,901,484,696	\$36,746	0.6960	\$87,907,985	651	Y
Wayne	124,341	II	\$7,806,562,420	\$39,089	0.6665	\$95,901,979	974	N
Wilson	82,020	I	\$6,459,922,000	\$37,166	0.7300	\$99,759,159	749	Y
Average:	91,687	n/a	\$8,229,797,577	\$43,579	0.6184	\$91,182,679	681	n/a

*Data obtained from NCACC 2013-14 County Budget & Tax Survey

**Similar in terms of population, assessed value and/or proximity to a major MSA

- Two (2) Investigator Positions for the Sheriff's Office
- Two (2) EMT-Paramedic positions for EMS to reduce number of part-time positions and associated costs
- One (1) Development Technician for Planning and Inspections
- Two (2) Social Workers and two (2) Income Maintenance Caseworkers at DSS
- One (1) Assistant Supervisor and one (1) Adoptions/Rescue Coordinator at Animal Services
- Healthcare Costs and the Affordable Care Act: Lincoln County will again offer two different health insurance plans for our employees 1) the PPO and 2) the HSA. We will be switching to Ameritas Dental instead of BCBS of NC due to changes in claims processing and reimbursement on the part of BCBS. As a plan, we will see increased health insurance costs in FY15 due to our experience with high claims and employer mandates associated with the affordable care act. Overall, we anticipate costs to be 6.5% higher than the current plan year and have budgeted accordingly.
- Employee Compensation: The Board requested that Staff look at the possibility of providing a 2.5% merit pay plan in FY15. This has been included at an estimated cost of \$500,000.
- Solid Waste Landfill Cell Closure & New Cell Opening: Required opening of new landfill cells, and closing of older cells, at the currently permitted site in Crouse is estimated at approximately \$3.2 million over the next several years. This amount will need to be funded through COPS financing. Certain Solid Waste fees will need to be adjusted in an attempt to address this pending expense.
- Education Funding: Staff again used the established funding formula agreed upon by the County and School Board. This resulted in a slight increase in local funding of current expense and capital outlay over the prior year. Local funding has remained constant and *has not* decreased over the last several years, while unfortunately funding from the State has diminished (see chart below). If adopted, the recommended amount of school operating expense, capital expense and debt service will constitute 34% of the County Budget in FY15.



- County Fire Districts: Calls for tax rates to remain unchanged except for proposed increases at the East Lincoln VFD (from \$0.0785 to \$0.0850) and North 321 VFD (from \$0.0350 to \$0.0400 cents), and a proposed decrease in tax rate at the Pumpkin Center VFD (from \$0.0938 to \$0.0900 cents).

Conclusion:

I want to thank the Board of Commissioners for your support and guidance in the preparation of the FY 2015 Proposed Budget. Your comments and directions from the 2013 Budget Planning Retreat were taken into consideration and incorporated into this budget proposal.

I also want to recognize the numerous hours of staff time that have gone into the preparation of this Budget. In particular, many thanks to Assistant County Manager Martha Lide and Finance Director Deanna Rios for their work on this document. I also want to acknowledge the Finance, Human Resources, and IT departments for their work assembling the information and projecting preliminary revenues and expenditures. Every department head developed not only a requested operating budget, but a projection of capital needs. They and their staffs are to be commended for their work. I thank them all for their efforts and timeliness in completing the necessary budget and CIP documents. It is truly a team effort, and I am grateful to have such a dedicated and professional staff.

Copies of the proposed Budget and Capital Improvements Program will go on file in the County Clerk's Office on May 19, 2014. The Public Hearing on the Budget is scheduled for June 2, 2014, and the adopting Ordinance will be on the Board of Commissioners Meeting Agenda for June 16, 2014. It will go into effect on July 1, 2014, subject to any changes that you might make in its adoption. Please let me know if I can provide any further information as you review the proposed FY15 Budget and Capital Improvements Program.

Respectfully submitted,



W. Tracy Jackson
County Manager

SUMMARY BUDGET FOR ALL FUNDS

A starting point to preparing each of the fund budgets is to determine the current financial position of that fund. One of the key issues is the amount of available fund balance on hand, whether it is adequate, and whether any of it could be used to balance the budget. The Local Government Budget and Fiscal Control Act, at NCGS 159-8 (a) defines available fund balance for appropriation as follows: “*...Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year...*”

Obviously, we cannot know for certain what that will be at the end of each budget year. Therefore, we start with the audited figures from the end of the previous year then estimate how the budget might finish. This information is shown on the chart on the next page for each of the budgeted funds. Note that in the audit, the Water and Sewer Fund and the Water and Sewer Capital Projects Fund were combined as one fund under accrual accounting. We broke separated the Water and Sewer Capital Projects Fund information based upon the most current financial statements available.

Once that starting point is determined per the audit, we then estimate how each fund would end the current year. That information is obtained as part of the budget review process for this budget. Once that information is entered, we determine the Estimated Available Fund Balance at June 30th. That is the starting point for what should be available at the beginning of FY 2015.

The third section then sets out the proposed FY 2015 Budget submitted for your consideration. It results in the projection of where the available fund balance would be at the end of FY 2015, on June 30, 2015. By comparing FY 2015 to FY 2014, you can see whether the trend is to use or add to the fund balance of each fund.

The final section shows what percentage the projected available fund balance would be, compared to the total of the proposed expenditures and transfers out of each fund for FY 2015. Capital projects funds, capital reserve funds, the two law enforcement funds, the emergency telephone fund, the fire districts fund, and the ELWSD Fund don't need to maintain a fund balance, as they are intended to be spent down to zero. That is why there is no percentage calculation for them.

STAFFING COMPARISON BY DEPARTMENT
FULL-TIME EMPLOYEES

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2013-14 Adopted	2013-14 Amended	2014-15 Recommended
Clerk to the Board	1	1	1	1	1	1	1	1	1
County Manager's Office	12	12	12	12	12	12	4	4	4
Finance							9	9	9
Human Resources							3	3	3
I. T. Department	6	7	7	7	8	8	8	8	8
Elections	3	3	3	3	3	3	3	4	4
Tax Department	24	25	25	25	25	25	25	25	25
Register of Deeds	7	8	8	8	8	8	8	8	7
Maintenance	17	17	12	12	12	12	12	12	12
Sheriff's Office	102	110	117	118	118	118	118	118	120
Communications	20	22	20	21	21	21	21	21	21
Detention Center (Jail)	39	42	42	43	43	42	42	42	42
Fire Marshal			2	2	2	2	2	2	2
Emergency Management	6	6	2	2	2	2	2	2	2
Emergency Medical Services	57	63	63	63	63	69	69	69	71
Planning and Inspections	24	25	20	18	18	18	18	20	21
Animal Services	7	9	10	10	10	10	10	10	12
Cooperative Extension	1	1	1	1	1	1	1	1	1
Soil & Water Conservation	4	4	4	4	4	4	4	4	4
Health	78	80	81	79	76	75	76	76	72
Social Services	113	121	121	121	121	121	120	121	125
Veterans Office	1	1	1	1	1	2	2	2	2
Senior Services	6	6	6	6	5	4	4	4	4
Transportation	5	9	9	10	10	10	10	10	10
Parks and Recreation	8	8	16	16	15	15	15	15	15
Library	13	14	14	15	16	16	16	16	16
Public Works	40	42	43	43	42	43	39	39	39
Landfill	24	27	28	29	29	29	29	29	29
Total	618	663	668	670	666	671	671	675	681

Changes from 2013-14 Adopted to 2013-14 Amended

Elections - Add 1 Elections Coordinator

Planning & Inspections - Add 2 Building Inspectors

DSS - Add 1 IM Supervisor

Changes from 2013-14 Amended to 2014-15 Recommended

Register of Deeds -Eliminate 1 Deputy Register of Deeds

Sheriff- Add 2 Investigator Positions; 2 Captain positions unfunded

EMS Add 2 Paramedic positions and eliminate 8 part time Paramedic positions

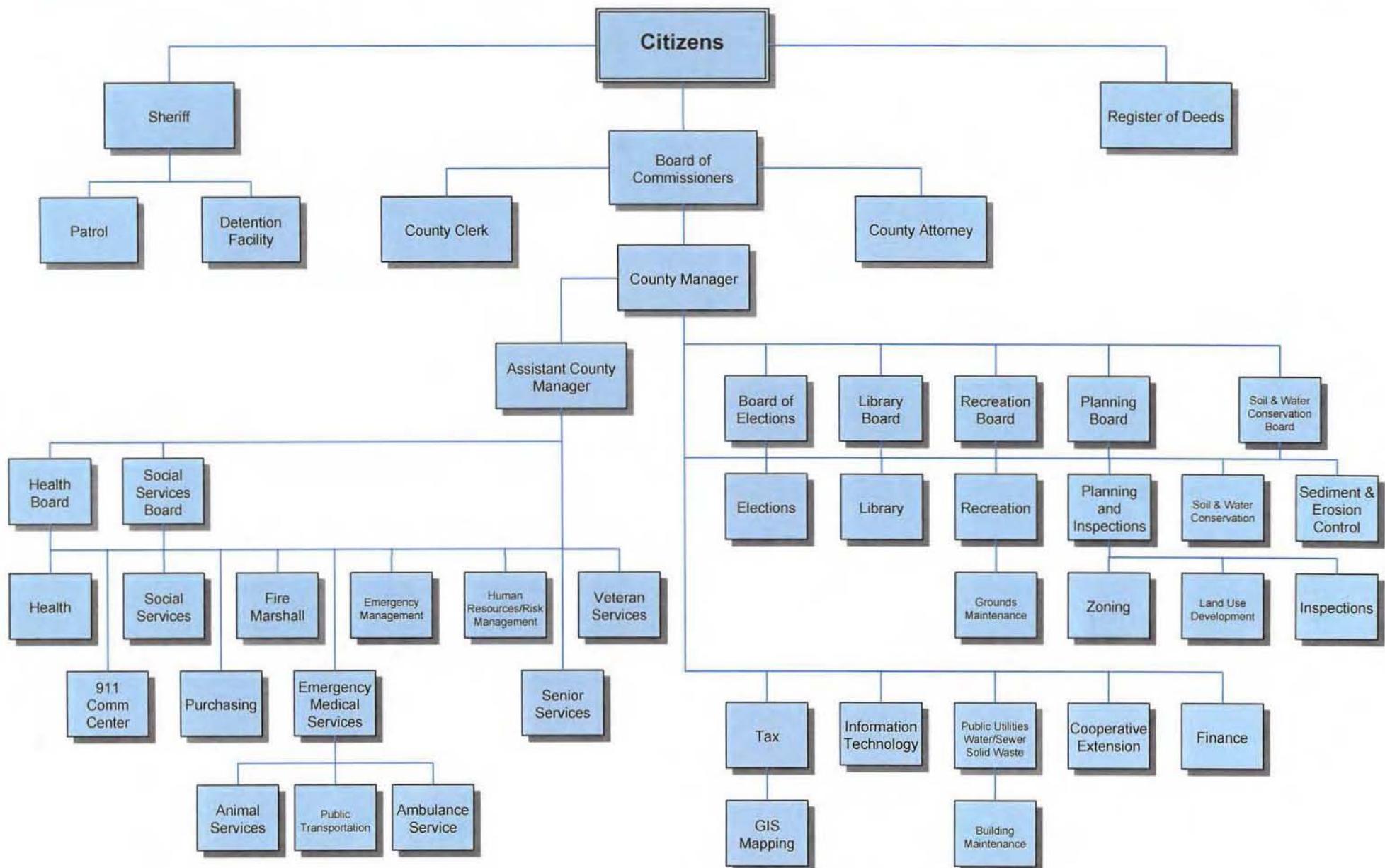
Planning and Inspection- Add 1 Development Technician

Animal Services -Add 1 Adoption Coordinator and 1 Shelter Supervisor

Health -Eliminate 1 Home Health Nurse, 1 Weekend Home Health Nurse, 1 Accounting Technician and 1 Medical Records Technician

DSS Add 2 SW /Children's Div, Add 2 IM Workers, Reclass Accountant

Lincoln County



RESOLUTION #2009-28: A RESOLUTION ADOPTING A FINANCIAL POLICY ON
ADEQUATE FUND BALANCE AND WORKING CAPITAL IN THE OPERATING FUNDS

THAT WHEREAS, sound financial management requires that Lincoln County preserve adequate financial reserves to cover cash flow variations, economic downturns, loss of revenues from state or federal actions, and new mandated services; and

WHEREAS, adequate financial reserves are one of the major components that bond rating agencies study in determining the creditworthiness of a county government, which can impact the interest rate on any debt issuance; and

WHEREAS, the Local Government Commission, a division of the NC State Treasurer's Office, will not allow the issuance of debt if adequate financial reserves are not maintained; and

WHEREAS, the Lincoln County Board of Commissioners have reviewed a proposed financial policy on adequate reserves recommended by a committee established by the Chairman for this purpose, and wish to adopt the proposal;

NOW THEREFORE BE IT RESOLVED by the Lincoln County Board of Commissioners that the attached document entitled "Financial Policy on Adequate Fund Balance and Working Capital", and the financial reserve targets established therein, are hereby adopted as the financial policy for Lincoln County on adequate financial reserves.

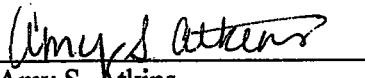
This resolution shall become effective immediately upon its adoption.

Passed and adopted this 14th day of September, 2009.



Alex E. Patton, Chairman
Board of Commissioners

ATTEST:



Amy S. Atkins
Clerk to the Board

Financial Policy on Adequate Fund Balance and Working Capital

There are several reasons why a county should have an adequate amount of available fund balance in its major operating funds. First, some major revenue sources are not received uniformly over the twelve months. Also, there is a normal delay in converting accounts receivable to cash. Fund balance fills these gaps in cash flow. Second, the fund balance provides a contingency for unanticipated expenses. Third, it provides a means to temporarily replace revenues that may unexpectedly decline due to a poor economy, or that may be seized by the State to balance its budget in difficult times. Fourth, it provides a means to save money for a major project. Finally, it assures bond investors that the county can meet its debt service obligations. This is critical in obtaining favorable credit ratings for bond issues, thereby lowering interest costs.

There are four operating funds that should maintain adequate reserves: the General Fund, the Water and Sewer Fund, the Landfill Fund, and the Health Benefits Fund. NCGS 159-8 (a) defines "available fund balance for appropriation" as the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. The Local Government Commission (LGC), a division of the NC Treasurer's Office, requires that the General Fund's available fund balance at fiscal year-end divided by the expenditures budgeted in the same fiscal year, must not be less than 8%. Any county trending toward a lower level will be contacted to correct this problem. Any county falling below the 8% will not be allowed to issue any further debt.

As recently as FY 2008, the average amount of available fund balance for General Funds in NC counties with populations between 50,000 and 99,999 was 24.81%. Lincoln County believes that 15% is sufficient to meet our statutory, cash flow, and emergency needs in the General Fund, and hereby sets 15% as the target amount of available fund balance to be maintained in the General Fund.

The enterprise funds are accounted for using full accrual accounting, therefore fund balance is not appropriate. The measure in those funds should be available working capital. Working capital is defined as current assets minus current liabilities.

The Water and Sewer Fund and the Landfill Fund need sufficient working capital to meet recurring monthly expenses. These funds have fairly consistent cash flows. Lincoln County has determined that three months of working capital should be sufficient to meet our financial obligation in these two funds, and hereby sets a target of 25% working capital as a percentage of the last fiscal year's budgeted expenses.

The Health Benefits Fund can have a bad claims year in which total claims are not capped until 125% of estimated claims are paid. The 100% of estimated claims would be covered by the budget. Consequently, this fund should have working capital of at least 25% in order to cover this worst case scenario in a single year. Lincoln County hereby sets a target of 25% working capital as a percentage of the last fiscal year's budgeted expenses for this fund.

In any fund where the percentage of available fund balance or working capital falls below the established target, the County Manager shall limit the appropriation of fund balance or retained earnings to no more than 2% of the total fund budget. This should result in rebuilding the reserves to the targeted percentages.

In the event that a severe economic downturn, or the seizing of county revenues by the State, result in a significant loss of anticipated revenues, the County Manager may recommend, and the Board of Commissioners may waive adherence to the 2% appropriation limitation. In such a situation, the Board should be fully informed that it is falling below its targets, and will continue to remain below them for at least another year by waiving this limitation.

The County Manager, with the assistance and advise of the Finance Director, is responsible for seeing that this policy is carried out in annual budget preparation and administration throughout the year. The County Manager is responsible further to make recommendations as to whether any of the established fund targets should be changed.