

**REVIEWED**

*By SLGFD at 12:35 pm, Dec 17, 2021*



# **Annual Comprehensive Financial Report**

**Lee County  
North Carolina**

**For the Fiscal Year Ended  
June 30, 2021**

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

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

**LEE COUNTY, NORTH CAROLINA  
TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i - ix
Certificate of Achievement for Excellence in Financial Reporting	x
List of Principal Officials	xi
Organizational Chart	xii
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4-14
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds with reconciliation to the Statement of Net Position	17-18
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with reconciliation to Statement of Activities	19-20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to the Financial Statements	27-72

**LEE COUNTY, NORTH CAROLINA  
TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>REQUIRED SUPPLEMENTAL FINANCIAL DATA:</b>	
Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)	73
Schedule of County Contributions (LGERS)	74
Schedule of County's Proportionate Share of Net Pension (Liability) Asset (ROD)	75
Schedule of County Contributions (ROD)	76
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	77
Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	78
Schedule of Changes in Total OPEB Liability and Related Ratios	79
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:</b>	
<i>General Fund:</i>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	80-90
<i>Major Governmental Funds:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Lee County Government Center Renovations Fund	91
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet – Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	93
<i>Nonmajor Special Revenue Funds:</i>	
Combining Balance Sheets – Nonmajor Special Revenue Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	95
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Fire Protection Fund	96
Room Occupancy Tax Fund	97
Emergency Telephone System Fund	98
Airport Tax Revenue Fund	99

**LEE COUNTY, NORTH CAROLINA  
TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<i>Nonmajor Special Revenue Funds (continued):</i>	
Drug Seizure Fund	100
Coronavirus Relief Fund	101
Revolving Loan Fund	102
Representative Payee Fund	103
Fines and Forfeitures Fund	104
<i>Nonmajor Capital Project Funds:</i>	
Combining Balance Sheets - Nonmajor Capital Projects	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Capital Projects Outlay Fund	107
CCCC Health Sciences Center	108
CCCC Veterinary Medical Technology Facility	109
CCCC Civic Center and Incubator Project	110
CCCC Main Campus and Emergency Services Training Center Renovations	111
Elementary School Facility	112
Courthouse Complex Renovations Fund	113
Park Improvements Fund	114
Multi-Sports Complex Project Fund	115
CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	116
<i>Enterprise Funds:</i>	
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP) - Solid Waste Management Fund	117
<i>Custodial Funds:</i>	
Combining Statement of Fiduciary Net Position	118
Combining Statement of Changes in Fiduciary Net Position	119
<i>Supplemental Financial Data:</i>	
Schedule of Ad Valorem Taxes Receivable - General Fund	120
Analysis of Current Tax - County-Wide Levy	121

**LEE COUNTY, NORTH CAROLINA  
TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Net Position by Component	122
Changes in Net Position	123-124
Fund Balances, Governmental Funds	125
Changes in Fund Balances, Governmental Funds	126
Assessed Value and Actual Value of Taxable Property	127
Direct and Overlapping Property Tax Rates	128
Principal Property Taxpayers	129
Property Tax Levies and Collections	130
Ratio of Outstanding Debt by Type	131
Ratios of Net General Obligation Bonded Debt Outstanding	132
Legal Debt Margin Information	133
Direct and Overlapping Governmental Activities Debt General Obligation Bonds	134
Demographic and Economic Statistics	135
Principal Employers	136
Full-time Equivalent County Government Employees by Function	137
Operating Indicators by Function / Program	138
Capital Asset Statistics by Function / Program	139
<b>COMPLIANCE SECTION</b>	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	140-141
Report On Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act	142-143
Report On Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act	144-145
Schedule of Findings and Questioned Costs	146-148
Corrective Action Plan	149
Summary Schedule of Prior Year Audit Findings	150
Schedule of Expenditures of Federal and State Awards	151-157

## **INTRODUCTORY SECTION**



November 22, 2021

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

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of Lee County for the fiscal year ended June 30, 2021.

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

The County's financial statements have been audited by Thompson, Price, Scott, Adams & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lee County for the fiscal year ended June 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Lee County's financial statements for the year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Lee County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on

the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the Compliance Section of this report.

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

### **Profile of the Government**

Lee County, founded in 1907, is located on the fall line dividing the Piedmont and Coastal Plains regions of the state. It has a land area of 255 square miles and a population of 63,285. There are two municipalities within the County, the largest being the City of Sanford, which serves as the County seat.

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

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

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

## **Factors Affecting Financial Condition**

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

**Local economy.** Lee County is geographically situated at the southern base of the Research Triangle Region, which includes the Raleigh-Cary Metropolitan Statistical Area (MSA) with a 2020 US Census population total of 1,413,982 and the Durham-Chapel Hill MSA with a 2020 population of 649,903. The Raleigh Durham Cary Combined Statistical Area (CSA), with the addition of Lee County, has a total population of approximately 2.2 million. Lee County is also located within easy commuting distance of the Fayetteville MSA, with a population of more than 525,000, and home of Fort Bragg, the US army's largest military installation.

Major industries located within the County's boundaries or in close proximity include manufacturers of pharmaceuticals, automobile components, cosmetics, textiles, pool equipment, plumbing fixtures, electronics and brick. Manufacturing jobs comprise approximately 30 percent of the County's workforce. In April 2020, at the height of the pandemic, Lee County's unemployment rate increased to 13.9 percent compared to a statewide average of 12.5 percent. By the end of July 2021, the rate had declined to 5.1 percent, compared to a statewide rate of 4.4 percent, trending strongly back toward its pre-pandemic rate of 4.5 percent. Contrary to the recession in 2009-2012, manufacturing has held steady and, in most cases, is hiring workers. The service sector, especially restaurants, has suffered the greatest declines in employment statewide. However, the County does not have a traditional tourism sector, ranking near the middle of North Carolina's 100 counties in visitor expenditures, tourism-related payroll and tourism sector employment. As a result, pandemic-related state and national declines in restaurant, lodging and conference revenues have not impacted Lee County as significantly as other regions.

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

SAGA has a robust Program of Work emanating from a 2013 Strategic Plan developed by County leaders. The organization's work plan (recently revised and re-adopted), was approved by all three local governmental units, as well as the Chamber of Commerce, the Sanford Lee County Airport Authority, and the Board of Trustees of the Community College. The plan has 20 strategies and 75 action items with measurable results. The strategic plan emphasizes marketing Lee County's many strengths, including a strong network of highways, two Class 1 rail lines (CSX and Norfolk Southern), and proximity to NC Ports and airports which provide easy access to both regional and global markets.

Lee County's 100-year history of manufacturing remains the foundation of our local economy with more than thirty percent of the workforce in a manufacturing occupation. Although a significant pullback in this sector occurred during the Great Recession, local manufacturing has rebounded dramatically. While many lower wage/lower skilled jobs have not returned, the local force has stabilized at just under 26,000. Additionally, Lee County continues to be a net importer of daily labor from surrounding rural areas due to the concentration of industry within county boundaries. The average weekly wage has grown to \$873 per week from \$804 per week in 2020. Retail sales tax collections have increased by 20.38 percent to \$18,828,209.

In addition to a skilled manufacturing workforce, other local assets include a wide selection of training opportunities through nationally-recognized Central Carolina Community College (CCCC). The local community college, in partnership with the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL), Pfizer, Merck, the NC Biotechnology Center and the NC System of Community Colleges has created a unique, robust training curriculum in bio-processing. Lee County is also proximate to highly rated research universities such as Duke University, the University of North Carolina at Chapel Hill and North Carolina State University, all less than an hour's drive from Sanford. In fact, there are sixteen degree granting universities and nine community colleges or private training schools within 60 miles of Lee County.

In the past two years, five major economic development announcements highlighted the impact and effectiveness of Lee County's strategic economic development efforts.

In August 2019, Pfizer, the world's largest pharmaceutical company, announced two projects. First, a major facility expansion on their Lee County campus. The company is investing \$500 billion dollars to advance its state-of-the-art gene therapy manufacturing facility at its Lee County campus. At completion, the new operation is projected to add 300 new jobs with an average wage of more than \$96,000 per year. The Lee County operation will concentrate in highly specialized gene therapy manufacturing in areas such as custom-made recombinant adeno-associated virus vectors (rAAV), which aims to deliver potentially transformative medicines to patients suffering from genetic diseases such as hemophilia and Duchenne muscular dystrophy. Second, Pfizer's Lee County facility will also invest \$70 million to upgrade the manufacturing process for the company's vaccine portfolio, including Prevnar 13 and several vaccines in Pfizer's research pipeline. This project will expand its vaccine workforce by 200 employees. The average annual wage for these new jobs will be approximately \$68,000. Construction of the gene therapy manufacturing facility is currently 95 percent complete, and total employment at the facility is now more than 1,200 employees.

In September 2019, NC Governor Roy Cooper announced that Bharat Forge, a part of Kalyani Group, a privately held industrial group from India, would build a new facility in Lee County. The company is constructing a forging and machining operation for light-weight aluminum automotive components in two phases. The first creating 304 jobs, and the second creating 156. In total, the company plans to create 460 new full-time jobs with an average wage of more than \$47,000, and invest \$170.9 million to serve its customers in the automotive sector. Kalyani is a \$3 billion conglomerate with 10,000 employees worldwide. Bharat Forge has completed construction of the first phase of its manufacturing facility, and is already planning a second facility, with plans to hire an additional 500 employees.

In February 2020, Audentes Therapeutics announced that it would purchase Shell Building One at Central Carolina Enterprise Park (CCEP). This 117,000 square foot industrial building had been completed 60 days prior to the sale. Audentes, now part of Japanese life science company Astellas Pharma, will invest \$109 million to build out a gene therapy research and production facility employing 200 people at an average annual wage of \$83,000. Now known as Astellas Gene Therapies, the facility is over 70 percent complete, and hiring is well underway.

Through6, a California cut-and-sew apparel company, is now operating in an upfitted existing building, using its proprietary digital printing technology to offer cut and sew to the fast fashion industry. Through6 eventually plans to employ 160 people at an average annual wage of \$37,500.

In April 2021, Abzena Holdings, LLC, announced its decision to locate its biopharmaceutical manufacturing facility in the second completed shell building at Central Carolina Enterprise Park. Abzena will invest \$213 million to establish a state-of-the-art manufacturing facility featuring a design optimized for phase 3 and commercial manufacturing of biologics. Using a phased construction approach, the company will initially build four modular production suites, with each of those suites capable of housing two large bioreactors. The company expects to create 325 new jobs at an average annual wage of more than \$60,000.

In addition to this major site location activity, the CCEP shell building program has yielded two additional build-to-suit projects – a \$12.5 million logistics facility for a life sciences company, and a similarly-sized facility for a recycled rubber products manufacturer. CCEP's developers have cleared the site for the next shell building, and multiple potential end users are currently considering the site for their facility needs.

Expansions of existing local industry and strong retail growth have also bolstered Lee County's economic development success. Caterpillar continues to add new employees at their primary facility to staff a second production shift. The current construction boom has demand for CAT's skid steer loader at all-time highs, and the plant's employment has risen to nearly 1,700 people working multiple shifts, making CAT the County's largest private employer. Fifteen models of CAT's popular skid steers are shipped worldwide from the Sanford facility.

Coty USA's Sanford facility is the company's largest worldwide plant, employing nearly 1,300 during peak production. The company has consolidated operations in their one million square feet facility as they have integrated two product lines, OPI nail polish and Philosophy Skin Care products which were purchased and moved to Sanford from other US locations. Although some fragrance production has been moved to facilities in Europe, the Sanford facility remains a state-of-the art warehouse and distribution location, in addition to production and packaging, and they are currently hiring new associates.

Pilgrim's Pride, a US subsidiary of the world's largest meat processing company, JBS, SA, persevered through a COVID-19 outbreak in 2020 and has resumed full-scale production of organic poultry products for Costco. The company employs approximately 1,100 people, generating a \$35 million annual payroll at the Lee County plant. The regional grower network operation expanded production by 25 percent to supply poultry

for the 10-year Costco contract executed in 2017, and the highly automated, state-of-the-art facility has led to contracts with additional organic poultry customers.

Apex Industrial, an industrial supply firm, is now operating from their recently acquired 75,000 square foot facility (formerly Static Control Components), offering a variety of product lines in power transmission, electrical automation, hydraulics and pneumatics and material handling. The company invested \$1.2 million in site renovation and upgrades, and created a dozen new jobs.

Pentair, an industry leader in smart, sustainable water solutions for pool and home, with nearly 500 employees at their two Sanford facilities, continues to hire additional associates to satisfy burgeoning demand for consumer goods and home improvement products driven by the pandemic, and expansions continue among small industry as well.

Edelbrock, market-leading manufacturer of performance carburetors and other premium automotive after-market products, added 35 jobs in 2020 and announced plans to build additional capacity to its existing facility, as well as relocating a portion of its manifold production to Sanford from Southern California. Dorman Automotive recently invested \$1.5 million in additional equipment at its hybrid battery remanufacturing facility. STI, manufacturer of polymer coatings and adhesives, completed facility expansions in 2019 and added new jobs in 2020, and is currently pursuing another expansion.

Additionally, the following manufacturers and businesses continue adding employees in 2021: Kempsville Building Materials, Contract Lumber, Cargo Control, Hydrotube, SpanSet, Boone Brands, Americold Storage, Mertek, WST Industries and Zurn.

The skills and experience of the local manufacturing workforce and Lee County's broad and diverse manufacturing base make for a highly resilient local economy, even when remote corporate level business decisions impact local operations. When Moen, Inc., maker of the number one consumer faucet brand, outsourced its Sanford metal finishing line in the first quarter of 2021, more than 200 jobs were impacted. By the third quarter of 2021, however, the company had expanded assembly and automation operations in Sanford, and total employee headcount had rebounded to pre-layoff numbers.

Likewise, when automotive industry suppliers GKN and Marelli announced layoffs in early 2021, Bharat Forge Aluminum, USA, was quick to tap those employees for service in its newly completed factory, manufacturing lightweight aluminum components for the electric vehicle industry.

In addition, Lee County has purchased the vacated Marelli manufacturing campus and will be conveying it to Central Carolina Community College for conversion to an industry training and solution center. With more than twenty acres and nearly 300,000 square feet of existing facilities, the campus is slated to become a premier regional workforce development asset in support of Lee County's rapidly growing life sciences and advanced manufacturing sectors.

As indicated by strong retail sales numbers, Lee County's small business ecosystem has remained stable, in spite of the impacts of the pandemic and associated response measures, and entrepreneurship is on the rise as well. The Chamber of Commerce, in partnership with Central Carolina Community College and Downtown Sanford, Inc., has graduated thirty-six entrepreneurs from its innovative RISE program, with five of those graduates opening brick-and-mortar locations in the past twelve months. Sanford has recently welcomed its third craft brewery to a location downtown, and the major \$9 million downtown streetscape renovation continues to have a positive effect on vacancy rates for downtown properties. Property values have increased with several pivotal properties changing hands recently. Four outside development groups purchased large existing historic structures and redevelopment efforts have begun on three of those. Further streetscape improvements by the NC Department of Transportation and the City of Sanford are planned, engineered and funded.

Significant residential construction project activity continues in 2021. D.R. Horton, the nation's largest homebuilder, closed on the purchase of two large parcels for the development of 995 dwelling units, 300 multi-family and 695 single family units, at Galvin's Ridge and 600 single family units at Laurel Oaks. In total, more than 2,800 single family units are approved or under construction. Another 1,700 single family units are currently proposed and in review. In addition, a total of 1,000 multi-family residential units are approved or under construction, with 252 more proposed and in review.

A new \$30 million, 1,000-student elementary school opened its doors to students in August 2019 in a downtown location with a cutting-edge STEAM curriculum, integrating top notch creative and performing arts programs along with science, technology, engineering and math, and Lee County Schools has been approved by the National Academy Foundation (NAF) for a Life Sciences Career Academy, in addition to the three NAF academies already available to high school students.

The Dennis A. Wicker Civic Center, a 29-year-old facility, recently re-opened after a \$3.5 million renovation. Although in-person event activity has slowed due to the pandemic, the Civic Center offers very attractive space for small to medium-sized regional and statewide meetings at competitive rates. Prior to Covid-19, bookings were 25 percent ahead of the previous full year operation, and future booking activity has increased dramatically in recent months. East Coast Hospitality, the operator of 15 hotel properties in North Carolina, continues construction of a Fairfield Inn and Suites on US 1 Expressway. The new Fairfield's 125 rooms will bring overnight accommodation space to a total of 450 Class A hotel rooms. There are an additional 350 rooms available in off-priced, older hotel properties.

Another public facility, the Raleigh Executive Jetport (KTTA), opened a \$4 million terminal building in October 2018 and two new private hangars were completed in 2019. Construction is underway on an additional 16,250 SF corporate hangar which can accommodate a Gulfstream G650, the first construction in the Jetport's new North Terminal Hangars development, which offers shovel-ready sites for up to seven large hangars. In May, the facility celebrated completion of a critical \$2.7 million project connecting the airport to the City of Sanford's public sewer system, eliminating a significant barrier to future commercial development at the site. One hundred eighty-five aircraft and eleven businesses currently operate out of KTTA. Flight operations at the airport, a FAA-designated regional reliever, continue to increase, and the airport is ranked as the ninth busiest (in take-offs and landings) in North Carolina.

**Long-term financial planning.** The County prepares a five-year capital improvements program and updates it each year. At June 30, 2021, general fund projects estimated at \$1.7 million were planned over the next five years along with community development projects totaling \$61.2 million. The program also includes \$44.4 million in projects for Lee County Schools and \$12.0 million for Central Carolina Community College. Future projects may be impacted by future economic conditions. To assist in the funding of the County's capital improvements program, the Board of Commissioners placed a referendum on the ballot in November 2009 for the levy of an additional ¼ percent sales tax. The referendum was approved, and the levy began on July 1, 2010. In November 2020, the voters in Lee County approved a \$25,000,000 general obligation bond referendum to fund a multi-sports complex.

During the year, the County engaged in several initiatives to ensure its ability to continue to meet long-term expectations. From a budgetary standpoint, several actions were taken to counter the effects of the COVID-19 pandemic. Those actions resulted in the Board adopting a budget totaling \$83,880,842 that was approximately 4.98 percent above the budget for FY 2020-21. The County lowered its property tax rate to \$0.76 per \$100 of assessed value for fiscal year 2021-2022. The Board of Commissioners also dedicated an additional penny of its tax rate to the funding of future debt service.

The County's available fund balance in the general fund at June 30, 2021, \$22,415,333 (29.20 percent of total general fund expenditures and transfers to other funds) exceeded the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e., between 16 and 24 percent of total general fund expenditures).

### **Awards and Acknowledgments**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lee, North Carolina, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2020. This was the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

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

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

Crumpton for their continued support and leadership in conducting the financial affairs of the County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lisa G. Minter". The signature is fluid and cursive, with the first name "Lisa" being more prominent.

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



Government Finance Officers Association

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

Presented to

**County of Lee  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## **COUNTY OF LEE, NORTH CAROLINA**

### **LIST OF PRINCIPAL OFFICIALS**

**June 30, 2021**

#### **BOARD OF COUNTY COMMISSIONERS**

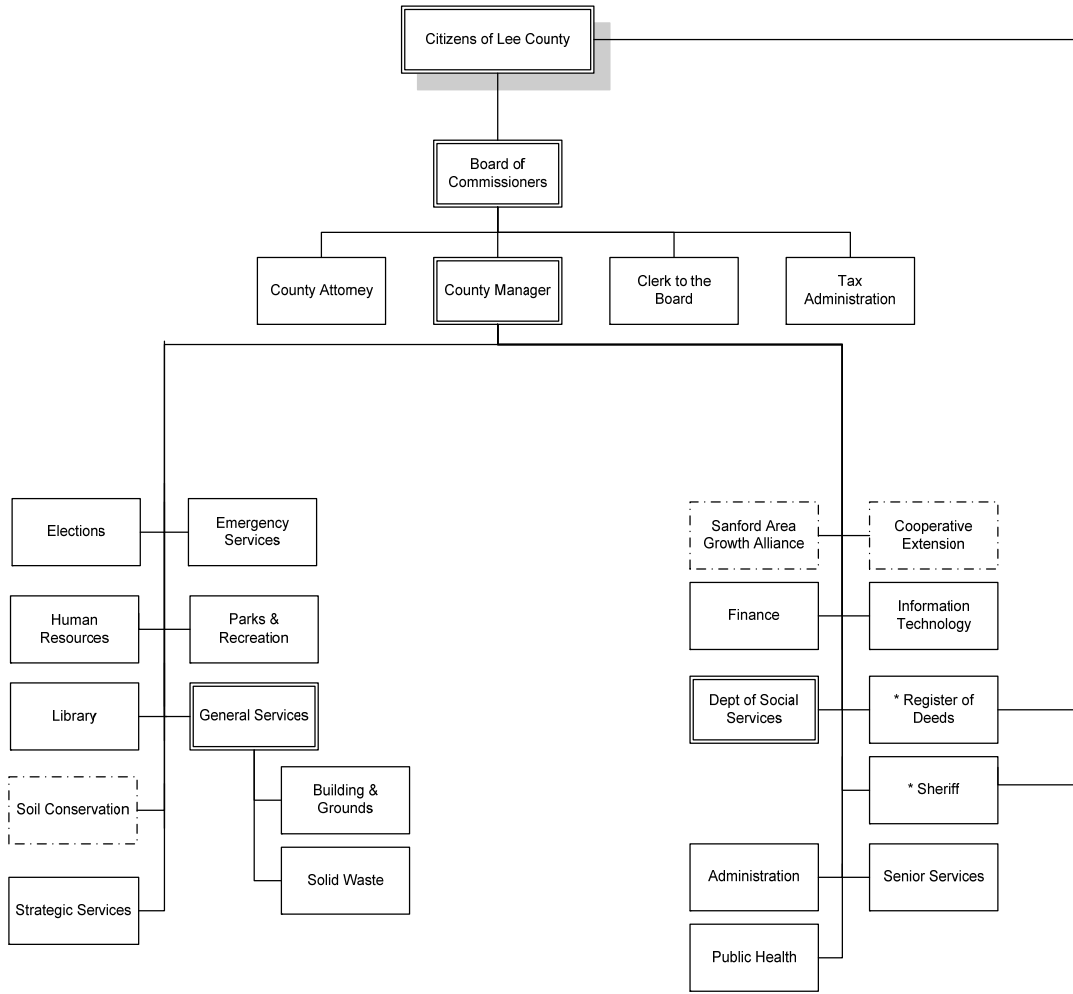
Kirk D. Smith	Chair
Arianna Lavallee	Vice Chairman
Dr. Andre Knecht	Commissioner
Mark Lovick	Commissioner
Robert T. Reives	Commissioner
Cameron W. Sharpe	Commissioner
Bill Carver	Commissioner

#### **COUNTY OFFICIALS**

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

# COUNTY OF LEE, NORTH CAROLINA

## ORGANIZATIONAL CHART



\* Elected Officials  
 - - - - - Liaison Relationship

## **FINANCIAL SECTION**



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

**P.O Box 398  
1626 S. Madison Street  
Whiteville, NC 28472  
Telephone (910) 642-2109  
Fax (910) 642-5958**

---

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

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise Lee County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Members**

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

## ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Lee County, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021 on our consideration of Lee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 22, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Lee County, we offer readers of Lee County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

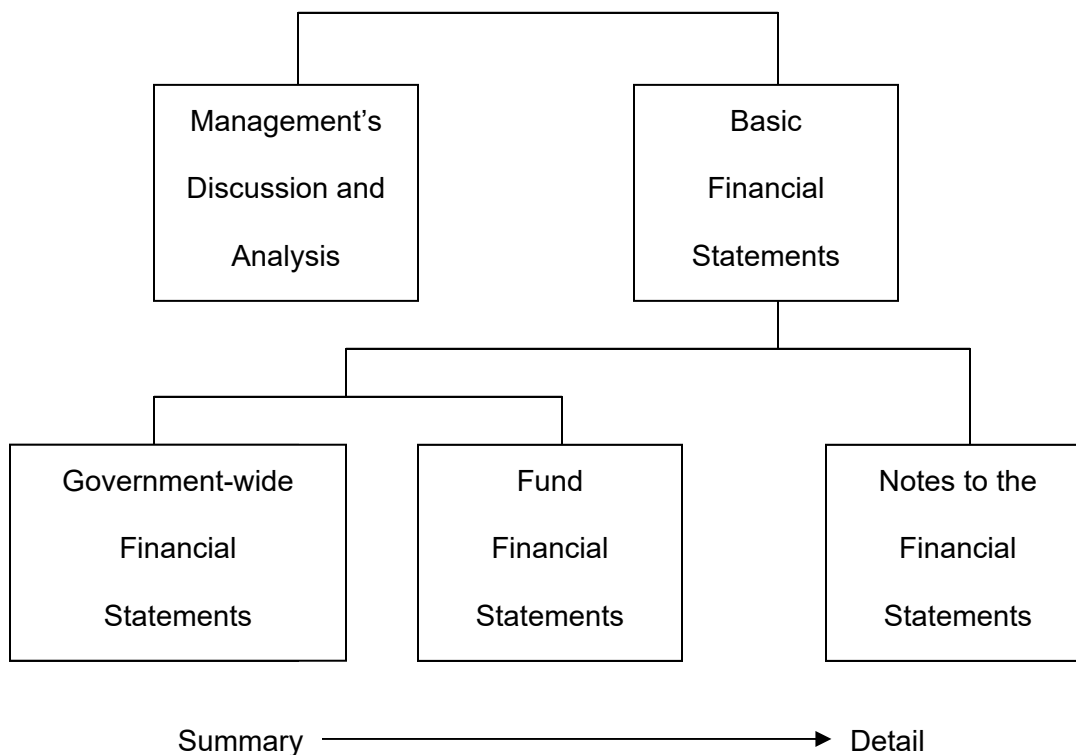
- The liabilities and deferred inflows of resources of Lee County exceeded its assets and deferred outflows of resources at the close of the fiscal year by (\$43,622,963) (*net position*).
- The total net position of governmental activities was a deficit \$44,612,768, a decrease of \$11,385,690 from the prior year's deficit amount of \$55,998,458. The decrease is due to an increase in operating grants and contributions, ad valorem taxes, and local option sales tax for the governmental activities, as well as the implementation of GASB Statement No. 84, *Fiduciary Activities*, which created two new special revenue funds that were once treated as agency funds.
- In accordance with North Carolina law, liabilities of the County include approximately \$74.2 million in long-term debt associated with assets belonging to the Lee County Board of Education and the Central Carolina Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net position amount.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$45,664,339, a decrease of \$155,779 from the prior year. Approximately 44.3 percent of this total amount or \$20,230,729 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,459,348 or 24.05 percent of total General Fund expenditures and transfers out for the fiscal year.
- Lee County's total debt decreased by \$1,254,330 or 1.37 percent during the current fiscal year.
- The County maintained its Aa2 bond rating from Moody's Investor Services and its AA bond rating from Standard & Poor's.

### Overview of the Financial Statements

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

two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Lee County.

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



### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

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

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

## **Government-wide Financial Statements**

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that

helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

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

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

## **Government-Wide Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial condition. The following figure depicts the County's net position for fiscal year 2021 and provides comparative data from fiscal year 2020.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 49,951,815	\$ 49,140,475	\$ 780,785	\$ 1,116,495	\$ 50,732,600	\$ 50,256,970
Capital assets	35,157,151	21,950,634	970,176	790,239	36,127,327	22,740,873
Total assets	85,108,966	71,091,109	1,750,961	1,906,734	86,859,927	72,997,843
Deferred outflow s of resources	12,771,279	6,500,128	134,693	71,899	12,905,972	6,572,027
Long-term liabilities outstanding	135,619,109	127,683,397	804,947	710,270	136,424,056	128,393,667
Other liabilities	3,572,726	2,413,480	58,891	64,677	3,631,617	2,478,157
Total liabilities	139,191,835	130,096,877	863,838	774,947	140,055,673	130,871,824
Deferred inflow s of resources	3,301,178	3,492,818	32,011	30,908	3,333,189	3,523,726
Net position:						
Net investment in capital assets	24,421,592	20,666,895	970,176	790,238	25,391,768	21,457,133
Restricted	12,901,754	10,858,328	-	-	12,901,754	10,858,328
Unrestricted	(81,936,114)	(87,523,681)	19,629	382,540	(81,916,485)	(87,141,141)
Total net position	\$ (44,612,768)	\$(55,998,458)	\$ 989,805	\$ 1,172,778	\$ (43,622,963)	\$ (54,825,680)

The liabilities and deferred inflows of resources of Lee County exceed assets and deferred outflow of resources by (\$43,622,963) at the close of the most recent fiscal year. The County's net position increased by \$11,177,152 for the fiscal year ended June 30, 2021. One of the largest portions of net position, \$25,391,768, reflects the County's net investment in capital assets (e.g. land, buildings, machinery and equipment). Lee County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lee County's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$12,901,754 represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$81,916,485 is unrestricted.

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the Lee County Board of Education (the "schools") and Central Carolina Community College (the "community college"). Under North Carolina law, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems capital funding by using a mixture of County funds, general obligation debt, and installment financings. The assets funded by the County; however, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. As of June 30, 2021, approximately \$74.2 million of the outstanding debt on the County's financial statement was related to assets included in the school and community college systems' financial statements.

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

- Continued diligence in the collection of current year property taxes by maintaining a collection percentage of 99.03 percent for real and personal property and 100.00 percent for motor vehicles.
- Continued low cost of debt due to the County's high bond ratings.
- Continued accumulation of funds into the Capital Projects Outlay Fund. Accumulated funds will be used to fund current and future capital projects.
- An increase in sales tax revenue.
- Due to County departments being conservative in their spending and reductions in expenditures due to the suspension of some programs and services due to the COVID-19 pandemic, General Fund expenditures at June 30, 2021 were \$8,300,047 under budget.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,046,895	\$ 3,096,562	\$ 1,404,193	\$ 1,393,854	\$ 4,451,088	\$ 4,490,416
Operating grants and contributions	10,159,862	8,174,691	-	-	10,159,862	8,174,691
Capital grants and contributions	258,304	861,276	-	-	258,304	861,276
General revenues:						
Property taxes	51,742,663	49,694,345	-	-	51,742,663	49,694,345
Other taxes	20,271,297	16,917,742	-	-	20,271,297	16,917,742
Grants and contributions not restricted to specific programs	528,582	614,250	148,754	138,501	677,336	752,751
Investment earnings	51,846	597,489	1,014	18,048	52,860	615,537
Other	209,893	547,987	-	-	209,893	547,987
Gain (Loss) on disposal of assets	-	-	472	-	472	-
Total revenues	86,269,342	80,504,342	1,554,433	1,550,403	87,823,775	82,054,745
Expenses:						
General government	8,726,328	9,490,623	-	-	8,726,328	9,490,623
Public safety	15,946,736	14,870,074	-	-	15,946,736	14,870,074
Economic and physical development	5,766,315	4,456,827	-	-	5,766,315	4,456,827
Human services	15,092,113	13,783,026	-	-	15,092,113	13,783,026
Cultural and recreation	1,850,482	1,952,136	-	-	1,850,482	1,952,136
Education	24,751,263	31,420,365	-	-	24,751,263	31,420,365
Interest on long-term debt	2,775,980	3,168,140	-	-	2,775,980	3,168,140
Water and sewer	-	-	-	-	-	-
Landfill	-	-	1,737,406	1,598,278	1,737,406	1,598,278
Total expenses	74,909,217	79,141,191	1,737,406	1,598,278	76,646,623	80,739,469
Increase (decrease) in net position before special item	11,360,125	1,363,151	(182,973)	(47,875)	11,177,152	1,315,276
Special item - loss on disposal of capital asset	-	(847,812)	-	-	-	(847,812)
Increase (decrease) in net position after special item	11,360,125	515,339	(182,973)	(47,875)	11,177,152	467,464
Net position, beginning as previously reported	(55,998,458)	(56,513,797)	1,172,778	1,220,653	(54,825,680)	(55,293,144)
Prior period restatement, change in accounting principle	25,565	-	-	-	25,565	-
Net position, beginning as restated	(55,972,893)	(56,513,797)	1,172,778	1,220,653	(54,800,115)	(55,293,144)
Net position, ending	\$ (44,612,768)	\$ (55,998,458)	\$ 989,805	\$ 1,172,778	\$ (43,622,963)	\$ (54,825,680)

**Governmental Activities.** Governmental activities increased the County's net position by \$11,360,125. Key factors that contribute to the increase are as follows:

- Operating grants and contributions increased by \$1,985,171. Much of this increase is attributable to CARES Act funding received by the County.
- Property tax revenues increased \$2,048,318 or 4.12 percent due to growth.
- Despite of the effects of COVID-19 on the state, the County saw an increase of \$3,187,845 or 20.38 percent in local option sales tax revenue.
- Expenditure reductions due to the suspension of some programs and services due to the COVID-19 pandemic.

**Business-type Activities.** Business-type activities decreased the County's net position by \$182,973. The key factors in the decrease are as follows:

- Increase in recycling processing fees.
- The Cost of Living Adjustment in the Waste Industries contract.
- Increased waste.

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

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

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the County's fund balance available for appropriation in the General Fund was \$22,415,333, while total fund balance reached \$31,209,648, an increase of 15.66 percent. The increase in the County's fund balance can be contributed to many areas. The tax collection percentage of the County and tax base growth contributed to the growth of the County's fund balance. For 2021, the County's tax collection rate increased from 98.72 percent to 99.13 percent. The County's tax base increased 3.45 percent over the previous year. The revenue from the receipt of sales tax increased 20.38 percent despite the COVID-19 pandemic. Much of the increase is contributed to ongoing construction in the County and increased online shopping due to people working from home or just not wanting to shop in person. The cancellation of many programs and services during the fiscal year ended June 30, 2021 due to the pandemic along with County departments continuing to be conservative in their spending resulted in General Fund expenditures being \$8,300,047 under budget. The Board of Commissioners of Lee County has adopted a set of financial policies that states the County will maintain as a floor an available fund balance equal to 16 percent of the General Fund expenditures at the end of each fiscal year; however, the County will strive to reach a target of 24 percent. The County currently has an available fund balance of 29.20 percent of General Fund expenditures and transfers to other funds, while total fund balance represents 40.65 percent of that same amount.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$45,664,339, a \$181,344 decrease from the prior year. While the General Fund fund balance increased \$4,225,806 for reasons detailed previously, the other governmental funds saw a decrease of \$4,407,150. The majority of the decrease is from the expenditure of funds from debt issuances in previous years for construction projects.

Fund balance for the Lee County Government Center Renovations Fund decreased by \$2,127,449 reflecting the expenditure of funds for the renovations of the Government Center.

Capital expenditures in the amount of \$858,094 for CCCC projects, \$1,522,806 for the Elementary School projects, \$2,159,331 for the Courthouse Complex Fund also contributed to contributed to the decrease in fund balance.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, the budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund's increased appropriations by \$4,103,672.

Major budget increases during the year include:

- Funding for the purchase of property for future development at O.T. Sloan park – \$505,000.
- Funding for refurbishing the pool and pool house at Horton Park and tennis courts at Temple park - \$1,050,000.
- Funding for renovations to the Bob Hales Center - \$311,000.
- Funding from the State for Health Department expenses related to COVID-19 - \$539,632.
- The remaining budget adjustments were for various amounts and across all functional areas of the County and were to adjust appropriations as necessary to maintain services.

At year end, *actual* general fund revenues and other financing sources were more than *final amended budget* numbers by \$1,854,540. *Actual* general fund expenditures and transfers out were less than *final budgetary* figures by \$8,300,047 increasing fund balance by \$4,225,806.

**Proprietary Funds.** Lee County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Water and Sewer District # 1 Fund at the end of the fiscal year amounted to \$(326,749). The unrestricted net position of the Solid Waste Management Fund equaled \$346,378. The decrease in net position in this fund was \$182,973.

## Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$36,127,327 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, improvements, and construction in progress.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,833,068	\$ 4,509,069	\$ 260,425	\$ 260,425	\$ 5,093,493	\$ 4,769,494
Land improvements	2,449,557	2,449,557	135,796	135,796	2,585,353	2,585,353
Buildings	7,811,798	7,995,731	217,373	225,450	8,029,171	8,221,181
Roads	1,839,103	1,912,667	-	-	1,839,103	1,912,667
Equipment	4,020,691	4,094,526	356,582	168,568	4,377,273	4,263,094
Construction in progress	14,202,934	989,084	-	-	14,202,934	989,084
Totals	\$ 35,157,151	\$ 21,950,634	\$ 970,176	\$ 790,239	\$ 36,127,327	\$ 22,740,873

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

**Long-term Debt.** As of June 30, 2021, Lee County had total bonded debt outstanding of \$19,753,826 all of which is debt backed by the full faith and credit of the County. In addition, the County had direct placement obligations of \$40,914,776, and limited obligation bond debt of \$29,369,561 for a total debt burden outstanding for Governmental Activities of \$90,038,163.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 19,753,826	\$ 20,988,440	\$ -	\$ -	\$ 19,753,826	\$ 20,988,440
Direct Placement Obligations	40,914,776	39,653,636	-	-	40,914,776	39,653,636
Limited Obligation Bonds	29,369,561	30,650,417	-	-	29,369,561	30,650,417
Note Payable	-	-	326,749	326,749	326,749	326,749
Totals	\$ 90,038,163	\$ 91,292,493	\$ 326,749	\$ 326,749	\$ 90,364,912	\$ 91,619,242

Lee County's total debt decreased by \$1,254,330 during the past fiscal year. In November 2020, the County issued \$15,235,000 of Series 2020 refunding certificates of participation to refund the 2016 refunding certificates of participation. The current refunding was undertaken to reduce future debt service payments over the next eight years by \$573,254 and resulted in an economic gain of \$540,742. In June 2021, the County entered into an installment purchase agreement with Regions Bank in the amount of \$7,220,000.

As mentioned in the financial highlights section of this document, Lee County maintained its Aa2 rating Moody's Investor Service and its AA rating from Standard and Poor's

Corporation during the fiscal year. These bond ratings are a clear indication of the sound financial condition of Lee County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lee County is \$407,494,412.

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

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

- Lee County's unemployment rate has decreased from 8.2 percent at the end of June 2020 to 5.5 percent at the end of June 2021.
- Total property values increased by 3.45 percent.
- The County's population continues to grow. The estimated population for 2020 of 63,285 is 1,506 higher than the number of 61,779 for calendar year 2019.
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2021 to \$18,828,209 from \$15,640,364 in the year ended June 30, 2020, an increase of 20.38 percent.

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities.** Collections from property taxes and sales taxes are expected to lead the increase in revenue projections. Due to economic growth leading to an increased tax base, the County reduced the tax rate from 77.5 cents to 76.0 cents for the fiscal year 2022 budget. The County will use these increases in revenues to finance programs currently in place.

Expenditures in the General Fund have been budgeted at \$83,880,842, which represents a 4.98 percent increase from the FY 2021 adopted budget. The largest increments are in employee compensation. The budget funds the second year of the County's new pay plan, which is designed to reduce turnover in our staff and retain our highly trained employees. The budget also includes funding for eleven new positions to meet current workload demand: an elections technician in the Elections department; an electrical maintenance mechanic, grounds maintenance worker, a housekeeping assistant and an administrative assistant in General Services; a lab technician for the Sheriff's department; a practical nurse II for the Health department; a Social Work Program Manager for Adult and Children's Services for Social Services; a Veteran's Service Officer for Senior Services; and a Librarian I and Library Assistant I for the Library.

**Business-type Activities.** The FY 2022 Solid Waste Fund budget totals \$2,003,849 which represents an increase of 3.48 percent from the adopted FY 2021 budget. A rate increase of \$23.50 was approved for FY 2022. The increase is needed to cover increases in recycling costs and the increased tonnage of materials being disposed.

The budget also includes \$70,000 to contract for a survey of the County's current convenience centers for potential relocations and redesigns.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Lee County, 408 Summit Drive, P.O. Box 1968, Sanford, NC 27330. You can also visit our website at [www.leecountync.gov](http://www.leecountync.gov).

## **BASIC FINANCIAL STATEMENTS**

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

**Exhibit 1**

	Primary Government		
	Governmental	Business-	
	Activities	type	Total
		Activities	
<b>Assets</b>			
Cash and investments	\$ 33,316,630	\$ 663,425	\$ 33,980,055
Taxes receivable - net	741,269	-	741,269
Accounts receivable - net	8,320,905	117,320	8,438,225
Accrued interest receivable	4,671	40	4,711
Restricted assets:			
Temporarily restricted:			
Cash and investments	7,446,111	-	7,446,111
Net pension asset	122,229	-	122,229
Capital assets:			
Land, improvements, and construction in progress	21,485,559	396,221	21,881,780
Other capital assets, net of depreciation	13,671,592	573,955	14,245,547
Total capital assets	<u>35,157,151</u>	<u>970,176</u>	<u>36,127,327</u>
 Total assets	 <u>85,108,966</u>	 <u>1,750,961</u>	 <u>86,859,927</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	5,512,259	55,307	5,567,566
OPEB deferrals	7,203,676	79,386	7,283,062
Charge on refunding	55,344	-	55,344
 Total deferred outflows of resources	 <u>12,771,279</u>	 <u>134,693</u>	 <u>12,905,972</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,838,707	58,891	1,897,598
Accrued interest payable	503,247	-	503,247
Due to other governments	7,267	-	7,267
Unearned revenue	237,200	-	237,200
Liabilities to be paid from restricted assets	986,305	-	986,305
Long-term liabilities			
Due within one year	10,068,859	20,000	10,088,859
Due in more than one year	125,550,250	784,947	126,335,197
Total long-term liabilities	<u>135,619,109</u>	<u>804,947</u>	<u>136,424,056</u>
 Total liabilities	 <u>139,191,835</u>	 <u>863,838</u>	 <u>140,055,673</u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	163,658	905	164,563
OPEB deferrals	2,822,746	31,106	2,853,852
Prepaid taxes	314,774	-	314,774
 Total deferred inflows of resources	 <u>3,301,178</u>	 <u>32,011</u>	 <u>3,333,189</u>
<b>Net Position</b>			
Net investment in capital assets	24,421,592	970,176	25,391,768
Restricted for:			
Stabilization by State Statute	9,227,306	-	9,227,306
Public Safety	1,329,017	-	1,329,017
Economic and Physical Development	1,651,604	-	1,651,604
Human Services	36,512	-	36,512
Education	202,733	-	202,733
Register of Deeds	337,446	-	337,446
Register of Deeds' pension plan	117,136	-	117,136
Unrestricted	<u>(81,936,114)</u>	<u>19,629</u>	<u>(81,916,485)</u>
 Total net position	 <u>\$ (44,612,768)</u>	 <u>\$ 989,805</u>	 <u>\$ (43,622,963)</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Government activities:							
General government	\$ 8,726,328	\$ 871,950	\$ 1,958,313	\$ -	\$ (5,896,065)	\$ -	\$ (5,896,065)
Public safety	15,946,736	665,710	296,495	-	(14,984,531)	-	(14,984,531)
Economic and physical development	5,766,315	-	26,880	-	(5,739,435)	-	(5,739,435)
Human services	15,092,113	1,423,580	7,747,474	-	(5,921,059)	-	(5,921,059)
Cultural and recreation	1,850,482	85,655	130,700	-	(1,634,127)	-	(1,634,127)
Education	24,751,263	-	-	258,304	(24,492,959)	-	(24,492,959)
Interest on long-term debt	2,775,980	-	-	-	(2,775,980)	-	(2,775,980)
Total governmental activities	<u>74,909,217</u>	<u>3,046,895</u>	<u>10,159,862</u>	<u>258,304</u>	<u>(61,444,156)</u>	<u>-</u>	<u>(61,444,156)</u>
Business-type activities:							
Water & Sewer	-	-	-	-	-	-	-
Solid Waste Management Fund	1,737,406	1,404,193	-	-	-	(333,213)	(333,213)
Total business-type activities	<u>1,737,406</u>	<u>1,404,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(333,213)</u>	<u>(333,213)</u>
Total primary government	<u>\$ 76,646,623</u>	<u>\$ 4,451,088</u>	<u>\$ 10,159,862</u>	<u>\$ 258,304</u>	<u>(61,444,156)</u>	<u>(333,213)</u>	<u>(61,777,369)</u>
General revenues:							
Ad valorem taxes					51,742,663	-	51,742,663
Sales taxes					18,828,209	-	18,828,209
Other taxes					1,443,088	-	1,443,088
Grants and contributions not restricted to specific programs					528,582	148,754	677,336
Investment earnings					51,846	1,014	52,860
Miscellaneous					209,893	-	209,893
Gain on disposal of assets					-	472	472
Total general revenues					<u>72,804,281</u>	<u>150,240</u>	<u>72,954,521</u>
Change in net position					11,360,125	(182,973)	11,177,152
Net position, beginning, previously reported					(55,998,458)	1,172,778	(54,825,680)
Prior period restatement - change in accounting principle					25,565	-	25,565
Net position, beginning					<u>(55,972,893)</u>	<u>1,172,778</u>	<u>(54,800,115)</u>
Net position, ending					<u>\$ (44,612,768)</u>	<u>\$ 989,805</u>	<u>\$ (43,622,963)</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

**Exhibit 3**

	Major Funds			
		Lee County Government Center Renovations Fund	Non-major Governmental Funds	Total Governmental Funds
	General Fund			
<b>Assets</b>				
Assets:				
Cash and investments	\$ 25,683,503	\$ -	\$ 7,633,127	\$ 33,316,630
Taxes receivable - net	646,333	-	94,936	741,269
Accounts receivable - net	7,848,176	50,276	388,565	8,287,017
Accrued interest receivable	4,158	-	513	4,671
Cash and investments - restricted	-	2,642,994	4,803,117	7,446,111
Total assets	<u>\$ 34,182,170</u>	<u>\$ 2,693,270</u>	<u>\$ 12,920,258</u>	<u>\$ 49,795,698</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,768,378	\$ -	\$ 70,329	\$ 1,838,707
Unearned revenue	237,200	-	-	237,200
Due to other governments	-	-	7,267	7,267
Liabilities to be paid from restricted assets	-	431,092	555,213	986,305
Total liabilities	<u>2,005,578</u>	<u>431,092</u>	<u>632,809</u>	<u>3,069,479</u>
Deferred Inflows of Resources				
Prepaid taxes	314,774	-	-	314,774
Property tax receivable	646,333	-	94,936	741,269
Other receivables	5,837	-	-	5,837
Total deferred inflows of resources	<u>966,944</u>	<u>-</u>	<u>94,936</u>	<u>1,061,880</u>
Fund Balances:				
Restricted:				
Stabilization by State Statute	8,794,315	50,276	382,715	9,227,306
Public Safety	-	-	3,841,455	3,841,455
Economic and Physical Development	-	2,642,994	3,748,288	6,391,282
Human Services	-	-	36,512	36,512
Education	-	-	396,728	396,728
Register of Deeds	337,446	-	-	337,446
Committed:				
Economic and Physical Development	-	-	282,260	282,260
Public Safety	364,550	-	-	364,550
Human Services	702,672	-	-	702,672
LEO Special Separation Allowance	4,423	-	-	4,423
Assigned:				
Subsequent year's expenditures	2,546,894	-	-	2,546,894
Capital	-	-	4,110,958	4,110,958
Unassigned:	<u>18,459,348</u>	<u>(431,092)</u>	<u>(606,403)</u>	<u>17,421,853</u>
Total fund balances	<u>31,209,648</u>	<u>2,262,178</u>	<u>12,192,513</u>	<u>45,664,339</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,182,170</u>	<u>\$ 2,693,270</u>	<u>\$ 12,920,258</u>	<u>\$ 49,795,698</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

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

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

Total fund balance, Governmental Funds	\$ 45,664,339
Charges related to advance refunding bond issue	55,344
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	35,157,151
Net pension asset	122,229
Contributions to pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,799,397
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position	17,698
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	544,064
Net pension liability	(7,862,000)
Net OPEB liability	(32,982,626)
Total pension liability	(2,451,202)
Deferred inflows of resources for taxes and other receivables	780,994
Pension related deferrals	3,531,506
OPEB related deferrals	3,836,866
Compensated absences not expected to be materially liquidated with expendable available resources	(2,285,118)
Some liabilities, including bonds payable and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(90,541,410)</u>
Net position of governmental activities	<u>\$ (44,612,768)</u>

---

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit 4**

	Major Funds			
	General Fund	Lee County Government Center Renovations Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 48,109,246	\$ -	\$ 3,653,560	\$ 51,762,806
Local option sales taxes	18,828,209	-	-	18,828,209
Other taxes and licenses	739,240	-	703,848	1,443,088
Unrestricted intergovernmental	536,351	-	-	536,351
Restricted intergovernmental	8,745,688	-	2,050,400	10,796,088
Permits and fees	352,100	-	-	352,100
Sales and services	2,319,579	-	94,269	2,413,848
Investment earnings	43,295	608	7,943	51,846
Miscellaneous	427,989	-	-	427,989
Total revenues	<u>80,101,697</u>	<u>608</u>	<u>6,510,020</u>	<u>86,612,325</u>
Expenditures:				
Current:				
General government	10,902,557	-	950,511	11,853,068
Public safety	10,929,931	-	5,762,435	16,692,366
Economic and physical development	1,591,201	2,558,057	8,671,905	12,821,163
Human services	13,269,107	-	548,385	13,817,492
Education	24,089,546	-	661,717	24,751,263
Cultural and recreational	2,593,907	-	6,721	2,600,628
Debt service:				
Principal retirement	8,372,859	-	-	8,372,859
Interest and fees	3,188,486	-	-	3,188,486
Total expenditures	<u>74,937,594</u>	<u>2,558,057</u>	<u>16,601,674</u>	<u>94,097,325</u>
Revenues over (under) expenditures	<u>5,164,103</u>	<u>(2,557,449)</u>	<u>(10,091,654)</u>	<u>(7,485,000)</u>
Other Financing Sources (Uses):				
Transfers from other funds	808,058	430,000	3,352,817	4,590,875
Transfers to other funds	(1,830,011)	-	(2,760,864)	(4,590,875)
Installment purchase obligation issued	-	-	7,220,000	7,220,000
Refunding certificates of participation issued	15,235,000	-	-	15,235,000
Payment to refunding escrow agent	(15,151,344)	-	-	(15,151,344)
Total other financing sources (uses)	<u>(938,297)</u>	<u>430,000</u>	<u>7,811,953</u>	<u>7,303,656</u>
Net change in fund balances	4,225,806	(2,127,449)	(2,279,701)	(181,344)
Fund balances, beginning of year, as previously reported	26,983,842	4,389,627	14,446,649	45,820,118
Prior period restatement - change in accounting principle	-	-	25,565	25,565
Fund balances, beginning of year, as restated	<u>26,983,842</u>	<u>4,389,627</u>	<u>14,472,214</u>	<u>45,845,683</u>
Fund balances, end of year	<u>\$ 31,209,648</u>	<u>\$ 2,262,178</u>	<u>\$ 12,192,513</u>	<u>\$ 45,664,339</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

---

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

Net changes in fund balances - total governmental funds (Exhibit 4) \$ (181,344)

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

Capital outlay	14,705,032
Depreciation	(1,304,057)
Basis of assets disposed	(194,458)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 1,799,397

Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position 33,472

Contributions and pension administration costs for OPEB are deferred outflows on the Statement of Net Position 544,064

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (25,806)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,127,110

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not required as expenditures in governmental funds. (5,143,285)

Change in net position of governmental activities \$ 11,360,125

---

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2021**

**Exhibit 5**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 45,942,187	\$ 45,942,187	\$ 48,109,246	\$ 2,167,059
Local option sales taxes	14,235,492	14,235,492	18,828,209	4,592,717
Other taxes and licenses	512,648	512,648	739,240	226,592
Unrestricted intergovernmental	563,889	563,889	536,351	(27,538)
Restricted intergovernmental	8,865,766	10,075,359	8,745,688	(1,329,671)
Permits and fees	264,083	264,083	352,100	88,017
Sales and services	3,027,705	3,070,146	2,319,579	(750,567)
Investment earnings	300,000	300,000	43,295	(256,705)
Miscellaneous	331,195	400,239	427,989	27,750
Total revenues	<u>74,042,965</u>	<u>75,364,043</u>	<u>80,101,697</u>	<u>4,737,654</u>
Expenditures:				
Current:				
General government	11,565,416	12,804,302	10,902,557	1,901,745
Public safety	12,011,593	12,065,159	10,929,931	1,135,228
Economic and physical development	2,017,593	2,043,549	1,591,201	452,348
Human services	15,186,804	16,549,520	13,269,107	3,280,413
Education	24,516,242	24,516,242	24,089,546	426,696
Cultural and recreational	2,319,575	3,658,467	2,593,907	1,064,560
Debt service:				
Principal retirement	8,304,859	8,372,859	8,372,859	-
Interest and fees	3,211,887	3,227,543	3,188,486	39,057
Total expenditures	<u>79,133,969</u>	<u>83,237,641</u>	<u>74,937,594</u>	<u>8,300,047</u>
Revenues over (under) expenditures	<u>(5,091,004)</u>	<u>(7,873,598)</u>	<u>5,164,103</u>	<u>13,037,701</u>
Other Financing Sources (Uses):				
Transfers from other funds	3,691,172	3,691,172	808,058	(2,883,114)
Transfers to other funds	(764,000)	(1,830,011)	(1,830,011)	-
Refunding certificates of participation issued	-	15,235,000	15,235,000	-
Payment to refunding escrow	-	(15,151,344)	(15,151,344)	-
Total other financing sources (uses)	<u>2,927,172</u>	<u>1,944,817</u>	<u>(938,297)</u>	<u>(2,883,114)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,163,832)</u>	<u>(5,928,781)</u>	<u>4,225,806</u>	<u>10,154,587</u>
Appropriated fund balance	<u>2,163,832</u>	<u>5,928,781</u>	<u>-</u>	<u>(5,928,781)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,225,806</u>	<u>\$ 4,225,806</u>
Fund balance, beginning of year			<u>26,983,842</u>	
Fund balance, end of year			<u>\$ 31,209,648</u>	

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Fund Net Position - Proprietary Funds**  
**June 30, 2021**

**Exhibit 6**

	Major Funds		Total
	Solid Waste Management Fund	Water and Sewer District #1 Fund	Business-type Activities Enterprise
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 663,425	\$ -	\$ 663,425
Accounts receivable - net	117,320	-	117,320
Accrued interest receivable	40	-	40
Total current assets	<u>780,785</u>	<u>-</u>	<u>780,785</u>
Non-current assets:			
Land, improvements, and construction in progress	396,221	-	396,221
Other capital assets, net of accumulated depreciation	<u>573,955</u>	<u>-</u>	<u>573,955</u>
Total non-current assets	<u>970,176</u>	<u>-</u>	<u>970,176</u>
Total assets	<u>1,750,961</u>	<u>-</u>	<u>1,750,961</u>
<b>Deferred outflows of resources</b>	134,693	-	134,693
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	30,410	-	30,410
Compensated absences payable	20,000	-	20,000
Accrued landfill closure costs	<u>28,481</u>	<u>-</u>	<u>28,481</u>
Total current liabilities	<u>78,891</u>	<u>-</u>	<u>78,891</u>
Non-current liabilities:			
Compensated absences payable	850	-	850
Loan payable	-	326,749	326,749
Net pension liability	93,876	-	93,876
OPEB liability payable	<u>363,472</u>	<u>-</u>	<u>363,472</u>
Total non-current liabilities	<u>458,198</u>	<u>326,749</u>	<u>784,947</u>
Total liabilities	<u>537,089</u>	<u>326,749</u>	<u>863,838</u>
<b>Deferred inflows of resources</b>	32,011	-	32,011
<b>Net Position</b>			
Net Investment in capital assets	970,176	-	970,176
Unrestricted	<u>346,378</u>	<u>(326,749)</u>	<u>19,629</u>
Total net position	<u>\$ 1,316,554</u>	<u>\$ (326,749)</u>	<u>\$ 989,805</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund**  
**Net Position - Proprietary Funds**  
**For The Year Ended June 30, 2021**

**Exhibit 7**

	Major Funds		Total
	Solid Waste Management Fund	Water and Sewer District #1 Fund	Business-type Activities Enterprise
Operating revenues:			
Charges for services	\$ 1,375,002	\$ -	\$ 1,375,002
Other miscellaneous revenues	29,191	-	29,191
Total operating revenues	<u>1,404,193</u>	<u>-</u>	<u>1,404,193</u>
Operating expenses:			
Cost of service and administration	1,699,962	-	1,699,962
Depreciation	37,444	-	37,444
Total operating expenses	<u>1,737,406</u>	<u>-</u>	<u>1,737,406</u>
Operating income (loss)	<u>(333,213)</u>	<u>-</u>	<u>(333,213)</u>
Non-operating revenues (expenses):			
Solid waste disposal tax	28,363	-	28,363
Scrap tire disposal tax	87,934	-	87,934
White goods disposal tax	32,457	-	32,457
Investment earnings	1,014	-	1,014
Gain on disposal of capital assets	472	-	472
Non-operating revenues (expenses)	<u>150,240</u>	<u>-</u>	<u>150,240</u>
Change in net position	(182,973)	-	(182,973)
Net position, beginning	<u>1,499,527</u>	<u>(326,749)</u>	<u>1,172,778</u>
Net position, ending	<u>\$ 1,316,554</u>	<u>\$ (326,749)</u>	<u>\$ 989,805</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Cash Flows - Proprietary Funds**  
**For The Year Ended June 30, 2021**

**Exhibit 8**

	Major Funds		Total
	Solid Waste Management Fund	Water and Sewer District #1 Fund	Business-type Activities Enterprise
Cash flows from operating activities:			
Receipts from customers	\$ 1,375,474	\$ -	\$ 1,375,474
Payments to suppliers for goods and services	(1,111,274)	-	(1,111,274)
Payments to or on behalf of employees	(565,550)	-	(565,550)
Other operating revenues	29,191	-	29,191
Net cash provided (used) by operating activities	<u>(272,159)</u>	<u>-</u>	<u>(272,159)</u>
Cash flows from noncapital and related financing activities:			
Tax receipts	146,168	-	146,168
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(221,532)	-	(221,532)
Cash flows from investing activities -			
Interest on investments	<u>1,163</u>	<u>-</u>	<u>1,163</u>
Net increase (decrease) in cash and cash equivalents	(346,360)	-	(346,360)
Cash and cash equivalents, beginning of year	<u>1,009,785</u>	<u>-</u>	<u>1,009,785</u>
Cash and cash equivalents, end of year	<u>\$ 663,425</u>	<u>\$ -</u>	<u>\$ 663,425</u>
Reconciliation of operating income (loss) to			
net cash provided (used) by operating activities:			
Operating income (loss)	\$ (333,213)	\$ -	\$ (333,213)
Adjustments to reconcile operating			
income (loss) to cash provided (used)			
by operating activities:			
Depreciation	37,444	-	37,444
Changes in assets, liabilities, and deferred			
outflows and inflows of resources:			
(Increase) decrease in accounts receivable	(3,590)	-	(3,590)
(Increase) decrease in deferred outflows of			
resources - pension	(12,715)	-	(12,715)
(Increase) in deferred outflows of			
resources - OPEB	(50,573)	-	(50,573)
Increase in net pension liability	24,399	-	24,399
Increase in net OPEB liability	65,874	-	65,874
Increase (decrease) in accounts			
payable and accrued expenses	(1,382)	-	(1,382)
Increase (decrease) in deferred inflows of			
resources - pensions	(326)	-	(326)
Increase (decrease) in deferred inflows of			
resources - OPEB	1,923	-	1,923
Net cash provided (used) by operating activities	<u>\$ (272,159)</u>	<u>\$ -</u>	<u>\$ (272,159)</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

**Exhibit 9**

---

	Kenneth Brown Bequest Fund	Custodial Funds
<b>Assets</b>		
Cash and investments	\$ 12,480	\$ 264,885
Taxes receivable - net	-	333,298
Accounts receivable	-	216,422
Accrued interest receivable	<u>1</u>	<u>-</u>
Total assets	<u>12,481</u>	<u>814,605</u>
<b>Liabilities</b>		
Accounts payable	-	216,422
Due to other governments	<u>-</u>	<u>229,906</u>
Total liabilities	<u>-</u>	<u>446,328</u>
<b>Net Position</b>		
Restricted for:		
Individuals, organizations, and other governments	<u>12,481</u>	<u>368,277</u>
Total fiduciary net position	<u>\$ 12,481</u>	<u>\$ 368,277</u>

---

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

**LEE COUNTY, NORTH CAROLINA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

**Exhibit 10**

	Kenneth Brown Bequest Fund	Custodial Funds
<b>Additions:</b>		
Investment earnings	\$ 13	\$ -
Ad valorem taxes collected for other governments	-	21,694,145
Other taxes and licenses collected for other governments	-	272,238
Collections on behalf of inmates	-	330,091
Total additions	<u>13</u>	<u>22,296,474</u>
<b>Deductions:</b>		
Tax distributins to other governments	-	21,951,074
Payments on behalf of inmates	-	319,393
Total deductions	<u>-</u>	<u>22,270,467</u>
 Net increase (decrease) in diduciary net position	 13	 26,007
 Net position, beginning of year, as previously reported	 12,468	 -
Prior period restatement	-	342,270
Net position, beginning, as restated	<u>12,468</u>	<u>342,270</u>
Net position, ending	<u>\$ 12,481</u>	<u>\$ 368,277</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The Lee County Water and Sewer District #1 exists to provide and maintain a water and sewer system for the County residents within the District. The District is reported as an Enterprise Fund in the County's financial statements. Lee County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. Lee County Development Corporation (the *Corporation*) exists for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving but not limited to purchase and sale, construction and/or lease of real estate and improvement, facilities, and equipment. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements.

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

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

**Government-wide Statements.** The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

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

The County reports the following major governmental funds:

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

Lee County Government Center Renovations Fund accounts for the costs associated with renovations and repairs to the Government Center Building.

The County reports the following major enterprise funds:

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

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

Additionally, the County reports the following fund types:

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

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

*Custodial Funds.* Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: Town of Broadway Tax Fund, City of Sanford Tax Fund,

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

Central Business District Tax Fund, which account for ad valorem and vehicle property taxes that are billed and collected by the County but that are not revenues to the County; Sanford Room Occupancy Tax Fund, which accounts for room occupancy tax that are collected by the County but that are not revenues to the County; and Jail Inmate Pay Fund, which holds cash collections for the benefit of inmates from their friends and families.

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Lee County has two enterprise funds: the Water and Sewer District #1 Fund and the Solid Waste Management Fund.

Non-major funds. The County maintains several legally budgeted funds. The Fire Protection Fund, Room Occupancy Tax Fund, Emergency Telephone System Fund, Airport Tax Revenue Fund, Drug Seizure Fund, Coronavirus Relief Funds Fund, Revolving Loan Fund, Representative Payee Fund, and Fines and Forfeitures Fund are reported as non-major special revenue funds. The Capital Projects Outlay Fund, CCCC Health Sciences Center Fund, CCCC Veterinary Medical Technology Facility Fund, CCCC Civic Center Project Fund, CCCC Main Campus and Emergency Services Training Center Renovations Fund, Elementary School Facility Fund, Courthouse Complex Renovations Fund, Park Improvements Funds, Multi-Sports Complex Fund, and CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund are reported as non-major capital project funds.

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**C. Budgetary Data**

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

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

**Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by North Carolina G.S. 159-31. The County may establish official depositories with any bank or savings association whose principal office is located in North Carolina. The County may also establish time deposits in the form of NOW and SuperNow accounts, money market accounts, and certificates of deposit.

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

The majority of the County's investments are carried at fair value. Non-participating interest earnings investment contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT), which consists of a SEC-registered funds, is authorized by G.S. 159-30(c) (8). The Government Portfolio, which invests in treasuries and government agencies is a money market mutual fund (2a-7) fund and is rated AAAm by S&P and AAmf by Moody's Investor Services. The Government Portfolio is reported at fair value.

**Cash and Cash Equivalents**

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

**Restricted Assets**

The unexpended bond proceeds of the Central Carolina Community College project funds are classified as restricted assets because their use is restricted to those projects. The unexpended bond proceeds of the Series 2018 Limited Obligation Bonds are classified as restricted assets within the Courthouse Complex Renovations Fund, and the Park Improvements Fund. The unexpended proceeds of the 2020 Installment Financing Agreement are classified as restricted assets within the Courthouse Complex Renovations Fund and the Lee County Government Center Renovations Fund. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**Restricted Assets**

**Governmental Activities:**

CCCC Veterinary Medical Technology Facility Fund	Unexpended bond proceeds	\$ 105,860
Courthouse Complex Renovations Fund	Unexpended bond proceeds	2,512,438
Park Improvements Fund	Unexpended bond proceeds	2,096,684
Lee County Government Center Renovations Fund	Unexpended bond proceeds	2,642,994
CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	Unexpended loan proceeds	88,135
Total Governmental Activities		<u>\$ 7,446,111</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2020.

**Allowance for Doubtful Accounts**

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

**Other Resources**

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

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets that are purchased or constructed are recorded at historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

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

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditures until then. The County has several items that meet this criterion – pension related deferrals, contributions made to the OPEB or pension plans in the current fiscal year, and deferred charge on refunding.

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

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

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

**Compensated Absences**

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

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

**Management Estimates**

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

**Net Position/Fund Balances**

*Net Position*

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

*Fund Balances*

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

The governmental fund types classify fund balance as follows:

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

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

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

**Restricted for Public Safety** – portion of fund balance that is restricted by revenue source for public safety purposes.

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

**Restricted for Human Services** – portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

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

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

Restricted fund balance/net position on Exhibit 1 varies from Exhibit 3 by the amount of unexpended bond proceeds of \$7,446,111 and Register of Deeds' Pension Plan of \$117,136 for a net difference of \$7,328,975.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority vote of Lee County's Governing Board. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Economic and Physical Development – portion of fund balance that can only be used for economic and physical development projects.

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

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

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

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

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

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

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

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

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 16% of budgeted expenditures. The County's financial policy also directs management to strive to reach an available fund balance level of 24% of budgeted expenditures. Amounts in excess of that will be transferred to a capital reserve fund to provide equity resources to fund the County's capital improvement plan.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

**Defined Benefit Pension Plans**

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

**Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(90,277,107) consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 67,064,847
Less accumulated depreciation	<u>(31,907,696)</u>
Net capital assets	<u>35,157,151</u>
 Net pension asset	 122,229
 Contributions to the pension plan in the current fiscal year	 1,799,397
 Benefit payments and pension administration costs for LEOSSA	 17,698
 Contributions to OPEB plan in the current fiscal year	 544,064
 Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources	 55,344
 Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds	
Accrued interest rebate	33,888
 Deferred inflows of resources for taxes and other receivables	 747,106
 Pension related deferrals	 3,531,506
 OPEB related deferrals	 3,836,866
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(90,038,163)
Compensated absences	(2,285,118)
Net OPEB liability	(32,982,626)
Net pension liability	(7,862,000)
Total Pension liability	(2,451,202)
Accrued interest payable	<u>(503,247)</u>
 Total adjustment	 <u>\$ (90,277,107)</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

**Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The net adjustment of \$11,541,469 consists of several elements as follows:

Capital outlay expenditures recorded in the funds statements but capitalized as assets in the Statement of Activities	\$ 14,705,032
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements.	(1,304,057)
Costs of disposed capital assets not recorded in fund statements	(194,458)
The issuance of debt is recorded as a source of funds in the fund financial statements; it has no effect on the Statement of Activities; it affects only the government-wide Statement of Net Assets.	(22,455,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	8,372,859
Payment to refunding escrow agent is recorded as a use of funds on the fund statements but only affects the Statement of Net Position in the government-wide statements	15,151,344
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,799,397
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	33,472
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	544,064
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Increase in deferred inflows of resources – taxes receivable	(20,143)
Change in health department receivable at end of year	2,106
Accrued interest rebate not recorded on fund statements	(7,769)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual and government-wide statements (full accrual)	88,380
Compensated absences	(270,943)
OPEB expense	(2,107,179)
Pension expense	(3,036,106)
Premium amortization	240,470
Total adjustment	<u>\$ 11,541,469</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

The Water and Sewer District #1 Fund had a deficit net position at June 30, 2021. The County has entered an interlocal agreement with the City of Sanford to borrow funds to extend a water line. Repayment of the loan is dependent on the County receiving Coal Ash Funds which has not incurred at this time. The Multi-Sports Complex Project Fund had a deficit fund balance as of June 30, 2021. The County has \$25,000,000 in authorized general obligation bonds that will fund this project. The bonds will be sold in the fiscal year ending June 30, 2023, once the project designs are complete and the project can be bid. The CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund had a deficit fund balance as of June 30, 2021. The County plans to fund this project with limited obligation bonds that it plans to issue late in the fiscal year ending June 30, 2022 or early in the fiscal year ending June 30, 2023.

**III. DETAIL NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits*

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

At June 30, 2021, the carrying amount of the County's bank deposits (including fiduciary funds) was \$6,775,035 the bank balance was \$6,496,029. There was \$3,313,222 in escrow accounts with financial institutions. Sufficient collateral was maintained at June 30, 2021 to secure the County's deposits. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$6,246,029 was collateralized under the Pooling Method.

At June 30, 2021, the County had \$2,605 cash on hand.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

*Investments*

At June 30, 2021, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
Commercial Paper	Fair Value-Level 2	\$ 2,996,572	
NC Capital Management Trust – Government Portfolio	Fair Value-Level 1	28,616,097	N/A
Total		\$ 31,612,669	N/A

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

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

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

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

**Credit Risk.** The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investor Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2021.

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

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County's informal policy indicates that the County shall utilize a third-party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. At June 30, 2021 all of the County's investments were in the County's name.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,997,073	\$ 114,832	\$ 2,111,905
2019	2,052,682	302,771	2,355,453
2018	1,942,614	461,371	2,403,985
2017	<u>1,937,079</u>	<u>634,393</u>	<u>2,571,472</u>
Total	<u>\$ 7,929,448</u>	<u>\$ 1,513,36</u>	<u>\$ 9,442,815</u>

**C. Receivables**

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Taxes Receivable- Net</u>	<u>Accounts Receivable-Net</u>		
		<u>Accounts</u>	<u>Due from Other Government</u>	<u>Total</u>
Governmental activities:				
General	\$ 991,332	\$ 2,785,106	\$ 5,361,900	\$ 8,147,006
Other governmental	<u>119,015</u>	<u>279,419</u>	<u>159,422</u>	<u>438,841</u>
Total receivables	1,110,347	3,064,525	5,521,322	8,585,847
Allowance for doubtful accounts	<u>(369,078)</u>	<u>(264,942)</u>	<u>-</u>	<u>(264,942)</u>
Total governmental activities	<u>\$ 741,269</u>	<u>\$ 2,799,583</u>	<u>\$ 5,521,322</u>	<u>\$ 8,320,905</u>
Business-type activities:				
Solid waste management	-	\$ 110,353	\$ 6,967	\$ 117,320
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 110,353</u>	<u>\$ 6,967</u>	<u>\$ 117,320</u>
Local option sales tax			\$ 5,081,728	
Sales tax			370,463	
Various federal, state and local grants			<u>76,098</u>	
			<u>\$ 5,528,289</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental activities by type:

	June 30, 2020	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2021
Non-depreciable assets:				
Land	\$ 4,509,069	\$ 359,654	\$ (35,655)	\$ 4,833,068
Land Improvements	2,449,557	-	-	2,449,557
Construction in progress	989,084	13,213,850	-	14,202,934
	<u>7,947,710</u>	<u>13,573,504</u>	<u>(35,655)</u>	<u>21,485,559</u>
Depreciable assets:				
Buildings	31,426,931	338,760	(192,694)	31,572,997
Roads	2,424,871	-	-	2,424,871
Equipment	11,231,140	792,768	(442,488)	11,581,420
	<u>45,082,942</u>	<u>1,131,528</u>	<u>(635,182)</u>	<u>45,579,288</u>
Less accumulated depreciation and amortization for:				
Buildings	23,431,200	412,640	(82,641)	23,761,199
Roads	512,204	73,564	-	585,768
Equipment	7,136,614	817,853	(393,738)	7,560,729
	<u>31,080,018</u>	<u>\$ 1,304,057</u>	<u>\$ (476,379)</u>	<u>31,907,696</u>
Depreciable assets - net	<u>14,002,924</u>			<u>13,671,592</u>
Total Governmental Activities Capital Assets - net	<u>\$ 21,950,634</u>			<u>\$ 35,157,151</u>

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

General government	\$ 338,684
Public safety	412,636
Human services	198,686
Economic & physical development	153,258
Cultural & recreational	<u>200,793</u>
	<u>\$ 1,304,057</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**D. Capital Assets (Continued)**

Business-type activities by type:

	June 30, 2020	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2021
Non-depreciable assets:				
Land	\$ 260,425	\$ -	\$ -	\$ 260,425
Land improvements	<u>135,796</u>	<u>-</u>	<u>-</u>	<u>135,796</u>
	<u>396,221</u>	<u>-</u>	<u>-</u>	<u>396,221</u>
Depreciable assets:				
Buildings	751,914	-	-	751,914
Equipment	<u>792,802</u>	<u>221,532</u>	<u>41,516</u>	<u>972,818</u>
	<u>1,544,716</u>	<u>221,532</u>	<u>41,516</u>	<u>1,724,732</u>
Less accumulated depreciation and amortization for:				
Buildings	526,464	8,077	-	534,541
Equipment	<u>624,234</u>	<u>29,367</u>	<u>37,365</u>	<u>616,236</u>
	<u>1,150,698</u>	<u>\$ 37,444</u>	<u>\$ 37,365</u>	<u>1,150,777</u>
Depreciable assets - net	<u>394,018</u>			<u>573,955</u>
Total Business Activities Capital Assets - net	<u>\$ 790,239</u>			<u>\$ 970,176</u>

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

Solid waste	<u>\$ 37,444</u>
-------------	------------------

**Construction commitments**

The government has active construction projects as of June 30, 2021. The projects include new construction, renovation, and repairs for Central Carolina Community College, courthouse complex renovations, park improvements, improvements at the Lee County Government Center, and construction of a multi-sports complex. At June 30, 2021, the government's commitments with contractors and vendors are as follows:

Project	Spent-to-date	Remaining Commitment
CCCC Veterinary Medical Technology Facility	\$ 5,366,539	\$ -
Courthouse Complex Renovations	2,823,480	196,133
Park Improvements	1,128,623	1,564,377
Lee County Government Center Renovations	2,839,500	1,816,844
Multi-Sports Complex	41,376	74,526
CCCC Library/Lee Early College Classroom	<u>7,221,759</u>	<u>-</u>
	<u>\$ 19,421,277</u>	<u>\$ 3,651,880</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

***E. Liabilities***

Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 1,768,378
Other governmental	<u>70,329</u>
Total governmental activities	<u>\$ 1,838,707</u>
Business-type activities:	
Solid waste management	<u>\$ 58,891</u>
Total business-type activities	<u>\$ 58,891</u>

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

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

Plan Description

The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

Benefits Provided

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

**Contributions**

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.22% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,814,636 for the year ended June 30, 2021.

**Refunds of Contributions**

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

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

At June 30, 2021, the County reported a liability of \$7,955,876 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was .223% (measured as of June 30, 2020), which was a decrease of .007% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

For the year ended June 30, 2021. The County recognized pension expense of \$2,777,162. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differenced between expected and actual experience	\$ 1,004,687	\$ -
Change of assumptions	592,073	-
Net difference between projected and actual earnings on pension plan investments	1,119,576	-
Changes in proportion and differences between County contributions and proportionate share of contributions	156,010	76,654
County contributions subsequent to the measurement date	1,814,636	-
Total governmental activities	<u>\$ 4,686,982</u>	<u>\$ 76,654</u>

\$1,814,636 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 794,867
2023	1,042,070
2024	627,419
2025	331,337
2026	-
Thereafter	-
	<u>\$ 2,795,693</u>

Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan currently uses morality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimated of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at the statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 16,141,605	\$ 7,955,876	\$ 1,152,959

Pension plan fiduciary net position

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

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

Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2019 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>70</u>
Total	<u><u>73</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

**Basis of Accounting.** The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per annum
Salary increases	3.25 to 7.75 percent per annum, including inflation and real wage growth factors
Discount rate	1.93 percent per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

Mortality rates are based on the following:

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.

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

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

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

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

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$33,344 as benefits came due for the reporting period.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

At June 30, 2021, the County reported a total pension liability of \$2,451,202. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$293,526.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 213,376	\$ 37,711
Change of assumptions	637,804	33,399
County benefit payments and plan administrative expenses made subsequent to the measurement date	17,698	-
Total governmental activities	<u>\$ 868,878</u>	<u>\$ 77,110</u>

The County paid \$17,698 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 152,775
2023	155,152
2024	157,485
2025	163,675
2026	23,034
Thereafter	-

Sensitivity of the County's total pension liability to changes in the discount rate

The following presents the County's total pension liability calculated using the discount rate of 1.93%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate.

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 2,643,848	\$ 2,451,202	\$ 2,274,086

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

	<u>2021</u>
Beginning balance	\$ 1,553,067
Service cost	90,665
Interest	50,086
Change in benefit terms	-
Difference between expected and actuarial experience	99,635
Changes of assumptions and other inputs	691,093
Benefit payments	(33,344)
Other changes	-
Ending balance of total pension liability	<u>\$ 2,451,202</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.26% at December 31, 2019 to 1.93% at December 31, 2020.

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, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

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

**Plan Description**

The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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 County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$225,794, which consisted of \$176,169 from the County and \$49,625 from the law enforcement officers. No amounts were forfeited.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

**Plan Description**

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

**Funding Policy**

The County contributes each month an amount equal to five percent (5.0%). Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 were \$861,900, which consisted of \$685,668 from the County and \$176,232 from employees.

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

**Plan Description**

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the 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 Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided**

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

**Contributions**

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,174 for the year ended June 30, 2021.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

At June 30, 2021, the County reported an asset of \$122,229 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODDPF employers. At June 30, 2020, the County's proportion was .533%, which was an increase of .030% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$(1,811). At June 30, 2021, the County 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>
Differenced between expected and actual experience	\$ -	\$ 2,491
Net difference between projected and actual earnings on pension plan investments	-	10,459
Changes in proportion and differences between County contributions and proportionate share of contributions	5,532	3,849
County contributions subsequent to the measurement date	<u>6,174</u>	<u>-</u>
Total governmental activities	<u>\$ 11,706</u>	<u>\$ 16,799</u>

\$6,174 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ (978)
2023	(2,934)
2024	(4,720)
2025	(2,635)
2026	-
Thereafter	-

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100 percent in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as June 30, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate

The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate.

	1% Decrease <u>(2.75%)</u>	Discount Rate <u>(3.75%)</u>	1% Increase <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (103,818)	\$ (122,229)	\$ (137,807)

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.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 7,955,876	\$ (122,229)	\$ -	\$ 7,833,647
Proportion of the Net pension Liability (Asset)	0.22264%	0.53333%	N/A	
Total Pension Liability	-	-	\$ 2,451,202	\$ 2,451,202
Pension Expense	\$ 2,777,162	\$ (1,811)	\$ 293,526	\$ 3,068,877

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 1,004,687	\$ -	\$ 213,376	\$ 1,218,063
Change of Assumptions	592,073	-	637,804	1,229,877
Net difference between projected and actual earnings on pension plan investments	1,119,576	-	-	1,119,576
Changes in proportion and differences between County contributions and proportionate share of contributions	156,010	5,532	-	161,542
County contributions (LGERS, ROD/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,814,636	6,174	17,698	1,838,508
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ -	\$ 2,491	\$ 37,711	\$ 40,202
Changes in Assumptions	-	-	33,399	33,399
Changes in proportion and differences between County contributions and proportionate share of contributions	76,654	3,849	-	80,503
Net difference between projected and actual earnings on pension plan investments	-	10,459	-	10,459

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

**Plan Description**

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

**Benefits Provided**

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

Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees receiving benefits	117
Active plan members	<u>373</u>
Total	<u>490</u>

**Total OPEB Liability**

The County's total OPEB liability of \$33,346,098 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent – 7.75 percent
Discount rate	
Prior measurement date	3.50 percent
Measurement date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

Changes in the Total OPEB Liability

<b>Total OPEB Liability as of June 30, 2019</b>	<b>\$ 27,302,597</b>
<b>Changes for the year:</b>	
Service cost	741,974
Interest	970,894
Change in benefit terms	-
Difference between expected and actual experience	(927,580)
Changes of assumptions or other inputs	5,872,981
Benefit payments and implicit subsidy credit	(614,768)
Other	-
<b>Net changes</b>	<u><b>6,043,501</b></u>
<b>Total OPEB Liability as of June 30, 2020</b>	<u><b>\$ 33,346,098</b></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21% due to a change in the Municipal Bond Rate and changes in the healthcare cost trend rates.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumption (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

The following presents the total OPEB liability of the County, determined using the discount rate of 2.21%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Discount Rate (2.21%)	1% Increase <u>(3.21%)</u>
Total OPEB liability	\$ 40,086,619	\$ 33,346,098	\$ 28,090,349

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 27,752,514	\$ 33,346,098	\$ 40,603,622

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$2,207,448. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 560,284	\$ 815,733
Change of assumptions	6,172,718	2,038,119
County benefit payments and plan administrative expenses made subsequent to the measurement date	<u>550,060</u>	<u>-</u>
Total governmental activities	<u>\$ 7,283,062</u>	<u>\$ 2,853,852</u>

\$550,060 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ 494,580
2023	494,580
2024	578,655
2025	919,103
2026	908,845
Thereafter	483,387

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

**G. Deferred Compensation Plan**

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

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

**H. Other Employment Benefits**

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

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

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

Due to State and federal laws and regulations, the County chose to stop accepting substantially all waste at its landfill and placed a final cover on the site; however, the County continued to accept a limited amount of waste, primarily construction and demolition materials until June 30, 2008. The County is placing a final cover on the construction and demolition site. The County is required to perform certain maintenance and monitoring functions at the site as part of the closure, but it is not subject to the financial assurance rule. Although closure costs are paid after the date the landfill stopped accepting waste, the County reports a portion of these closure costs as an operating expense in each period based on the life of the landfill. The total cost of closure is estimated to be \$792,063; \$763,582 has been incurred as of June 30, 2021 and the remaining \$28,481 is reported as liability within the Solid Waste Management Fund at June 30, 2021. These amounts are based on what it would cost to perform all necessary closure and monitoring; however, actual costs may be higher due to inflation, changes in technology or changes in regulations.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

***J. Contingent Liabilities***

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

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies. The amount, if any, of such refunds cannot be determined at this time although management believes that such amounts would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant funds.

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

***K. Risk Management***

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation. Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$500,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$998 million purchased through a group of commercial carriers through the multi-state public entity captive.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. The Finance Director and Tax Collector are each individually bonded for \$100,000 each.

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

**L. Long-Term Obligations**

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

**1. General Obligation Indebtedness**

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this agreement.

The County's general obligation bonds payable at June 30, 2021 is comprised of the following issue:

*Serviced by the General Fund:*

2017 Community College Bonds due in periodic installments of  
\$1,150,000 beginning April 1, 2018 through April 1, 2037;  
interest at 3.00% to 5.00%

\$ 18,400,000

The County issued General Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for community college construction and renovation projects. The amount of outstanding debt at June 30, 2021 for which the County held no collateral totaled \$18,400,000.

At June 30, 2021, the County has bonds authorized but unissued of \$25,000,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	1,150,000	691,438
2023	1,150,000	633,937
2024	1,150,000	576,438
2025	1,150,000	518,938
2026	1,150,000	461,437
2027-2031	5,750,000	1,582,687
2032-2036	5,750,000	697,188
2037	1,150,000	35,937
Total	<u>\$ 18,400,000</u>	<u>\$ 5,198,000</u>

**2. Limited Obligation Bonds**

The County's Limited Obligation Bonds consisted of the following at June 30, 2021:

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

\$ 26,720,000

The County issued Limited Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school construction and renovation projects. The amount of outstanding debt at June 30, 2021 for which the County held no collateral totaled \$22,639,856.

The County's outstanding limited obligation bonds related to governmental activities of \$26,720,000 is secured by real estate. The loan contains provisions that an event of default could (a) declare all payments under the

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,125,000	\$ 1,177,825
2023	1,125,000	1,121,575
2024	1,125,000	1,065,325
2025	1,125,000	1,009,075
2026	1,705,000	952,825
2027-2031	8,545,000	3,483,875
2032-2036	8,550,000	1,609,538
2037-2038	3,420,000	183,825
Total	<u>\$ 26,720,000</u>	<u>\$ 10,603,863</u>

**3. Other Long-Term Obligations**

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

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

Other long-term debt payables by the County at June 30, 2021 is comprised of the following individual issues:

*Serviced by the General Fund:*

Direct Placement Debt:

\$17,022,000 Advanced refunding certificates of participation, Series 2012 issued in May 2012; interest at 2.28%; due serially until 2024. Proceeds used for the construction of high school and an emergency services training center; collateralized by real estate and a school building. \$ 4,994,000

\$15,235,000 Refunding certificates of participation, Series 2020 issued in November 2020; interest at 1.75%; due serially until 2028. Proceeds used to construct a middle school, renovations and repairs for community college facilities, and park construction; collateralized by real estate and a school building. 13,555,000

\$1,622,021 Qualifies Zone Academy Bonds (QZAB) issued in August 2008; due serially to 2023 with interest at 0%; collateralized by real estate including a school building. 231,714

\$6,678,064 Qualified School Construction Bonds (QSCB) issued May 2010; due serially beginning in 2020 and ending in 2025 with interest at 6.40%; collateralized by real estate including a school building; the QSCB permits a subsidy to the County at 5.43%. Due to federal government sequestration, the amount of interest credit received has been reduced by 6.2%. 5,083,562

\$4,000,000 Qualified Zone Academy Bonds (QZAB) issued in May 2010; due serially beginning in 2020 and ending in 2024 with interest at 6.4%; collateralized by real estate including a school building; the QZAB permits a subsidy to the County at 5.43%. Due to federal government sequestration the amount of interest credit received has been reduced by 6.2%. 2,405,500

\$8,250,000 Installment financing agreement, issued in June 2020; interest at 1.03%; due serially until 2030. Proceeds used for economic development incentive and for repairs and renovations to the Lee County Government Center and the Lee County Court Complex; collateralized by real estate and a school building. 7,425,000

\$7,220,000 Installment financing agreement, issued in June 2021; interest at 0.65%; due serially until 2023; collateralized by real estate. Proceeds used to purchase real estate and facility for future use of Central Carolina Community College. 7,220,000

Total direct placement \$ 40,914,776

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

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

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,013,859	\$ 950,003
2023	13,147,853	768,721
2024	5,846,000	538,504
2025	5,387,064	348,617
2026	3,020,000	154,400
2027-2030	<u>7,500,000</u>	<u>194,787</u>
Total	<u>\$ 40,914,776</u>	<u>\$ 2,955,032</u>

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**4. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term debt for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current portion of balance
Governmental activities:					
General obligation debt	\$ 19,550,000	\$ -	\$ 1,150,000	\$ 18,400,000	\$ 1,150,000
Plus: Premium on issuance	1,438,440	-	84,614	1,353,826	N/A
Total general obligation bonds payable	20,988,440	-	1,234,614	19,753,826	1,150,000
Limited obligation bonds	27,845,000	-	1,125,000	26,720,000	1,125,000
Plus: Premium on issuance	2,805,417	-	155,856	2,649,561	N/A
Total limited obligatoin bonds payable	30,650,417	-	1,280,856	29,369,561	1,125,000
Other long-term obligations:					
Direct placement obligations	39,653,636	22,455,000	21,193,860	40,914,776	6,013,859
Net pension liability (LGERS)	5,818,664	2,043,336	-	7,862,000	-
Total pension liability (LEOSSA)	1,553,067	898,135	-	2,451,202	-
Net OPEB liability	27,004,999	5,977,627	-	32,982,626	-
Compensated absences	2,014,173	2,055,199	1,784,254	2,285,118	1,780,000
Total governmental activities	<u>\$ 127,683,396</u>	<u>\$ 33,429,297</u>	<u>\$ 25,493,584</u>	<u>\$135,619,109</u>	<u>\$10,068,859</u>
Business-type activities:					
Note payable	\$ 326,749	\$ -	\$ -	\$ 326,749	\$ -
Net pension liability (LGERS)	69,477	24,399	-	93,876	-
Net OPEB liability	297,598	65,874	-	363,472	-
Compensated absences	16,446	27,257	22,853	20,850	20,000
Total business-type activities	<u>\$ 710,270</u>	<u>\$ 117,530</u>	<u>\$ 22,853</u>	<u>\$ 804,947</u>	<u>\$ 20,000</u>

Compensated absences, net pension liability, total pension liability and net other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences are account for on a last in first out basis, assuming that employees are taking leave time as it is earned.

The legal debt margin is governed by North Carolina G.S. 159-55. The net debt of the unit should not exceed 8% of the appraised value of property subject to taxation. As of June 30, 2021, Lee County has a legal debt margin of \$407,494,412.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**5. Current Refunding**

In November of 2020, the County issued \$15,235,000 of Series 2020 refunding certificates of participation to provide resources that were then placed in an irrevocable trust for generating resources for all future debt payments associated with \$15,096,000 of the 2016 refunding certificates of participation. As a result, the refunded certificates of participation are considered to be defeased, and the liability has been removed from the governmental activities column on the County's Statement of Net Position. The current refunding was undertaken to reduce future debt service payments over the next eight years by \$573,254 and resulted in an economic gain of \$540,742.

**M. Net Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	\$ 35,157,151	\$ 970,176
Total debt	86,034,781	-
Debt not related to capital assets	(68,363,485)	-
Capital related unspent debt proceeds	(7,340,251)	-
Unamortized premium related to capital assets	404,514	-
Total capital debt	<u>10,735,559</u>	<u>-</u>
Net investment in capital assets	<u>\$ 24,421,592</u>	<u>\$ 970,176</u>

**N. Fund Balance**

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

Total fund balance – General Fund (Exhibit 3)	\$ 31,209,648
Less:	
Restricted for Stabilization by State Statute	8,794,315
Restricted for Register of Deeds	337,446
Committed for Public Safety	364,550
Committed for Human Services	702,672
Committed for LEO Special Separation Allowance	4,423
Assigned for Subsequent year's expenditures	2,546,894
Working Capital/Fund Balance Policy	<u>18,459,348</u>
Remaining Fund Balance	<u>\$ -</u>

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 16% of budgeted expenditures. The County's financial policy also directs management to strive to reach an available fund balance level of 24% of budgeted expenditures. Amounts in excess of that will be transferred to a capital reserve fund to provide equity resources to fund the County's capital improvement plan.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

**N. Fund Balance (Continued)**

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances in the governmental funds at June 30, 2021 were as follows:

General Fund	\$ 947,820
Lee County Government Center Renovations Fund	1,816,843
Non-major Governmental Funds	1,844,851
Solid Waste Management Fund	965

**O. Joint Ventures**

The County, in conjunction with eight other county governments (Anson, Guilford, Harnett, Hoke, Montgomery, Moore, Randolph, and Richmond) participates in a joint venture to operate The Sandhills Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (Center). The Center operates units in each of the counties to provide services to residents who are in need of assistance for either mental health, developmental disabilities, or alcohol or drug-related problems. Each participating government appoints members to the Center's twenty-five-member governing board, with Lee County appointing two. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. The County contributed \$240,000 to the Center during the fiscal year ended June 30, 2021. None of the participating governments has any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2021. Complete financial statements for the Center can be obtained from the Center's office in West End, North Carolina 27376.

The County, in conjunction with the City of Sanford, participates in the Sanford-Lee County Regional Airport Authority. Each participating government appoints three members of the six-member board. The Airport Authority is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The County has an ongoing financial responsibility for the Airport because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. Financing sources for the annual operating budget of the airport are provided by the County and the City of Sanford. The construction costs for airport improvement projects that are not funded by federal and State grants are financed by the County and the City equally. The County did not contribute any funds to the Airport for operations during the fiscal year ended June 30, 2021. On October 29, 2015, the County loaned the Airport Authority \$650,000 which will be paid in semi-annual installments over a period of 15 years. On July 15, 2019, the County's Revolving Loan Fund loaned the Airport Authority \$400,000 which will be repaid in fifty-eight monthly installments. 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, 2021. Complete financial statements for the Airport can be obtained from the Airport's administrative office at 3000 Airport Road, Sanford, NC 27330.

The County, in conjunction with the State of North Carolina, the Lee County Board of Education and the counties of Chatham and Harnett, participate in a joint venture to operate the Central Carolina Community College. Lee County and the State each appoint four members of the seventeen-member board of trustees of the community college. The Boards of Education for Chatham, Harnett and Lee jointly appoint four members to the board of trustees. The counties of Chatham and Harnett each appoint two members to the board of trustees, and the president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$3,198,528 to

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

***O. Joint Ventures (Continued)***

the community college for operating purposes and \$55,000 for capital outlay purposes during the fiscal year ended June 30, 2021. In addition, the County contributed \$64,930 to the operation of the Civic Center that is operated by the community college. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements as of June 30, 2021. Complete financial statements for the community college may be obtained from the community college's business office at 1105 Kelly Drive, Sanford, NC 27330.

The County, in conjunction with the City of Sanford, the Town of Broadway, and the Sanford Chamber of Commerce, participates in the Sanford-Lee County Partnership for Prosperity, Inc. Lee County appoints three members to the twenty-nine-member board. The Partnership for Prosperity is a joint venture established to facilitate economic expansion within the County. The County has an ongoing financial responsibility for the Corporation because the Corporation's continued existence depends on the participating governments' continued funding. The County contributed \$322,875 to the Partnership during the fiscal year ended June 30, 2021. None of the participating governments has any equity interest in the Corporation, so no equity interest has been reflected in the financial statements at June 30, 2021. Financial reports for the Corporation can be obtained from the Corporation's administrative office at 115 Chatham Street, Sanford, NC 27330.

***P. Jointly Governed Organization***

The County, in conjunction with four other counties and twenty municipalities established the Triangle J Council of Governments (Council). The participating governments established the Council to coordinate certain funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$11,558 to the Council during the fiscal year ended June 30, 2021.

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2020, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for funding of debt service of school capital outlay.

***R. Federal and State Assisted Programs***

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

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

**S. Conduit Debt Obligations**

Lee County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Four series of industrial revenue bonds were outstanding as of June 30, 2021. The original issue amount of such bonds totaled \$15,650,000. The amount of conduit debt outstanding at June 30, 2021 was not determinable and could not be reasonably estimated.

**T. Interfund Balances and Activity**

Transfers From / To Other Funds

Transfers to/from other funds at June 30, 2021 are summarized below:

From the General Fund to:

The Capital Projects Outlay Fund to accumulate resources for future capital projects	\$ 764,000
--	------------

The Courthouse Complex Renovations to transfer Register of Deeds Automation Funds to the project to cover allowable equipment purchases	16,011
---	--------

The Parks Improvements Fund to fund pool renovations at Horton Park	<u>1,050,000</u>
---	------------------

Total transfers out from the General Fund	<u>1,830,011</u>
---	------------------

From nonmajor governmental funds to:

The General Fund from the Fire Districts Fund to cover Fire Marshal operating expenses	358,870
--	---------

The General Fund from the CCCC Health Sciences Center Fund to close the project	121,442
---	---------

To the General Fund from the CCCC Civic Center Project Fund to close the project	137,190
--	---------

To the General Fund from the CCCC Main Campus and Emergency Services Training Center Renovations Fund to close the project	190,556
--	---------

To the Park Improvements Fund from the Elementary School Facility Fund to close fund	1,006,241
--	-----------

To the Courthouse Complex Renovations Fund from the Elementary School Facility Fund to close fund	516,565
---	---------

To the Lee County Government Center Renovations Fund from the Courthouse Complex Renovations Fund for capital	<u>430,000</u>
---	----------------

Total transfer out from nonmajor governmental funds	<u>2,760,864</u>
---	------------------

Total	<u>\$ 4,590,875</u>
-------	---------------------

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

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

**U. Change in Accounting Principle**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets for the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position – Increase (Decrease)	Nonmajor Special Revenue Fund Balance – Increase (Decrease)	Fiduciary Net Position – Custodial Fund – Increase (Decrease)	
-	-	\$ 7,321	Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of the Town of Broadway were reclassified out of the Agency Fund into a newly created Town of Broadway Tax Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position.
-	-	308,288	Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of the City of Sanford were reclassified out of the Agency Fund into a newly created City of Sanford Tax Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position.
-	-	2,380	Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of the Central Business District were reclassified out of the Agency Fund into a newly created Central Business District Tax Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position.

**LEE COUNTY, NORTH CAROLINA**  
**Note to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**U. Change in Accounting Principle (Continued)**

Governmental Activities Net Position – Increase (Decrease)	Nonmajor Special Revenue Fund Balance – Increase (Decrease)	Fiduciary Net Position – Custodial Fund – Increase (Decrease)	
-	-	-	Cash and liabilities related to room occupancy taxes collected by the County on behalf of the City of Sanford were reclassified out of the Agency Fund into a newly created Sanford Room Occupancy Tax Custodial Fund. The reclassification did not result in a restatement of fund balance.
-	-	24,281	Cash related to funds held on behalf of incarcerated inmates was reclassified out of the Agency Fund into fiduciary net position in a newly created Jail Inmate Pay Custodial Fund.
25,565	25,565	-	Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
-	-	-	Cash and receivables from fines and forfeitures net of liabilities owed to the Lee County Board of Education were reclassified out of the Agency Funds into a newly created Fines and Forfeitures Special Revenue Fund. The reclassification did not result in a restatement of fund balance.
<u>\$ 25,565</u>	<u>\$ 25,565</u>	<u>\$ 342,270</u>	

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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

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

	2021	2020	2019	2018
County's portion of the net pension liability (asset)%	0.223%	0.216%	0.234%	0.239%
County's proportionate share of the net pension liability (asset) \$	\$ 7,955,876	\$ 5,888,141	\$ 5,542,265	\$ 3,654,008
County's covered-employee payroll	\$ 16,204,172	\$ 15,571,189	\$ 15,262,029	\$ 15,515,091
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.10%	37.81%	36.31%	23.55%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%
	2017	2016	2015	2014
County's portion of the net pension liability (asset)%	0.241%	0.235%	0.227%	0.236%
County's proportionate share of the net pension liability (asset) \$	\$ 5,107,187	\$ 1,056,641	\$ (1,337,839)	\$ 2,843,501
County's covered-employee payroll	\$ 14,457,420	\$ 14,309,148	\$ 14,066,454	\$ 13,252,581
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.33%	7.38%	-9.51%	21.46%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,814,636	\$ 1,482,153	\$ 1,238,234	\$ 1,175,323
Contributions in relation to the contractually required contribution	<u>1,814,636</u>	<u>1,482,153</u>	<u>1,238,234</u>	<u>1,175,323</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 17,540,667	\$ 16,204,172	\$ 15,571,189	\$ 15,262,029
Contributions as a percentage of covered-employee payroll	10.35%	9.15%	7.95%	7.70%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 972,446	\$ 984,785	\$ 986,078	\$ 947,987
Contributions in relation to the contractually required contribution	<u>972,446</u>	<u>984,785</u>	<u>986,078</u>	<u>947,987</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 15,515,091	\$ 14,457,420	\$ 14,309,148	\$ 14,066,454
Contributions as a percentage of covered-employee payroll	6.27%	6.81%	6.89%	6.74%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's portion of the net pension liability (asset)%	0.533%	0.503%	0.560%	0.563%
County's proportionate share of the net pension liability (asset) \$	\$ (122,229)	\$ (99,288)	\$ (92,759)	\$ (96,131)
Plan fiduciary net position as a percentage of the total pension liability	173.62%	164.11%	153.31%	153.77%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's portion of the net pension liability (asset)%	0.575%	0.560%	5.580%	5.320%
County's proportionate share of the net pension liability (asset) \$	\$ (107,416)	\$ (129,798)	\$ (126,388)	\$ (113,731)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 6,174	\$ 4,780	\$ 4,793	\$ 4,893
Contributions in relation to the contractually required contribution	<u>6,174</u>	<u>4,780</u>	<u>4,793</u>	<u>4,893</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 4,694	\$ 4,482	\$ 4,394	\$ 4,553
Contributions in relation to the contractually required contribution	<u>4,694</u>	<u>4,482</u>	<u>4,394</u>	<u>4,553</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Five Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,553,067	\$ 1,236,257	\$ 1,229,784	\$ 1,162,685	\$ 1,126,101
Service cost	90,665	71,208	77,156	66,874	73,931
Interest on the total pension liability	50,086	44,309	38,188	44,057	39,362
Change in benefit terms	-	-	-	-	-
Difference between expected and actuarial experience in the measurement of the total pension liability	99,635	195,783	(14,670)	(82,551)	-
Changes of assumptions and other inputs	691,093	43,487	(51,591)	81,329	(29,641)
Benefit payments	(33,344)	(37,977)	(42,610)	(42,610)	(47,068)
Other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
liability	<u>\$ 2,451,202</u>	<u>\$ 1,553,067</u>	<u>\$ 1,236,257</u>	<u>\$ 1,229,784</u>	<u>\$ 1,162,685</u>

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

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

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Five Fiscal Years**

---

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,451,202	\$ 1,553,067	\$ 1,236,257	\$ 1,229,784	\$ 1,162,685
Covered payroll	3,488,744	2,999,985	3,024,428	3,023,824	3,120,864
Total pension liability as a percent of covered payroll	70.26%	51.77%	40.88%	40.67%	37.26%

Notes to the schedules:

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

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

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**Last Four Fiscal Years**

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 741,974	\$ 666,991	\$ 725,500	\$ 822,631
Interest	970,894	944,626	855,885	768,590
Change in benefit terms	-	-	-	-
Difference between expected and actuarial experience	(927,580)	(1,786)	1,020,790	(64,367)
Changes of assumptions and other inputs	5,872,981	1,691,664	(1,825,815)	(2,526,601)
Benefit payments and implicit subsidy credit	(614,768)	(559,368)	(510,744)	(476,378)
Other changes	-	-	-	-
<b>Net change in Total OPEB Liability</b>	6,043,501	2,742,127	265,616	(1,476,125)
<b>Total OPEB Liability - beginning</b>	<u>27,302,597</u>	<u>24,560,470</u>	<u>24,294,854</u>	<u>25,770,979</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 33,346,098</u>	<u>\$ 27,302,597</u>	<u>\$ 24,560,470</u>	<u>\$ 24,294,854</u>
<b>Covered-employee payroll</b>	\$ 18,266,015	\$ 15,344,599	\$ 15,344,599	\$ 14,692,143
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	182.56%	177.93%	160.06%	165.36%

Notes to schedule:

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

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

Fiscal Year	Rate
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

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

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **MAJOR GOVERNMENTAL FUNDS**

## **GENERAL FUND**

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

## **LEE COUNTY GOVERNMENT CENTER RENOVATIONS FUND**

The Lee County Government Center Renovations Fund accounts for the costs associated with renovations and repairs to the Government Center Building.

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 45,842,187	\$ 47,907,913	\$ 2,065,726
Interest	100,000	201,333	101,333
	<u>45,942,187</u>	<u>48,109,246</u>	<u>2,167,059</u>
Local option sales taxes:			
Article 39 and 44	5,853,719	7,801,753	1,948,034
Article 40 one-half of one percent	3,225,320	3,951,149	725,829
Article 42 one-half of one percent	3,179,208	4,181,005	1,001,797
Article 46 one-quarter of one percent	1,977,245	2,642,327	665,082
Medicaid hold harmless	-	251,975	251,975
	<u>14,235,492</u>	<u>18,828,209</u>	<u>4,592,717</u>
Other taxes and licenses:			
Deed stamp excise tax	240,648	407,065	166,417
Privilege licenses	4,000	5,402	1,402
Rental vehicle tax	85,000	147,056	62,056
Cable TV franchise tax	183,000	179,717	(3,283)
	<u>512,648</u>	<u>739,240</u>	<u>226,592</u>
Unrestricted intergovernmental:			
Beer and wine tax	64,000	62,725	(1,275)
Federal bond interest subsidy	499,889	473,626	(26,263)
	<u>563,889</u>	<u>536,351</u>	<u>(27,538)</u>
Restricted intergovernmental:			
Federal and state grants	9,305,359	8,417,550	(887,809)
Court facility fees	64,000	44,692	(19,308)
ABC bottles taxes	21,000	25,142	4,142
Public School Building Capital Fund-Lottery	685,000	258,304	(426,696)
	<u>10,075,359</u>	<u>8,745,688</u>	<u>(1,329,671)</u>
Permits and fees:			
Register of Deeds	264,083	352,100	88,017
	<u>264,083</u>	<u>352,100</u>	<u>88,017</u>
Sales and services:			
Rents, concessions, and fees	385,494	191,864	(193,630)
Jail fees	277,885	174,375	(103,510)
Vehicle tax collection fees	65,000	78,732	13,732
Health department fees	847,718	718,787	(128,931)
Other sales and services	1,494,049	1,155,821	(338,228)
	<u>3,070,146</u>	<u>2,319,579</u>	<u>(750,567)</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Investment earnings	\$ 300,000	\$ 43,295	\$ (256,705)
Miscellaneous	400,239	427,989	27,750
Total revenues	75,364,043	80,101,697	4,737,654
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	113,962	111,556	2,406
Operating expenditures	132,216	88,565	43,651
Capital outlay	2,600	2,366	234
	248,778	202,487	46,291
Administration:			
Salaries and employee benefits	535,581	512,025	23,556
Operating expenditures	122,667	43,502	79,165
Capital outlay	3,900	-	3,900
	662,148	555,527	106,621
Human resources:			
Salaries and employee benefits	286,321	285,270	1,051
Operating expenditures	198,152	156,239	41,913
	484,473	441,509	42,964
Finance:			
Salaries and employee benefits	469,056	469,098	(42)
Operating expenditures	39,325	28,960	10,365
Professional services	71,548	72,298	(750)
Capital outlay	16	-	16
	579,945	570,356	9,589
Internal Services:			
Operating expenditures	860,752	716,088	144,664
	860,752	716,088	144,664
Tax appraisal:			
Salaries and employee benefits	420,132	409,289	10,843
Operating expenditures	149,318	130,743	18,575
Contracted services	38,881	38,777	104
Capital outlay	2,000	1,677	323
	610,331	580,486	29,845

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Tax collections:			
Salaries and employee benefits	\$ 372,764	\$ 342,965	\$ 29,799
Operating expenditures	117,252	79,619	37,633
Contracted services	250,000	241,043	8,957
Capital outlay	2,043	-	2,043
	<u>742,059</u>	<u>663,627</u>	<u>78,432</u>
Tax listing:			
Salaries and employee benefits	301,329	298,148	3,181
Operating expenditures	43,750	20,192	23,558
Professional services	57,005	45,625	11,380
	<u>402,084</u>	<u>363,965</u>	<u>38,119</u>
Strategic Services			
Salaries and employee benefits	432,003	431,981	22
Operating expenditures	34,581	30,951	3,630
Capital Outlay	4,000	-	4,000
	<u>470,584</u>	<u>462,932</u>	<u>7,652</u>
County Attorney			
Salaries and employee benefits	290,303	277,636	12,667
Operating expenditures	87,589	35,133	52,456
Capital outlay	2,234	1,323	911
	<u>380,126</u>	<u>314,092</u>	<u>66,034</u>
Court facilities:			
Operating expenditures	121,759	(31,203)	152,962
Capital outlay	4,341	-	4,341
	<u>126,100</u>	<u>(31,203)</u>	<u>157,303</u>
Elections:			
Salaries and employee benefits	234,225	201,878	32,347
Operating expenditures	331,899	272,831	59,068
Capital outlay	80,395	78,980	1,415
	<u>646,519</u>	<u>553,689</u>	<u>92,830</u>
Register of deeds:			
Salaries and employee benefits	335,887	264,017	71,870
Operating expenditures	64,383	58,949	5,434
	<u>400,270</u>	<u>322,966</u>	<u>77,304</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Information technology:			
Salaries and employee benefits	\$ 604,207	\$ 588,596	\$ 15,611
Operating expenditures	733,958	653,534	80,424
Capital outlay	119,498	113,178	6,320
	<u>1,457,663</u>	<u>1,355,308</u>	<u>102,355</u>
Information technology - PEG channel:			
Operating expenditures	20,650	16,679	3,971
	<u>20,650</u>	<u>16,679</u>	<u>3,971</u>
Buildings and grounds:			
Salaries and employee benefits	1,795,368	1,791,215	4,153
Operating expenditures	1,239,356	1,064,250	175,106
Capital outlay	1,677,096	958,584	718,512
	<u>4,711,820</u>	<u>3,814,049</u>	<u>897,771</u>
Total general government	<u>12,804,302</u>	<u>10,902,557</u>	<u>1,901,745</u>
Public safety:			
Sheriff :			
Salaries and employee benefits	4,257,997	4,118,305	139,692
Operating expenditures	801,421	724,685	76,736
Capital outlay	339,498	96,865	242,633
	<u>5,398,916</u>	<u>4,939,855</u>	<u>459,061</u>
Animal Control Enforcement			
Salaries and employee benefits	195,899	182,960	12,939
Operating expenditures	72,462	53,014	19,448
Capital outlay	2,550	2,518	32
	<u>270,911</u>	<u>238,492</u>	<u>32,419</u>
School Resource Officers			
Salaries and employee benefits	1,316,659	1,138,789	177,870
Operating expenditures	154,648	118,412	36,236
Capital outlay	12,110	11,633	477
	<u>1,483,417</u>	<u>1,268,834</u>	<u>214,583</u>
Communications			
Salaries and employee benefits	368,882	354,910	13,972
Operating expenditures	10,842	9,161	1,681
	<u>379,724</u>	<u>364,071</u>	<u>15,653</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Jail:			
Salaries and employee benefits	\$ 1,565,107	\$ 1,406,074	\$ 159,033
Operating expenditures	925,539	885,086	40,453
Capital outlay	21,147	17,304	3,843
	<u>2,511,793</u>	<u>2,308,464</u>	<u>203,329</u>
E911 Service	<u>407,126</u>	<u>387,303</u>	<u>19,823</u>
State fire control contribution	<u>100,194</u>	<u>100,194</u>	<u>-</u>
Medical examiner:			
Professional services	<u>70,000</u>	<u>42,400</u>	<u>27,600</u>
Juvenile detention	<u>100,000</u>	<u>75,152</u>	<u>24,848</u>
Juvenile probation	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Emergency medical services:			
Contracted services	<u>593,763</u>	<u>593,763</u>	<u>-</u>
Emergency services:			
Salaries and employee benefits	164,407	132,123	32,284
Operating expenditures	175,688	143,166	32,522
Capital outlay	49,350	48,636	714
	<u>389,445</u>	<u>323,925</u>	<u>65,520</u>
Fire Marshall:			
Salaries and employee benefits	258,515	206,481	52,034
Operating expenditures	93,872	74,675	19,197
Capital outlay	6,483	6,322	161
	<u>358,870</u>	<u>287,478</u>	<u>71,392</u>
Total public safety	<u>12,065,159</u>	<u>10,929,931</u>	<u>1,135,228</u>
Economic and physical development:			
Economic development:			
Operating expenditures	<u>1,083,999</u>	<u>684,913</u>	<u>399,086</u>
	<u>1,083,999</u>	<u>684,913</u>	<u>399,086</u>
Planning and zoning:			
Contracted services	<u>541,126</u>	<u>520,694</u>	<u>20,432</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Agricultural extension:			
Salaries and employee benefits	\$ 256,750	\$ 237,279	\$ 19,471
Operating expenditures	27,331	21,495	5,836
Capital outlay	4,000	3,512	488
	<u>288,081</u>	<u>262,286</u>	<u>25,795</u>
Conservation:			
Salaries and employee benefits	119,619	119,610	9
Operating expenditures	10,724	3,698	7,026
	<u>130,343</u>	<u>123,308</u>	<u>7,035</u>
Total economic and physical development	<u>2,043,549</u>	<u>1,591,201</u>	<u>452,348</u>
Human services:			
Health:			
Administration:			
Salaries and employee benefits	692,662	635,095	57,567
Operating expenditures	80,082	56,201	23,881
Capital outlay	18,067	18,067	-
	<u>790,811</u>	<u>709,363</u>	<u>81,448</u>
Maternal health:			
Salaries and employee benefits	131,469	101,373	30,096
Operating expenditures	71,295	34,355	36,940
Capital outlay	5,705	1,714	3,991
	<u>208,469</u>	<u>137,442</u>	<u>71,027</u>
Child health:			
Salaries and employee benefits	66,585	49,438	17,147
Operating expenditures	161,427	155,121	6,306
Capital outlay	2,905	1,828	1,077
	<u>230,917</u>	<u>206,387</u>	<u>24,530</u>
Primary care:			
Salaries and employee benefits	82,459	63,505	18,954
Operating expenditures	23,702	12,977	10,725
	<u>106,161</u>	<u>76,482</u>	<u>29,679</u>
Health promotion:			
Salaries and employee benefits	118,607	93,183	25,424
Operating expenditures	22,522	2,030	20,492
	<u>141,129</u>	<u>95,213</u>	<u>45,916</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
WIC - Client services:			
Salaries and employee benefits	\$ 161,950	\$ 155,997	\$ 5,953
Operating expenditures	18,260	13,615	4,645
Capital outlay	1,285	1,224	61
	<u>181,495</u>	<u>170,836</u>	<u>10,659</u>
Family planning:			
Salaries and employee benefits	201,330	152,526	48,804
Operating expenditures	78,639	39,036	39,603
Capital outlay	5,705	1,714	3,991
	<u>285,674</u>	<u>193,276</u>	<u>92,398</u>
Animal control:			
Salaries and employee benefits	148,151	141,329	6,822
Operating expenditures	45,091	31,310	13,781
Capital outlay	719	667	52
	<u>193,961</u>	<u>173,306</u>	<u>20,655</u>
Environmental health:			
Salaries and employee benefits	636,084	570,255	65,829
Operating expenditures	87,635	51,690	35,945
Capital outlay	9,140	7,241	1,899
	<u>732,859</u>	<u>629,186</u>	<u>103,673</u>
Aids control:			
Salaries and employee benefits	38,941	26,240	12,701
Operating expenditures	576	45	531
	<u>39,517</u>	<u>26,285</u>	<u>13,232</u>
Bioterrorism:			
Salaries and employee benefits	36,627	30,251	6,376
Operating expenditures	31,836	25,269	6,567
Capital outlay	83,567	76,503	7,064
	<u>152,030</u>	<u>132,023</u>	<u>20,007</u>
WIC - Breastfeeding:			
Salaries and employee benefits	48,083	45,545	2,538
Operating expenditures	2,500	1,430	1,070
	<u>50,583</u>	<u>46,975</u>	<u>3,608</u>
Child service coordinator:			
Salaries and employee benefits	155,562	151,509	4,053
Operating expenditures	6,084	4,518	1,566
	<u>161,646</u>	<u>156,027</u>	<u>5,619</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Communicable diseases:			
Salaries and employee benefits	\$ 226,332	\$ 166,080	\$ 60,252
Operating expenditures	34,494	16,482	18,012
Capital outlay	5,704	1,714	3,990
	<u>266,530</u>	<u>184,276</u>	<u>82,254</u>
Breast/cervical cancer control:			
Salaries and employee benefits	8,651	6,589	2,062
Operating expenditures	16,218	4,015	12,203
	<u>24,869</u>	<u>10,604</u>	<u>14,265</u>
Immunizations:			
Salaries and employee benefits	71,820	53,824	17,996
Operating expenditures	31,129	13,667	17,462
Capital outlay	4,176	1,125	3,051
	<u>107,125</u>	<u>68,616</u>	<u>38,509</u>
Pregnancy Care Management:			
Salaries and employee benefits	161,908	158,241	3,667
Operating expenditures	7,483	2,976	4,507
	<u>169,391</u>	<u>161,217</u>	<u>8,174</u>
Covid 19 Cares			
Salaries and employee benefits	26,973	26,224	749
Operating expenditures	563,051	120,453	442,598
Capital outlay	137,393	127,289	10,104
	<u>727,417</u>	<u>273,966</u>	<u>453,451</u>
WIC - General administration:			
Salaries and employee benefits	21,553	21,012	541
Operating expenditures	3,005	2,659	346
Capital outlay	3,900	3,809	91
	<u>28,458</u>	<u>27,480</u>	<u>978</u>
WIC - Nutrition education:			
Salaries and employee benefits	90,801	85,035	5,766
Operating expenditures	6,743	3,880	2,863
	<u>97,544</u>	<u>88,915</u>	<u>8,629</u>
Total health	<u>4,696,586</u>	<u>3,567,875</u>	<u>1,128,711</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Social services:			
Social services - administration:			
Salaries and employee benefits	\$ 6,589,517	\$ 6,184,680	\$ 404,837
Operating expenditures	656,163	464,140	192,023
Contracted services	9,537	4,536	5,001
Professional services	16,321	4,750	11,571
Capital outlay	46,240	27,429	18,811
	<u>7,317,778</u>	<u>6,685,535</u>	<u>632,243</u>
Social services - programs	<u>1,764,266</u>	<u>747,314</u>	<u>1,016,952</u>
Total social services	<u>9,082,044</u>	<u>7,432,849</u>	<u>1,649,195</u>
Mental health	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Human services nonprofits	<u>43,000</u>	<u>43,000</u>	<u>-</u>
Senior services - transportation:			
Salaries and employee benefits	707,905	505,623	202,282
Operating expenditures	244,753	167,249	77,504
Capital outlay	53,990	47,986	6,004
	<u>1,006,648</u>	<u>720,858</u>	<u>285,790</u>
Senior services - general:			
Salaries and employee benefits	866,478	808,882	57,596
Operating expenditures	194,890	149,686	45,204
Contracted services	149,882	86,747	63,135
Capital outlay	19,908	19,887	21
	<u>1,231,158</u>	<u>1,065,202</u>	<u>165,956</u>
JCPC			
Operating expenditures	<u>205,084</u>	<u>199,323</u>	<u>5,761</u>
	<u>205,084</u>	<u>199,323</u>	<u>5,761</u>
Emergency and contingency	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total human services	<u>16,549,520</u>	<u>13,269,107</u>	<u>3,280,413</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Education:			
Lee County Board of Education:			
Current appropriation	\$ 18,912,278	\$ 18,912,278	\$ -
Capital outlay	2,285,506	1,858,810	426,696
Central Carolina Community College:			
Current appropriation	3,263,458	3,263,458	-
Capital outlay	55,000	55,000	-
Total education	<u>24,516,242</u>	<u>24,089,546</u>	<u>426,696</u>
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits	858,029	761,802	96,227
Operating expenditures	377,928	279,359	98,569
Professional services	95,000	42,753	52,247
Capital outlay	1,515,771	850,102	665,669
	<u>2,846,728</u>	<u>1,934,016</u>	<u>912,712</u>
Libraries:			
Salaries and employee benefits	549,800	487,557	62,243
Operating expenditures	235,378	151,236	84,142
Capital outlay	16,061	10,598	5,463
	<u>801,239</u>	<u>649,391</u>	<u>151,848</u>
Cultural and recreational nonprofits	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Total cultural and recreational	<u>3,658,467</u>	<u>2,593,907</u>	<u>1,064,560</u>
Debt service:			
Principal retirement	7,432,000	7,432,000	-
Interest and fees	3,157,674	3,118,618	39,056
Capital lease payments - principal	940,859	940,859	-
Capital lease payments - interest	69,869	69,868	1
Total debt service	<u>11,600,402</u>	<u>11,561,345</u>	<u>39,057</u>
Total expenditures	<u>83,237,641</u>	<u>74,937,594</u>	<u>8,300,047</u>
Revenues over (under) expenditures	<u>(7,873,598)</u>	<u>5,164,103</u>	<u>13,037,701</u>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources (uses)			
Transfers from other funds			
Special Revenue Funds	\$ 351,180	\$ 358,870	\$ 7,690
Capital Project Funds	3,339,992	449,188	(2,890,804)
Transfers to other funds			
Capital Project Funds	<u>(1,830,011)</u>	<u>(1,830,011)</u>	<u>-</u>
Total net transfers	<u>1,861,161</u>	<u>(1,021,953)</u>	<u>(2,883,114)</u>
Refunding certificates of participation issued	15,235,000	15,235,000	-
Payment to refunding escrow agent	<u>(15,151,344)</u>	<u>(15,151,344)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,944,817</u>	<u>(938,297)</u>	<u>(2,883,114)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(5,928,781)	4,225,806	10,154,587
Appropriated fund balance	<u>5,928,781</u>	<u>-</u>	<u>(5,928,781)</u>
Net change in fund balance	<u>\$ -</u>	4,225,806	<u>\$ 4,225,806</u>
Fund balance, beginning of year		<u>26,983,842</u>	
Fund balance, end of year		<u>\$ 31,209,648</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Lee County Government Center Renovations - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Budget	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 608	\$ 490	\$ 1,098
Capital outlay:				
Economic and physical development	\$ 5,593,030	\$ 2,558,057	\$ 281,443	\$ 2,839,500
Revenues over (under) expenditures	(5,593,030)	(2,557,449)	(280,953)	(2,838,402)
Other financing sources (uses):				
Installment purchase obligations issued	4,470,580	-	4,470,580	4,470,580
Transfers in (out):				
General Fund	692,450	-	200,000	200,000
Courthouse Complex Renovations				
Fund	430,000	430,000	-	430,000
Total other financing sources (uses)	5,593,030	430,000	4,670,580	5,100,580
Net change in fund balance	\$ -	(2,127,449)	\$ 4,389,627	\$ 2,262,178
Fund balance, beginning of year		4,389,627		
Fund balance, end of year		\$ 2,262,178		

---

## **NON-MAJOR GOVERNMENTAL FUNDS**

**LEE COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet - Non-major Governmental Funds**  
**June 30, 2021**

	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total Non-major Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 2,472,169	\$ 5,160,958	\$ 7,633,127
Taxes receivable - net	94,936	-	94,936
Accounts receivable - net	331,880	56,685	388,565
Accrued interest receivable	147	366	513
Cash and investments - restricted	<u>-</u>	<u>4,803,117</u>	<u>4,803,117</u>
Total assets	<u>\$ 2,899,132</u>	<u>\$ 10,021,126</u>	<u>\$ 12,920,258</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 28,953	\$ 41,376	\$ 70,329
Due to other governments	7,267	-	7,267
Liabilities to be paid from restricted assets	<u>-</u>	<u>555,213</u>	<u>555,213</u>
Total liabilities	<u>36,220</u>	<u>596,589</u>	<u>632,809</u>
Deferred Inflows of Resources			
Taxes receivable	<u>94,936</u>	<u>-</u>	<u>94,936</u>
Total deferred inflows of resources	<u>94,936</u>	<u>-</u>	<u>94,936</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	325,664	57,051	382,715
Public Safety	1,329,017	2,512,438	3,841,455
Economic and Physical Development	601,604	3,146,684	3,748,288
Human Services	36,512	-	36,512
Education	202,733	193,995	396,728
Committed:			
Economic and Physical Development	282,260	-	282,260
Assigned:			
Capital	-	4,110,958	4,110,958
Unassigned:	<u>(9,814)</u>	<u>(596,589)</u>	<u>(606,403)</u>
Total fund balances	<u>2,767,976</u>	<u>9,424,537</u>	<u>12,192,513</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,899,132</u>	<u>\$ 10,021,126</u>	<u>\$ 12,920,258</u>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2021**

	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total Non-major Governmental Funds
Revenues:			
Ad valorem taxes	\$ 3,653,560	\$ -	\$ 3,653,560
Other taxes and licenses	703,848	-	703,848
Restricted intergovernmental	2,050,400	-	2,050,400
Sales and services	94,269	-	94,269
Investment earnings	2,202	5,741	7,943
Total revenues	<u>6,504,279</u>	<u>5,741</u>	<u>6,510,020</u>
Expenditures:			
Current:			
General government	950,511	-	950,511
Public safety	3,499,591	2,262,844	5,762,435
Economic and physical development	667,096	8,004,809	8,671,905
Human services	548,385	-	548,385
Education	252,313	409,404	661,717
Cultural and recreational	6,721	-	6,721
Total expenditures	<u>5,924,617</u>	<u>10,677,057</u>	<u>16,601,674</u>
Revenues over (under) expenditures	<u>579,662</u>	<u>(10,671,316)</u>	<u>(10,091,654)</u>
Other financing sources (Uses):			
Transfers from other funds	-	3,352,817	3,352,817
Transfers to other funds	(358,870)	(2,401,994)	(2,760,864)
Installment purchase obligation issued	-	7,220,000	7,220,000
Total other financing sources (uses)	<u>(358,870)</u>	<u>8,170,823</u>	<u>7,811,953</u>
Net change in fund balances	220,792	(2,500,493)	(2,279,701)
Fund balances, beginning of year, as previously reported	2,521,619	11,925,030	14,446,649
Prior period restatement - change in accounting principle	25,565	-	25,565
Fund balances, beginning of year, as restated	<u>2,547,184</u>	<u>11,925,030</u>	<u>14,472,214</u>
Fund balances, end of year	<u>\$ 2,767,976</u>	<u>\$ 9,424,537</u>	<u>\$ 12,192,513</u>

## NON-MAJOR SPECIAL REVENUE FUNDS

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

The following comprise the County's Special Revenue Funds:

- *Fire Protection Fund* - Accounts for the ad valorem tax levies of the nine fire districts in Lee County.
- *Room Occupancy Tax Fund* - Accounts for room occupancy tax collected in Lee County.
- *Emergency Telephone System Fund* - Accounts for the E-911 surcharge levied on all Lee County telephone subscribers.
- *Airport Tax Revenue Fund* – Accounts for the tax revenue collected on personal property located at the Sanford-Lee County Regional Airport.
- *Drug Seizure Fund* – Accounts for payments received from drug seizures.
- *Coronavirus Relief Fund* – Accounts for funds received from the State of North Carolina as part of the Coronavirus Aid, Relief, and Economic Security Act.
- *Revolving Loan Fund* – Accounts for rental payments received through lease of equipment that was purchased through a Golden Leaf Foundation grant.
- *Representative Payee Fund* – Accounts for monies held by Social Services Department for the benefit of certain individuals in the County.
- *Fines and Forfeitures Fund* - Accounts for fines and forfeitures collected by the County that are required to be remitted to the Lee County Board of Education.

**LEE COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet - Non-major Special Revenue Funds**  
**June 30, 2021**

	Fire Protection Fund	Room Occupancy Tax Fund	Emergency Telephone System Fund	Airport Tax Revenue Fund	Drug Seizure Funds	Coronavirus Relief Funds Fund	Revolving Loan Fund	Representative Payee Fund	Fines and Forfeitures Fund	Totals
<b>Assets</b>										
Cash and investments	\$ 507,492	\$ 202,733	\$ 773,138	\$ 282,260	\$ 68,230	\$ -	\$ 601,604	\$ 36,512	\$ 200	\$ 2,472,169
Taxes receivable - net	61,898	-	-	33,038	-	-	-	-	-	94,936
Accounts receivable	35,359	-	35,142	-	1,142	9,110	244,060	-	7,067	331,880
Accrued interest receivable	31	12	47	17	4	-	36	-	-	147
<b>Total assets</b>	<b>\$ 604,780</b>	<b>\$ 202,745</b>	<b>\$ 808,327</b>	<b>\$ 315,315</b>	<b>\$ 69,376</b>	<b>\$ 9,110</b>	<b>\$ 845,700</b>	<b>\$ 36,512</b>	<b>\$ 7,267</b>	<b>\$ 2,899,132</b>
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts payable	\$ 37	\$ -	\$ 11,293	\$ -	\$ 8,513	\$ 9,110	\$ -	\$ -	\$ -	\$ 28,953
Due to other governments	-	-	-	-	-	-	-	-	7,267	7,267
<b>Total liabilities</b>	<b>37</b>	<b>-</b>	<b>11,293</b>	<b>-</b>	<b>8,513</b>	<b>9,110</b>	<b>-</b>	<b>-</b>	<b>7,267</b>	<b>36,220</b>
Deferred Inflows of Resources										
Taxes receivable	61,898	-	-	33,038	-	-	-	-	-	94,936
<b>Total deferred inflows of resources</b>	<b>61,898</b>	<b>-</b>	<b>-</b>	<b>33,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,936</b>
Fund balances:										
Restricted										
Stabilization by State Statute	35,390	12	35,189	17	10,960	-	244,096	-	-	325,664
Public Safety	507,455	-	761,845	-	59,717	-	-	-	-	1,329,017
Economic and Physical Development	-	-	-	-	-	-	601,604	-	-	601,604
Human Services	-	-	-	-	-	-	-	36,512	-	36,512
Education	-	202,733	-	-	-	-	-	-	-	202,733
Committed:										
Economic and Physical Development	-	-	-	282,260	-	-	-	-	-	282,260
Unassigned	-	-	-	-	(9,814)	-	-	-	-	(9,814)
<b>Total fund balances</b>	<b>542,845</b>	<b>202,745</b>	<b>797,034</b>	<b>282,277</b>	<b>60,863</b>	<b>-</b>	<b>845,700</b>	<b>36,512</b>	<b>-</b>	<b>2,767,976</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 604,780</b>	<b>\$ 202,745</b>	<b>\$ 808,327</b>	<b>\$ 315,315</b>	<b>\$ 69,376</b>	<b>\$ 9,110</b>	<b>\$ 845,700</b>	<b>\$ 36,512</b>	<b>\$ 7,267</b>	<b>\$ 2,899,132</b>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Fire Protection Fund	Room Occupancy Tax Fund	Emergency Telephone System Fund	Airport Tax Revenue Fund	Drug Seizure Fund	Coronavirus Relief Funds Fund	Revolving Loan Fund	Representative Payee Fund	Fines and Forfeitures Fund	Totals
Revenues:										
Ad valorem taxes	\$ 3,378,959	\$ -	\$ -	\$ 274,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,653,560
Other taxes and licenses	-	282,139	421,709	-	-	-	-	-	-	703,848
Restricted intergovernmental	-	-	-	-	23,733	1,751,467	-	275,200	-	2,050,400
Sales and services	-	-	-	-	-	-	(8,500)	-	102,769	94,269
Investment earnings	121	192	689	397	78	137	588	-	-	2,202
Total revenues	<u>3,379,080</u>	<u>282,331</u>	<u>422,398</u>	<u>274,998</u>	<u>23,811</u>	<u>1,751,604</u>	<u>(7,912)</u>	<u>275,200</u>	<u>102,769</u>	<u>6,504,279</u>
Expenditures:										
Current:										
General government:										
General government	-	-	-	-	-	847,742	-	-	102,769	950,511
Public safety	2,924,169	-	252,929	-	46,580	275,913	-	-	-	3,499,591
Economic and physical development	-	-	-	330,000	-	337,096	-	-	-	667,096
Human services	-	-	-	-	-	284,132	-	264,253	-	548,385
Education	-	252,313	-	-	-	-	-	-	-	252,313
Cultural and recreational	-	-	-	-	-	6,721	-	-	-	6,721
Total expenditures	<u>2,924,169</u>	<u>252,313</u>	<u>252,929</u>	<u>330,000</u>	<u>46,580</u>	<u>1,751,604</u>	<u>-</u>	<u>264,253</u>	<u>102,769</u>	<u>5,924,617</u>
Revenues over (under) expenditures	<u>454,911</u>	<u>30,018</u>	<u>169,469</u>	<u>(55,002)</u>	<u>(22,769)</u>	<u>-</u>	<u>(7,912)</u>	<u>10,947</u>	<u>-</u>	<u>579,662</u>
Other financing sources (uses):										
Transfers in (out):										
General Fund	<u>(358,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(358,870)</u>
Total other financing sources (uses)	<u>(358,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(358,870)</u>
Net changes in fund balances	96,041	30,018	169,469	(55,002)	(22,769)	-	(7,912)	10,947	-	220,792
Fund balances, beginning of year, as previously reported	446,804	172,727	627,565	337,279	83,632	-	853,612	-	-	2,521,619
Prior period restatement - change in accounting principle	-	-	-	-	-	-	-	25,565	-	25,565
Fund balances, beginning of year, as restated	<u>446,804</u>	<u>172,727</u>	<u>627,565</u>	<u>337,279</u>	<u>83,632</u>	<u>-</u>	<u>853,612</u>	<u>25,565</u>	<u>-</u>	<u>2,547,184</u>
Fund balances, end of year	<u>\$ 542,845</u>	<u>\$ 202,745</u>	<u>\$ 797,034</u>	<u>\$ 282,277</u>	<u>\$ 60,863</u>	<u>\$ -</u>	<u>\$ 845,700</u>	<u>\$ 36,512</u>	<u>\$ -</u>	<u>\$ 2,767,976</u>

**LEE COUNTY, NORTH CAROLINA**  
**Fire Protection Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 3,187,638	\$ 3,324,644	\$ 137,006
Prior years	<u>2,100</u>	<u>54,315</u>	<u>52,215</u>
Total ad valorem taxes	<u>3,189,738</u>	<u>3,378,959</u>	<u>189,221</u>
Investment earnings	<u>-</u>	<u>121</u>	<u>121</u>
Total revenues	<u>3,189,738</u>	<u>3,379,080</u>	<u>189,342</u>
Expenditures:			
Public safety	<u>2,925,368</u>	<u>2,924,169</u>	<u>1,199</u>
Revenues over (under) expenditures	264,370	454,911	190,541
Other financing sources (uses):			
Transfers in (out):			
General Fund	<u>(358,870)</u>	<u>(358,870)</u>	<u>-</u>
Total other financing sources (uses)	<u>(358,870)</u>	<u>(358,870)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(94,500)	96,041	190,541
Appropriated fund balance	<u>94,500</u>	<u>-</u>	<u>(94,500)</u>
Net change in fund balance	<u>\$ -</u>	96,041	<u>\$ 96,041</u>
Fund balance, beginning of year		<u>446,804</u>	
Fund balance, end of year		<u>\$ 542,845</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Room Occupancy Tax Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
Room occupancy tax	\$ 252,313	\$ 282,139	\$ 29,826
Investment earnings	<u>-</u>	<u>192</u>	<u>192</u>
Total revenues	<u>252,313</u>	<u>282,331</u>	<u>30,018</u>
Expenditures:			
Education - CCCC appropriation	<u>252,313</u>	<u>252,313</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	30,018	<u>\$ 30,018</u>
Fund balance, beginning of year		<u>172,727</u>	
Fund balance, end of year		<u>\$ 202,745</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	\$ 421,709	\$ 421,709	\$ -
Investment earnings	<u>-</u>	<u>689</u>	<u>689</u>
Total revenues	<u>421,709</u>	<u>422,398</u>	<u>689</u>
Expenditures:			
Public safety	<u>430,228</u>	<u>252,929</u>	<u>177,299</u>
Revenues over (under) expenditures	(8,519)	169,469	177,988
Appropriated fund balance	<u>8,519</u>	<u>-</u>	<u>(8,519)</u>
Net change in fund balance	<u>\$ -</u>	169,469	<u>\$ 169,469</u>
Fund balance, beginning of year		<u>627,565</u>	
Fund balance, end of year		<u>\$ 797,034</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Airport Tax Revenue Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 130,000	\$ 273,201	\$ 143,201
Prior years	-	1,400	1,400
Total ad valorem taxes	<u>130,000</u>	<u>274,601</u>	<u>144,601</u>
Investment earnings	<u>-</u>	<u>397</u>	<u>397</u>
Total revenues	<u>130,000</u>	<u>274,998</u>	<u>144,998</u>
Expenditures:			
Economic and physical development	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Revenues over (under) expenditures	(200,000)	(55,002)	144,998
Appropriated fund balance	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ -</u>	(55,002)	<u>\$ (55,002)</u>
Fund balance, beginning of year		<u>337,279</u>	
Fund balance, end of year		<u>\$ 282,277</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Drug Seizure Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ -	\$ 23,733	\$ 23,733
Investment earnings	<u>-</u>	<u>78</u>	<u>78</u>
Total revenues	<u>-</u>	<u>23,811</u>	<u>23,811</u>
Expenditures:			
Public safety	<u>65,335</u>	<u>46,580</u>	<u>18,755</u>
Revenues over (under) expenditures	(65,335)	(22,769)	42,566
Appropriated fund balance	<u>65,335</u>	<u>-</u>	<u>(65,335)</u>
Net change in fund balance	<u>\$ -</u>	(22,769)	<u>\$ (22,769)</u>
Fund balance, beginning of year		<u>83,632</u>	
Fund balance, end of year		<u>\$ 60,863</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Coronavirus Relief Funds Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 1,199,106	\$ 1,751,467	\$ 552,361
Investment earnings	137	137	-
Total revenues	<u>1,199,243</u>	<u>1,751,604</u>	<u>552,361</u>
Expenditures:			
General Government	847,742	847,742	-
Public safety	275,913	275,913	-
Economic and physical development	337,096	337,096	-
Human Services	284,132	284,132	-
Cultural and recreational	6,721	6,721	-
Total expenditures	<u>1,751,604</u>	<u>1,751,604</u>	<u>-</u>
Revenues over (under) expenditures	(552,361)	-	-
Appropriated fund balance	<u>552,361</u>	-	<u>(552,361)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Revolving Loan Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Sales and services	\$ (8,500)	\$ (8,500)	\$ -
Investment earnings	<u>-</u>	<u>588</u>	<u>588</u>
Total revenues	<u>(8,500)</u>	<u>(7,912)</u>	<u>588</u>
Expenditures:			
Economic and physical development	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Revenues over (under) expenditures	(108,500)	-	100,588
Appropriated fund balance	<u>108,500</u>	<u>-</u>	<u>(108,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,912)</u>	<u>\$ (7,912)</u>
Fund balance, beginning of year		<u>853,612</u>	
Fund balance, end of year		<u><u>\$ 845,700</u></u>	

**LEE COUNTY, NORTH CAROLINA**  
**Representative Payee Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 300,000	\$ 275,200	\$ (24,800)
Total revenues	<u>300,000</u>	<u>275,200</u>	<u>(24,800)</u>
Expenditures:			
Human services			
Payments made for the benefit of beneficiaries	<u>300,000</u>	<u>264,253</u>	<u>35,747</u>
Total expenditures	<u>300,000</u>	<u>264,253</u>	<u>35,747</u>
Net change in fund balance	<u>\$ -</u>	10,947	<u>\$ 10,947</u>
Fund balance, beginning of year, as previously reported		-	
Prior period restatement - change in accounting principle		<u>25,565</u>	
Fund balance, beginning of year, as restated		<u>25,565</u>	
Fund balance, end of year		<u>\$ 36,512</u>	

**LEE COUNTY, NORTH CAROLINA**  
**Fines and Forfeitures Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Sales and services			
Penalties, fines and forfeitures	\$ 125,000	\$ 102,769	\$ (22,231)
Total revenues	<u>125,000</u>	<u>102,769</u>	<u>(22,231)</u>
Expenditures:			
General Government			
Payments of penalties, fines and forfeitures to the Lee County Board of Education	<u>125,000</u>	<u>102,769</u>	<u>22,231</u>
Total expenditures	<u>125,000</u>	<u>102,769</u>	<u>22,231</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year, as previously reported		-	
Prior period restatement - change in accounting principle		<u>-</u>	
Fund balance, beginning of year, as restated		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

## NON-MAJOR CAPITAL PROJECT FUNDS

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

The following comprise the County's Capital Project Funds:

- *Capital Projects Outlay Fund* - Is used as a capital reserve fund and accounts for the accumulation of resources to be used for future construction projects.
- *CCCC Health Sciences Center Fund* - accounts for the costs associated with building and furnishing a Health Sciences Center on the Central Carolina Community College campus.
- *CCCC Veterinary Medical Technology Facility Fund* – Accounts for the costs associated with building an addition to and renovating the existing Veterinary Medical Technology Facility on the CCCC campus.
- *CCCC Civic Center Project Fund* – Accounts for the costs associated with expansion of and renovations to the civic center and the development of small business incubator.
- *CCCC Main Campus and Emergency Services Training Facility Renovations* – Accounts for the costs associated with renovations to buildings on the main campus of CCCC and renovations to the Emergency Services Training Facility.
- *Elementary School Facility Fund* - Accounts for the costs associated with building and furnishing a new elementary school.
- *Courthouse Complex Renovations Fund* – Accounts for the costs associated with renovations to buildings in the courthouse complex.
- *Park Improvements Fund* – Accounts for the costs associated with improvements at Kiwanis Children's Park, Horton Park, Temple Park, OT Sloan Park, and Lett Park.
- *Multi-Sports Complex Fund* – Accounts for the costs associated with development and construction of a multi-sports complex.
- *CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund* – Accounts for the costs associated with building and/or remodeling space on the CCCC campus for a Library and the Lee Early College program.

**LEE COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet - Non-major Capital Project Funds**  
**June 30, 2021**

	Capital Projects Outlay Fund	CCCC Veterinary Medical Technology Facility Fund	Courthouse Complex Renovations Fund	Park Improvements Fund	Multi-Sports Complex Project Fund	CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	Totals
<b>Assets</b>							
Cash and investments	\$ 4,110,958	\$ -	\$ -	\$ 1,050,000	\$ -	\$ -	\$ 5,160,958
Restricted cash and investments	-	105,860	2,512,438	2,096,684	-	88,135	4,803,117
Accounts receivable - net	-	-	52,421	4,264	-	-	56,685
Accrued interest receivable	250	6	12	93	-	5	366
	<u>250</u>	<u>6</u>	<u>12</u>	<u>93</u>	<u>-</u>	<u>5</u>	<u>366</u>
Total assets	<u>\$ 4,111,208</u>	<u>\$ 105,866</u>	<u>\$ 2,564,871</u>	<u>\$ 3,151,041</u>	<u>\$ -</u>	<u>\$ 88,140</u>	<u>\$ 10,021,126</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 41,376	\$ -	\$ 41,376
Liabilities to be paid from restricted assets	-	-	348,027	117,297	-	89,889	555,213
Total liabilities	-	-	348,027	117,297	41,376	89,889	596,589
Fund balances:							
Restricted:							
Stabilization by State Statute	250	6	52,433	4,357	-	5	57,051
Public Safety	-	-	2,512,438	-	-	-	2,512,438
Economic and Physical Development	-	-	-	3,146,684	-	-	3,146,684
Education	-	105,860	-	-	-	88,135	193,995
Assigned:							
Capital	4,110,958	-	-	-	-	-	4,110,958
Unassigned:	-	-	(348,027)	(117,297)	(41,376)	(89,889)	(596,589)
	<u>-</u>	<u>-</u>	<u>(348,027)</u>	<u>(117,297)</u>	<u>(41,376)</u>	<u>(89,889)</u>	<u>(596,589)</u>
Total fund balance (deficit)	<u>4,111,208</u>	<u>105,866</u>	<u>2,216,844</u>	<u>3,033,744</u>	<u>(41,376)</u>	<u>(1,749)</u>	<u>9,424,537</u>
Total liabilities and fund balances	<u>\$ 4,111,208</u>	<u>\$ 105,866</u>	<u>\$ 2,564,871</u>	<u>\$ 3,151,041</u>	<u>\$ -</u>	<u>\$ 88,140</u>	<u>\$ 10,021,126</u>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances (Deficit) - Non-major Capital Project Funds**  
**For the Year Ended June 30, 2021**

	Capital Projects Outlay Fund	CCCC Health Sciences Center Fund	CCCC Veterinary Medical Technology Facility Fund	CCCC Civic Center Project Fund	CCCC Main Campus and Emergency Services Training Center Renovations Fund	Elementary School Facility Fund	Courthouse Complex Renovations Fund	Park Improvements Fund	Multi-Sports Complex Project Fund	CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	Totals
Revenues:											
Investment earnings	\$ 3,668	\$ 27	\$ 328	\$ 102	\$ 41	\$ (44)	\$ 937	\$ 672	\$ -	\$ 10	\$ 5,741
Total revenues	<u>3,668</u>	<u>27</u>	<u>328</u>	<u>102</u>	<u>41</u>	<u>(44)</u>	<u>937</u>	<u>672</u>	<u>-</u>	<u>10</u>	<u>5,741</u>
Expenditures:											
Capital outlay:											
Public Safety	-	-	-	-	-	-	2,262,844	-	-	-	2,262,844
Economic and physical development	-	-	-	-	-	-	-	741,674	41,376	7,221,759	8,004,809
Education	-	-	386,404	23,000	-	-	-	-	-	-	409,404
Total expenditures	<u>-</u>	<u>-</u>	<u>386,404</u>	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>2,262,844</u>	<u>741,674</u>	<u>41,376</u>	<u>7,221,759</u>	<u>10,677,057</u>
Revenues over (under) expenditures	<u>3,668</u>	<u>27</u>	<u>(386,076)</u>	<u>(22,898)</u>	<u>41</u>	<u>(44)</u>	<u>(2,261,907)</u>	<u>(741,002)</u>	<u>(41,376)</u>	<u>(7,221,749)</u>	<u>(10,671,316)</u>
Other financing sources (uses)											
Transfers in (out):											
General Fund	764,000	(121,442)	-	(137,190)	(190,556)	-	16,011	1,050,000	-	-	1,380,823
Elementary School Fund	-	-	-	-	-	-	516,565	1,006,241	-	-	1,522,806
Courthouse Complex Renovations Fund	-	-	-	-	-	(516,565)	-	-	-	-	(516,565)
Park Improvements Fund	-	-	-	-	-	(1,006,241)	-	-	-	-	(1,006,241)
Lee County Government Center Renovations Fund	-	-	-	-	-	-	(430,000)	-	-	-	(430,000)
Installment purchase obligation issued	-	-	-	-	-	-	-	-	-	7,220,000	7,220,000
Total other financing sources (uses)	<u>764,000</u>	<u>(121,442)</u>	<u>-</u>	<u>(137,190)</u>	<u>(190,556)</u>	<u>(1,522,806)</u>	<u>102,576</u>	<u>2,056,241</u>	<u>-</u>	<u>7,220,000</u>	<u>8,170,823</u>
Net change in fund balances	767,668	(121,415)	(386,076)	(160,088)	(190,515)	(1,522,850)	(2,159,331)	1,315,239	(41,376)	(1,749)	(2,500,493)
Fund balances (deficit), beginning of year	<u>3,343,540</u>	<u>121,415</u>	<u>491,942</u>	<u>160,088</u>	<u>190,515</u>	<u>1,522,850</u>	<u>4,376,175</u>	<u>1,718,505</u>	<u>-</u>	<u>-</u>	<u>11,925,030</u>
Fund balances(deficit), end of year	<u>\$ 4,111,208</u>	<u>\$ -</u>	<u>\$ 105,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,216,844</u>	<u>\$ 3,033,744</u>	<u>\$ (41,376)</u>	<u>\$ (1,749)</u>	<u>\$ 9,424,537</u>

**LEE COUNTY, NORTH CAROLINA**  
**Capital Projects Outlay Fund - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

---

	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Investment earnings	\$ -	\$ 3,668	\$ 3,668
Revenues over (under) expenditures	-	3,668	3,668
Other financing sources (uses):			
Transfers in (out):			
General Fund	764,000	764,000	-
General Fund	(1,729,992)	-	1,729,992
Total other financing sources (uses)	(965,992)	764,000	1,729,992
Revenues and other financing sources over (under) expenditures and other	(965,992)	767,668	1,733,660
Appropriated fund balance	965,992	-	(965,992)
Net change in fund balance	\$ -	767,668	\$ 767,668
Fund balance, beginning of year		3,343,540	
Fund balance, end of year		\$ 4,111,208	

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Health Sciences Center - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 128,246	\$ 27	\$ 128,220	\$ 128,247
Expenditures:				
Capital outlay:				
Education	9,669,001	-	9,669,002	9,669,002
Revenues over (under) expenditures	(9,540,755)	27	(9,540,782)	(9,540,755)
Other financing sources (uses):				
General Obligation Bonds issued	9,000,000	-	9,000,000	9,000,000
Original issuance premium	662,197	-	662,197	662,197
Transfers in (out):				
General Fund	(121,442)	(121,442)	-	(121,442)
Total other financing sources (uses)	9,540,755	(121,442)	9,662,197	9,540,755
Net change in fund balance	\$ -	(121,415)	\$ 121,415	\$ -
Fund balance, beginning of year		121,415		
Fund balance, end of year		\$ -		

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Veterinary Medical Technology Facility - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 57,210	\$ 328	\$ 104,190	\$ 104,518
Expenditures:				
Capital outlay:				
Education	5,425,097	386,404	4,980,135	5,366,539
Revenues over (under) expenditures	(5,367,887)	(386,076)	(4,875,945)	(5,262,021)
Other financing sources (uses):				
General Obligation Bonds issued	5,000,000	-	5,000,000	5,000,000
Original issuance premium	367,887	-	367,887	367,887
Total other financing sources (uses)	5,367,887	-	5,367,887	5,367,887
Net change in fund balance	\$ -	(386,076)	\$ 491,942	\$ 105,866
Fund balance, beginning of year		491,942		
Fund balance, end of year		\$ 105,866		

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Civic Center Project - Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 87,161	\$ 102	\$ 87,059	\$ 87,161
Expenditures:				
Capital outlay:				
Education	5,317,858	23,000	5,294,859	5,317,859
Revenues over (under) expenditures	(5,230,697)	(22,898)	(5,207,800)	(5,230,698)
Other financing sources (uses):				
General Obligation Bonds issued	5,000,000	-	5,000,000	5,000,000
Original issuance premium	367,887	-	367,888	367,888
Transfers in (out):				
General Fund	(137,190)	(137,190)	-	(137,190)
Total other financing sources (uses)	5,230,697	(137,190)	5,367,888	5,230,698
Net change in fund balance	\$ -	(160,088)	\$ 160,088	\$ -
Fund balance, beginning of year		160,088		
Fund balance, end of year		\$ -		

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Main Campus and Emergency Services Training Center Renovations - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 67,290	\$ 41	\$ 67,251	\$ 67,292
Expenditures:				
Capital outlay:				
Education	4,171,044	-	4,171,046	4,171,046
Revenues over (under) expenditures	(4,103,754)	41	(4,103,795)	(4,103,754)
Other financing sources (uses):				
General Obligation Bonds issued	4,000,000	-	4,000,000	4,000,000
Original issuance premium	294,310	-	294,310	294,310
Transfers in (out):				
General Fund	(190,556)	(190,556)	-	(190,556)
Total other financing sources (uses)	4,103,754	(190,556)	4,294,310	4,103,754
Net change in fund balance	\$ -	(190,515)	\$ 190,515	\$ -
Fund balance, beginning of year		190,515		
Fund balance, end of year		\$ -		

**LEE COUNTY, NORTH CAROLINA**  
**Elementary School Facility - Statement of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 499,174	\$ (44)	\$ 499,217	\$ 499,173
Expenditures:				
Capital outlay:				
Education	27,116,453	-	27,116,452	27,116,452
Revenues over (under) expenditures	(26,617,279)	(44)	(26,617,235)	(26,617,279)
Other financing sources (uses):				
Limited Obligation Bonds issued	27,750,000	-	25,500,000	25,500,000
Original issuance premium	390,085	-	2,640,085	2,640,085
Transfers in (out):				
Courthouse Complex Renovations	(516,565)	(516,565)	-	(516,565)
Park Improvements Fund	(1,006,241)	(1,006,241)	-	(1,006,241)
Total other financing sources (uses)	26,617,279	(1,522,806)	28,140,085	26,617,279
Net change in fund balance	\$ -	(1,522,850)	\$ 1,522,850	\$ -
Fund balance, beginning of year		1,522,850		
Fund balance, end of year		\$ -		

**LEE COUNTY, NORTH CAROLINA**  
**Courthouse Complex Renovations - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 937	\$ 115,723	\$ 116,660
Expenditures:				
Capital outlay:				
Public safety	4,804,035	2,262,844	560,636	2,823,480
Revenues over (under) expenditures	(4,804,035)	(2,261,907)	(444,913)	(2,706,820)
Other financing sources (uses):				
Installment purchase obligations issued	2,179,420	-	1,779,420	1,779,420
Limited Obligation Bonds issued	3,000,000	-	2,755,000	2,755,000
Original issuance premium	38,604	-	286,668	286,668
Transfers in (out):				
General Fund	16,011	16,011	-	16,011
Elementary School Fund	-	516,565	-	516,565
Lee County Government Center Renovations Fund	(430,000)	(430,000)	-	(430,000)
Total other financing sources (uses)	4,804,035	102,576	4,821,088	4,923,664
Net change in fund balance	\$ -	(2,159,331)	\$ 4,376,175	\$ 2,216,844
Fund balance, beginning of year		4,376,175		
Fund balance, end of year		\$ 2,216,844		

**LEE COUNTY, NORTH CAROLINA**  
**Park Improvements - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ 74,000	\$ 672	\$ 74,128	\$ 74,800
Miscellaneous revenue	950	-	950	950
Total revenues	<u>74,950</u>	<u>672</u>	<u>75,078</u>	<u>75,750</u>
Expenditures:				
Capital outlay:				
Economic and physical development	<u>3,669,972</u>	<u>741,674</u>	<u>386,949</u>	<u>1,128,623</u>
Revenues over (under) expenditures	(3,595,022)	(741,002)	(311,871)	(1,052,873)
Other financing sources (uses):				
Limited Obligation Bonds issued	1,840,000	-	1,840,000	1,840,000
Original issuance premium	190,376	-	190,376	190,376
Transfers in (out):				
General Fund	1,050,000	1,050,000	-	1,050,000
Elementary School Facility Fund	<u>514,646</u>	<u>1,006,241</u>	<u>-</u>	<u>1,006,241</u>
Total other financing sources (uses)	<u>3,595,022</u>	<u>2,056,241</u>	<u>2,030,376</u>	<u>4,086,617</u>
Net change in fund balance	<u>\$ -</u>	1,315,239	<u>\$ 1,718,505</u>	<u>\$ 3,033,744</u>
Fund balance, beginning of year		<u>1,718,505</u>		
Fund balance, end of year		<u>\$ 3,033,744</u>		

**LEE COUNTY, NORTH CAROLINA**  
**Multi-Sports Complex Project Fund - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	<u>Project Authorization</u>	<u>Current Year</u>	<u>Actual Prior Years</u>	<u>Total to Date</u>
Expenditures				
Capital outlay:				
Economic and physical development	<u>\$25,000,000</u>	<u>\$ 41,376</u>	<u>\$ -</u>	<u>\$ 41,376</u>
Revenues over (under) expenditures	(25,000,000)	(41,376)	-	(41,376)
Other financing sources (uses):				
General Obligation Bonds issued	<u>25,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(41,376)</u>	<u>\$ -</u>	<u>\$ (41,376)</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance, end of year		<u>\$ (41,376)</u>		

**LEE COUNTY, NORTH CAROLINA**  
**CCCC Library/Lee Early College Classroom Facility Renovations and Addition Fund - Schedule of**  
**Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2021**

---

	Project Authorization	Current Year	Actual Prior Years	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 10	\$ -	\$ 10
Expenditures				
Capital outlay:				
Economic and physical development	12,000,000	7,221,759	-	7,221,759
Revenues over (under) expenditures	(12,000,000)	(7,221,749)	-	(7,221,749)
Other financing sources (uses):				
Installment purchase obligations issued	-	7,220,000	-	7,220,000
Limited Obligation Bonds issued	12,000,000	-	-	-
Total other financing sources (uses)	12,000,000	7,220,000	-	7,220,000
Net change in fund balance	<u>\$ -</u>	(1,749)	<u>\$ -</u>	<u>\$ (1,749)</u>
Fund balance, beginning of year		-		
Fund balance, end of year		<u>\$ (1,749)</u>		

## **ENTERPRISE FUNDS**

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

The following comprise the County's Enterprise Funds

- *Solid Waste Management Fund* - Accounts for the operations of the County's solid waste activities.

**LEE COUNTY, NORTH CAROLINA**  
**Solid Waste Management Fund - Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Operating revenues:			
Solid waste charges	\$ 1,388,079	\$ 1,375,002	\$ (13,077)
Other operating revenues	17,000	29,191	12,191
Total operating revenues	<u>1,405,079</u>	<u>1,404,193</u>	<u>(886)</u>
Non-operating revenues:			
Solid waste disposal tax	28,000	28,363	363
Scrap tire disposal tax	80,000	87,934	7,934
White goods disposal tax	25,500	32,457	6,957
Sale of property	-	4,623	4,623
Investment earnings	24,000	1,014	(22,986)
Total non-operating revenues	<u>157,500</u>	<u>154,391</u>	<u>(3,109)</u>
Total revenues	<u>1,562,579</u>	<u>1,558,584</u>	<u>(3,995)</u>
Expenditures:			
Salaries and employee benefits	606,366	591,868	14,498
Other operating expenditures	1,130,663	1,075,532	55,131
Capital outlay	253,900	225,512	28,388
Total expenditures	<u>1,990,929</u>	<u>1,892,912</u>	<u>98,017</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(428,350)	(334,328)	94,022
Appropriated fund balance	<u>428,350</u>	<u>-</u>	<u>(428,350)</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (334,328)</u>	<u>\$ (334,328)</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (334,328)	
Increase in deferred outflows of resources - pensions		12,715	
(Increase) in net pension liability		(24,399)	
Decrease in deferred inflows of resources - pensions		326	
(Increase) in net OPEB liability		(65,874)	
Increase in deferred outflows of resources - OPEB		50,573	
(Increase) in deferred inflows of resources - OPEB		(1,923)	
Capital outlay		221,532	
Cost of assets disposed		(4,151)	
Depreciation		<u>(37,444)</u>	
Change in net position		<u>\$ (182,973)</u>	

## **CUSTODIAL FUNDS**

Custodial Funds are used to account for assets held by the County as an agent for individuals and local governments.

The following comprise the County's Custodial Funds:

- *Town of Broadway Tax Fund* - Accounts for tax revenues collected on behalf of the Town of Broadway.
- *City of Sanford Tax Fund*- Accounts for tax revenues collected on behalf of the City of Sanford.
- *Central Business District Tax Fund* - Accounts for tax revenues collected on behalf of the Central Business District.
- *Sanford Room Occupancy Tax Fund* – Accounts for room occupancy tax revenues collected on behalf of the City of Sanford.
- *Jail Inmate Pay Fund* - Accounts for monies held by the jail for the benefit of the inmates.

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2021**

---

	Town of Broadway Tax Fund	City of Sanford Tax Fund	Central Business District Tax Fund	Sanford Room Occupancy Tax Fund	Jail Inmate Pay Fund	Totals
<b>Assets</b>						
Cash and investments	\$ 7,625	\$ 192,746	\$ 469	\$ 29,066	\$ 34,979	\$ 264,885
Taxes receivable - net	3,957	327,643	1,698	-	-	333,298
Accounts receivable	7,886	208,318	218	-	-	216,422
Total assets	<u>\$ 19,468</u>	<u>\$ 728,707</u>	<u>\$ 2,385</u>	<u>\$ 29,066</u>	<u>\$ 34,979</u>	<u>\$ 814,605</u>
<b>Liabilities</b>						
Accounts payable	\$ 7,886	\$ 208,318	\$ 218	\$ -	\$ -	\$ 216,422
Due to other governments	7,625	192,746	469	29,066	-	229,906
Total liabilities	<u>15,511</u>	<u>401,064</u>	<u>687</u>	<u>29,066</u>	<u>-</u>	<u>446,328</u>
<b>Net Position</b>						
Restricted for:						
Individuals, organizations, and other governments	<u>3,957</u>	<u>327,643</u>	<u>1,698</u>	<u>-</u>	<u>34,979</u>	<u>368,277</u>
Total net position	<u>\$ 3,957</u>	<u>\$ 327,643</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 34,979</u>	<u>\$ 368,277</u>

**LEE COUNTY, NORTH CAROLINA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2021**

	Town of Broadway Tax Fund	City of Sanford Tax Fund	Central Business District Tax Fund	Sanford Room Occupancy Tax Fund	Jail Inmate Pay Fund	Totals
<b>Additions</b>						
Ad valorem taxes for other governments	\$ 473,530	\$21,140,247	\$ 80,368	\$ -	\$ -	\$ 21,694,145
Other taxes and licenses for other governments	-	-	-	272,238	-	272,238
Collections on behalf of inmates	-	-	-	-	330,091	330,091
Total additions	<u>473,530</u>	<u>21,140,247</u>	<u>80,368</u>	<u>272,238</u>	<u>330,091</u>	<u>22,296,474</u>
<b>Deductions</b>						
Tax distributions to other governments	476,894	21,120,892	81,050	272,238	-	21,951,074
Payments on behalf of inmates	-	-	-	-	319,393	319,393
Total deductions	<u>476,894</u>	<u>21,120,892</u>	<u>81,050</u>	<u>272,238</u>	<u>319,393</u>	<u>22,270,467</u>
Net increase (decrease) i	(3,364)	19,355	(682)	-	10,698	26,007
Net position, beginning, as previously reported	-	-	-	-	-	-
Prior period restatement - change in accounting	<u>7,321</u>	<u>308,288</u>	<u>2,380</u>	<u>-</u>	<u>24,281</u>	<u>342,270</u>
Net position, beginning, as restated	<u>7,321</u>	<u>308,288</u>	<u>2,380</u>	<u>-</u>	<u>24,281</u>	<u>342,270</u>
Net position, ending	<u>\$ 3,957</u>	<u>\$ 327,643</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 34,979</u>	<u>\$ 368,277</u>

## **OTHER SCHEDULES**

This section includes additional information on property taxes.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable - General Fund**  
**June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2019-20	\$ -	\$ 47,853,703	\$ 47,435,805	\$ 417,898
2018-19	590,942	-	353,497	237,445
2017-18	189,922	-	76,555	113,367
2016-17	91,877	-	30,447	61,430
2015-16	55,091	-	14,639	40,452
2014-15	39,743	-	8,527	31,216
2013-14	29,780	-	1,229	28,551
2012-13	17,339	-	486	16,853
2011-12	20,824	-	1,215	19,609
2010-11	25,390	-	879	24,511
2009-10	<u>26,010</u>	<u>-</u>	<u>26,010</u>	<u>-</u>
Total	<u>\$ 1,086,918</u>	<u>\$ 47,853,703</u>	<u>\$ 47,949,289</u>	991,332
Less allowance for uncollected taxes receivable				<u>(344,999)</u>
Ad valorem taxes receivable (net)				<u>\$ 646,333</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 48,109,246
Reconciling items:				
Interest				(201,333)
Advertisement and collection fees				(45,831)
Taxes written off				29,687
Releases				59,974
Adjustments				<u>(2,454)</u>
Total ad valorem collections and credits				<u>\$ 47,949,289</u>

**LEE COUNTY, NORTH CAROLINA**  
**Analysis of Current Tax Levy - County-Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

	County-Wide		Total Levy	
	Property Valuation	Rate	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:				
Property taxed at current year's rate	\$ 6,145,948,825	\$ 0.775	\$ 47,617,988	\$ 42,743,813
Penalties	-		52,441	-
Total	<u>6,145,948,825</u>		<u>47,670,429</u>	<u>42,796,254</u>
Discoveries:				
Current year taxes	16,507,026		128,054	-
Prior year taxes	11,797,272		91,430	-
Penalties	-		4,601	-
Total	<u>28,304,298</u>		<u>224,085</u>	<u>-</u>
Abatements	<u>(5,138,211)</u>		<u>(40,811)</u>	<u>-</u>
Total property valuation	<u>\$ 6,169,114,912</u>			
Net levy			47,853,703	42,979,528
Less uncollected taxes at June 30, 2021			<u>417,898</u>	<u>-</u>
Current year's taxes collected			<u>\$ 47,435,805</u>	<u>\$ 42,561,630</u>
Current levy collection percentage			<u>99.13%</u>	<u>99.03%</u>

## STATISTICAL SECTION

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

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

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

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

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

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

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

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

- Demographic and Economic Statistics
- Principal Employers

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

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 16,682,007	\$ 17,390,002	\$ 18,177,941	\$ 17,265,494	\$ 18,251,252	\$ 19,639,721	\$ 21,157,156	\$ 21,115,449	\$ 20,666,895	\$ 24,421,592
Restricted	8,545,563	6,865,388	8,195,677	7,493,750	7,843,197	28,406,722	42,358,524	9,052,912	10,858,328	12,901,755
Unrestricted	(65,501,706)	(62,897,286)	(58,455,323)	(52,851,570)	(49,073,287)	(67,224,989)	(109,327,852)	(86,682,158)	(87,523,681)	(81,936,115)
Total Governmental activities net position	\$ (40,274,136)	\$ (38,641,896)	\$ (32,081,705)	\$ (28,092,326)	\$ (22,978,838)	\$ (19,178,546)	\$ (45,812,172)	\$ (56,513,797)	\$ (55,998,458)	\$ (44,612,768)
Business-type activities										
Net investment in capital assets	\$ 632,259	\$ 614,282	\$ 572,790	\$ 588,948	\$ 626,698	\$ 725,323	\$ 758,463	\$ 773,364	\$ 790,238	\$ 970,176
Unrestricted	823,128	906,162	998,968	973,512	960,258	820,381	453,036	447,289	382,540	19,629
Total business-type activities net position	\$ 1,455,387	\$ 1,520,444	\$ 1,571,758	\$ 1,562,460	\$ 1,586,956	\$ 1,545,704	\$ 1,211,499	\$ 1,220,653	\$ 1,172,778	\$ 989,805
Primary government										
Net investment in capital assets	\$ 17,314,266	\$ 18,004,284	\$ 18,750,731	\$ 17,854,442	\$ 18,877,950	\$ 20,365,044	\$ 21,915,619	\$ 21,888,813	\$ 21,457,133	\$ 25,391,768
Restricted	8,545,563	6,865,388	8,195,677	7,493,750	7,843,197	28,406,722	42,358,524	9,052,912	10,858,328	12,901,755
Unrestricted	(64,678,578)	(61,991,124)	(57,456,355)	(51,878,058)	(48,113,029)	(66,404,608)	(108,874,816)	(86,234,869)	(87,141,141)	(81,916,486)
Total primary government net position	\$ (38,818,749)	\$ (37,121,452)	\$ (30,509,947)	\$ (26,529,866)	\$ (21,391,882)	\$ (17,632,842)	\$ (44,600,673)	\$ (55,293,144)	\$ (54,825,680)	\$ (43,622,963)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,932,677	\$ 6,790,426	\$ 7,876,229	\$ 9,938,237	\$ 8,422,884	\$ 8,826,883	\$ 8,894,682	\$ 9,326,907	\$ 9,490,623	\$ 8,726,328
Public safety	11,803,023	11,947,065	11,952,806	10,081,361	12,805,684	13,457,188	13,533,239	14,035,115	14,870,074	15,946,736
Economic and physical development	2,059,885	1,772,585	1,656,954	1,484,068	1,739,707	2,063,986	1,788,613	2,010,865	4,456,827	5,766,315
Human services	14,269,531	14,442,568	14,040,325	14,391,192	15,076,902	14,880,653	12,943,413	13,445,485	13,783,026	15,092,113
Cultural and recreation	1,902,627	1,949,369	1,950,048	1,863,284	1,978,857	1,985,585	1,591,557	1,978,594	1,952,136	1,850,482
Education	26,376,671	21,186,425	19,340,979	19,247,541	23,083,490	24,612,382	41,564,924	43,259,793	31,420,365	24,751,263
Interest on long-term debt	5,018,211	3,061,821	2,892,500	2,651,952	2,960,290	2,135,487	2,896,297	3,438,331	3,168,140	2,775,980
Total governmental activities expenses	68,362,625	61,150,259	59,709,841	59,657,635	66,067,814	67,962,164	83,212,725	87,495,090	79,141,191	74,909,217
Business-type activities:										
Water & Sewer	-	-	-	-	-	3,069	320,325	5,778	-	-
Solid Waste Management Fund	1,504,714	1,237,744	1,263,931	1,296,841	1,373,422	1,360,857	1,390,842	1,523,046	1,598,278	1,737,406
Total business-type activities	1,504,714	1,237,744	1,263,931	1,296,841	1,373,422	1,363,926	1,711,167	1,528,824	1,598,278	1,737,406
Total primary government expenses	\$ 69,867,339	\$ 62,388,003	\$ 60,973,772	\$ 60,954,476	\$ 67,441,236	\$ 69,326,090	\$ 84,923,892	\$ 89,023,914	\$ 80,739,469	\$ 76,646,623
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 602,571	\$ 565,921	\$ 603,302	\$ 602,554	\$ 253,368	\$ 740,599	\$ 649,749	\$ 649,571	\$ 716,491	\$ 871,950
Public safety	601,510	407,380	465,132	690,851	646,930	723,670	724,041	851,650	735,315	665,710
Economic and physical development	531,299	37,102	93,218	93,703	83,666	-	-	-	-	-
Human services	1,816,357	1,803,849	1,567,324	1,549,894	1,729,018	1,750,098	1,721,992	1,638,014	1,440,109	1,423,580
Culture and recreation	327,216	377,259	364,711	351,984	369,116	353,216	353,290	344,950	204,647	85,655
Operating grants and contributions:										
General government	133,542	27,162	5,225	-	-	-	-	-	702,701	1,958,313
Public safety	265,945	172,022	158,622	154,869	131,298	178,151	235,817	120,611	254,866	296,495
Economic and physical development	46,162	38,887	28,676	30,063	30,064	30,506	30,017	29,326	26,860	26,880
Human services	8,074,593	7,598,300	7,809,089	8,415,978	8,648,718	7,682,817	6,695,999	6,911,656	7,078,693	7,747,474
Culture and recreation	136,190	118,130	133,987	143,948	156,786	112,217	115,634	117,216	111,571	130,700
Capital grants and contributions:										
Economic and physical development	-	128,823	1,077,388	415,278	-	-	-	-	-	-
Human services	-	-	-	-	-	4,093	-	3,025	-	-
Education	845,602	832,354	398,834	176,571	642,674	862,670	-	278,824	861,276	258,304
Total governmental activities program revenues	13,380,987	12,107,189	12,705,508	12,625,693	12,691,638	12,433,944	10,526,539	10,944,843	12,132,529	13,465,061

(Continued)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues (continued)</b>										
Business-type activities (continued)										
Charges for services:										
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste Management Fund	1,378,793	1,282,794	1,281,492	1,289,725	1,359,065	1,248,521	1,310,715	1,374,588	1,393,854	1,404,193
Operating grants and contributions:										
Solid Waste Management Fund	(163,590)	6,271	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste Management Fund	-	9,408	31,794	17,619	34,394	-	-	-	-	-
Total business-type activities program revenues	1,215,203	1,298,473	1,313,286	1,307,344	1,393,459	1,248,521	1,310,715	1,374,588	1,393,854	1,404,193
Total primary governmental program revenues	\$ 14,596,190	\$ 13,405,662	\$ 14,018,794	\$ 13,933,037	\$ 14,085,097	\$ 13,682,465	\$ 11,837,254	\$ 12,319,431	\$ 13,526,383	\$ 14,869,254
Net (expense)/revenue										
Governmental activities	\$ (54,981,638)	\$ (49,043,070)	\$ (47,004,333)	\$ (47,031,942)	\$ (53,376,176)	\$ (55,528,220)	\$ (72,686,186)	\$ (76,550,247)	\$ (67,008,662)	\$ (61,444,156)
Business-type activities	(289,511)	60,729	49,355	10,503	20,037	(115,405)	(400,452)	(154,236)	(204,424)	(333,213)
Total primary governmental net (expense)/revenue	\$ (55,271,149)	\$ (48,982,341)	\$ (46,954,978)	\$ (47,021,439)	\$ (53,356,139)	\$ (55,643,625)	\$ (73,086,638)	\$ (76,704,483)	\$ (67,213,086)	\$ (61,777,369)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 38,262,524	\$ 38,746,149	\$ 39,881,877	\$ 39,031,800	\$ 43,247,833	\$ 44,219,111	\$ 45,297,237	\$ 47,644,244	\$ 49,694,345	\$ 51,742,663
Sales taxes	9,349,289	9,616,974	10,914,491	11,460,940	12,221,875	13,261,165	13,889,956	14,669,199	15,640,364	18,828,209
Other taxes	862,624	957,636	993,713	980,747	1,034,535	1,116,117	1,103,417	1,212,189	1,277,378	1,443,088
Unrestricted grants and contributions	986,463	923,478	868,772	836,002	793,989	749,057	703,051	660,520	614,250	528,582
Investment earnings	99,881	79,463	53,938	51,102	103,555	284,213	608,155	1,218,431	597,489	51,846
Miscellaneous	721,314	891,799	851,733	918,628	1,083,724	502,139	392,692	444,039	547,987	209,893
Special item - loss on disposal of capital asset	-	-	-	(503,028)	-	-	-	-	(847,812)	-
Total governmental activities	50,282,095	51,215,499	53,564,524	52,776,191	58,485,511	60,131,802	61,994,508	65,848,622	67,524,001	72,804,281
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	126,078	140,904	135,588	138,501	148,754
Investment earnings	2,164	4,328	1,959	2,566	4,459	8,373	14,625	27,802	18,048	1,014
Gain (Loss) on disposal of capital assets	-	-	-	-	-	(60,298)	-	-	-	472
Total business-type activities	2,164	4,328	1,959	2,566	4,459	74,153	155,529	163,390	156,549	150,240
Total primary government	\$ 50,284,259	\$ 51,219,827	\$ 53,566,483	\$ 52,778,757	\$ 58,489,970	\$ 60,205,955	\$ 62,150,037	\$ 66,012,012	\$ 67,680,550	\$ 72,954,521
<b>Change in Net Position</b>										
Governmental activities	\$ (4,699,543)	\$ 2,172,429	\$ 6,560,191	\$ 5,744,249	\$ 5,109,335	\$ 4,603,582	\$ (10,691,678)	\$ (10,701,625)	\$ 515,339	\$ 11,360,125
Business-type activities	(287,347)	65,057	51,314	13,069	24,496	(41,252)	(244,923)	9,154	(47,875)	(182,973)
Total primary government	\$ (4,986,890)	\$ 2,237,486	\$ 6,611,505	\$ 5,757,318	\$ 5,133,831	\$ 4,562,330	\$ (10,936,601)	\$ (10,692,471)	\$ 467,464	\$ 11,177,152

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

	<b>Fiscal Year</b>									
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
<b>General Fund</b>										
Restricted	\$ 5,031,218	\$ 5,098,201	\$ 5,348,139	\$ 5,700,629	\$ 5,989,554	\$ 5,997,230	\$ 6,188,113	\$ 6,498,555	\$ 8,039,228	\$ 9,131,761
Committed	83,165	91,504	104,088	195,217	444,308	434,917	811,694	1,132,319	1,043,898	1,071,645
Assigned	2,780,915	2,900,506	2,596,759	1,644,812	1,559,961	1,904,077	1,943,085	1,927,714	2,163,832	2,546,894
Unassigned	<u>7,555,399</u>	<u>6,367,601</u>	<u>8,233,005</u>	<u>9,197,066</u>	<u>9,953,712</u>	<u>11,522,597</u>	<u>11,648,622</u>	<u>13,748,317</u>	<u>15,736,884</u>	<u>18,459,348</u>
Total General Fund	<u>\$ 15,450,697</u>	<u>\$ 14,457,812</u>	<u>\$ 16,281,991</u>	<u>\$ 16,737,724</u>	<u>\$ 17,947,535</u>	<u>\$ 19,858,821</u>	<u>\$ 20,591,514</u>	<u>\$ 23,306,905</u>	<u>\$ 26,983,842</u>	<u>\$ 31,209,648</u>
<b>All Other Governmental Funds</b>										
Restricted in special revenue funds	\$ 1,192,762	\$ 1,344,671	\$ 1,759,187	\$ 1,784,859	\$ 1,850,509	\$ 1,815,371	\$ 1,790,345	\$ 2,055,658	\$ 2,217,708	\$ 2,495,530
Restricted in capital project funds	1,595,831	422,516	1,088,351	8,261	3,134	20,457,476	34,252,611	16,798,685	12,976,734	8,603,438
Committed in special revenue funds	499,100	145,530	89,124	54,655	88,103	119,235	254,783	208,226	337,216	282,260
Committed in capital project funds	793,133	-	-	-	-	-	-	-	-	-
Assigned in capital project funds	839,183	636,557	653,590	2,215,788	3,015,180	3,647,500	4,076,605	3,579,321	3,342,915	4,110,958
Unassigned in special revenue funds	-	-	-	-	-	-	-	-	(33,305)	(9,814)
Unassigned in capital project funds	<u>(678,992)</u>	<u>(138,467)</u>	<u>(1,053,250)</u>	<u>(87,392)</u>	<u>(1,829,638)</u>	<u>(373,851)</u>	<u>-</u>	<u>(2,587,926)</u>	<u>(4,992)</u>	<u>(1,027,681)</u>
Total all other governmental funds	<u>\$ 4,241,017</u>	<u>\$ 2,410,807</u>	<u>\$ 2,537,002</u>	<u>\$ 3,976,171</u>	<u>\$ 3,127,288</u>	<u>\$ 25,665,731</u>	<u>\$ 40,374,344</u>	<u>\$ 20,053,964</u>	<u>\$ 18,836,276</u>	<u>\$ 14,454,691</u>

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

Revenues	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Ad valorem taxes	\$ 38,360,223	\$ 38,543,096	\$ 40,322,964	\$ 39,312,777	\$ 43,530,742	\$ 44,531,098	\$ 45,392,897	\$ 47,489,597	\$ 49,543,851	\$ 51,762,806
Local option sales taxes	9,349,289	9,616,974	10,914,491	11,460,940	12,221,875	13,261,165	13,889,956	14,669,199	15,640,364	18,828,209
Other taxes and licenses	862,624	957,636	993,713	980,747	1,034,535	1,116,117	1,103,417	1,212,189	1,277,378	1,443,088
Unrestricted intergovernmental	986,463	926,594	872,122	839,576	798,119	753,187	707,311	664,653	621,653	536,351
Restricted intergovernmental	10,771,349	9,516,406	10,019,358	9,868,897	10,180,104	9,470,808	7,508,256	7,983,598	9,499,920	10,796,088
Permits and fees	260,112	274,388	247,840	245,761	350,004	391,230	263,101	263,144	281,686	352,100
Sales and services	2,711,531	2,698,461	2,697,581	2,732,181	2,919,078	2,664,593	2,859,950	2,801,295	2,437,980	2,413,848
Investment earnings	99,881	79,463	53,938	51,102	103,555	284,213	608,155	1,218,431	597,489	51,846
Miscellaneous	469,048	481,208	702,389	795,310	422,837	614,589	499,461	483,079	628,410	427,989
Total revenues	<u>63,870,520</u>	<u>63,094,226</u>	<u>66,824,396</u>	<u>66,287,291</u>	<u>71,560,849</u>	<u>73,087,000</u>	<u>72,832,504</u>	<u>76,785,185</u>	<u>80,528,731</u>	<u>86,612,325</u>
<b>Expenditures</b>										
General government	7,168,476	7,963,598	7,835,545	7,643,351	8,844,246	8,637,508	10,023,025	9,325,250	10,109,771	11,853,068
Public safety	11,045,336	10,556,249	11,380,817	12,143,555	12,574,255	12,885,626	13,257,555	13,535,005	14,072,484	14,429,522
Economic and physical development	1,938,528	1,684,090	1,544,676	1,238,614	1,259,179	1,773,241	1,295,095	1,719,153	3,784,784	2,258,297
Human services	13,842,381	13,854,907	13,721,163	14,356,332	15,087,385	14,174,122	12,595,757	13,125,412	13,009,121	13,817,492
Education	20,133,096	20,489,694	19,060,363	19,167,781	21,568,559	21,740,841	22,326,644	22,780,722	24,608,041	24,341,859
Cultural and recreational	1,888,518	1,752,726	1,747,045	1,793,665	2,045,494	1,963,491	2,079,370	1,913,977	1,899,968	2,600,628
Capital outlay	6,339,325	1,691,124	1,163,021	660,198	1,928,066	4,569,932	19,652,680	20,644,775	7,837,064	13,235,114
Debt service										
Principal	4,881,527	5,420,857	5,405,279	5,414,565	5,442,068	5,608,793	6,599,195	7,618,859	7,542,859	8,372,859
Interest and fees	5,398,465	3,179,076	3,016,113	2,774,328	3,529,822	1,975,999	2,774,006	3,727,021	3,455,390	3,188,486
Total expenditures	<u>72,635,652</u>	<u>66,592,321</u>	<u>64,874,022</u>	<u>65,192,389</u>	<u>72,279,074</u>	<u>73,329,553</u>	<u>90,603,327</u>	<u>94,390,174</u>	<u>86,319,482</u>	<u>94,097,325</u>
Excess of revenues over (under) expenditures	<u>(8,765,132)</u>	<u>(3,498,095)</u>	<u>1,950,374</u>	<u>1,094,902</u>	<u>(718,225)</u>	<u>(242,553)</u>	<u>(17,770,823)</u>	<u>(17,604,989)</u>	<u>(5,790,751)</u>	<u>(7,485,000)</u>
<b>Other financing sources (uses)</b>										
Transfers in	1,847,550	1,818,131	1,200,043	2,610,209	1,981,656	2,664,932	1,396,082	2,010,217	151,479	4,590,875
Transfers out	(1,847,550)	(1,818,131)	(1,200,043)	(2,610,209)	(1,981,656)	(2,664,932)	(1,396,082)	(2,010,217)	(151,479)	(4,590,875)
Bonds issued	-	-	-	-	-	23,000,000	-	-	-	-
Installment purchase issued	-	675,000	-	-	-	-	-	-	8,250,000	7,220,000
Limited obligation bonds issued	-	-	-	-	-	-	30,095,000	-	-	-
Original issuance premium	-	-	-	-	-	1,692,282	3,117,129	-	-	-
Refunding certificates of participation issued	17,022,000	-	-	-	22,675,000	-	-	-	-	15,235,000
Payment to refunding escrow agent	(15,440,000)	-	-	-	(21,600,000)	-	-	-	-	(15,151,344)
Sale of county assets	-	-	-	800,000	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,582,000</u>	<u>675,000</u>	<u>-</u>	<u>800,000</u>	<u>1,075,000</u>	<u>24,692,282</u>	<u>33,212,129</u>	<u>-</u>	<u>8,250,000</u>	<u>7,303,656</u>
Net change in fund balances	<u>\$ (7,183,132)</u>	<u>\$ (2,823,095)</u>	<u>\$ 1,950,374</u>	<u>\$ 1,894,902</u>	<u>\$ 356,775</u>	<u>\$ 24,449,729</u>	<u>\$ 15,441,306</u>	<u>\$ (17,604,989)</u>	<u>\$ 2,459,249</u>	<u>\$ (181,344)</u>
Debt service as a percentage of noncapital expenditures	14.4%	13.4%	13.3%	12.8%	12.8%	10.7%	10.7%	12.2%	13.2%	14.6%

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

Fiscal Year	Real Property		Personal Property	Public Service Companies (1)	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property							
2012	2,646,993,567	894,794,400	1,159,761,594	117,865,942	52,295,319	4,767,120,184	0.750	4,839,715,923	98.50%
2013	2,681,678,503	904,231,950	1,180,223,760	116,632,096	53,493,927	4,829,272,382	0.750	4,909,293,872	98.37%
2014	2,694,946,922	1,038,649,500	1,338,835,425	114,024,251	54,524,152	5,131,931,946	0.720	5,166,547,816	99.33%
2015	2,710,869,570	1,046,605,800	1,228,580,482	112,327,319	55,834,498	5,042,548,673	0.720	5,093,483,508	99.00%
2016	2,727,421,080	1,054,477,500	1,228,665,416	128,584,786	54,316,610	5,084,832,172	0.795	5,188,604,257	98.00%
2017	2,732,225,485	1,065,034,400	1,308,860,808	131,814,026	55,539,050	5,182,395,669	0.795	5,295,724,166	97.86%
2018	2,755,025,988	1,103,412,700	1,360,258,047	130,019,424	56,427,400	5,292,288,759	0.795	5,458,781,598	96.95%
2019	2,537,340,894	1,381,959,140	1,547,278,924	131,956,672	58,081,100	5,540,454,530	0.795	5,750,342,013	96.35%
2020	2,874,992,867	1,381,959,140	1,639,042,129	137,125,466	69,532,775	5,963,586,827	0.775	6,114,617,888	97.53%
2021	2,945,595,415	1,401,236,000	1,754,588,848	137,922,324	70,227,675	6,169,114,912	0.775	6,593,047,891	93.57%

Source: Lee County Tax Office

Notes:

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>County:</b>										
Lee	\$ 0.750	\$ 0.750	\$ 0.720	\$ 0.720	\$ 0.795	\$ 0.795	\$ 0.795	\$ 0.795	\$ 0.775	\$ 0.775
<b>Municipalities:</b>										
Town of Broadway	0.440	0.440	0.440	0.440	0.440	0.490	0.490	0.490	0.490	0.490
City of Sanford	0.540	0.540	0.540	0.600	0.600	0.600	0.600	0.620	0.600	0.600
<b>Fire Districts</b>										
Cape Fear	0.092	0.092	0.100	0.100	0.100	0.100	0.102	0.112	0.112	0.121
Carolina Trace	0.067	0.075	0.081	0.086	0.091	0.097	0.097	0.097	0.104	0.115
Clearwater	0.186	0.186	0.186	0.186	0.187	0.187	0.187	0.187	0.187	0.187
Deep River	0.104	0.113	0.113	0.118	0.125	0.125	0.125	0.125	0.115	0.115
Lemon Springs	0.086	0.091	0.096	0.096	0.096	0.096	0.096	0.096	0.096	0.096
Northview	0.081	0.081	0.094	0.087	0.087	0.087	0.087	0.087	0.080	0.080
Northwest Pocket	0.124	0.129	0.129	0.129	0.129	0.145	0.145	0.145	0.145	0.145
Tramway	0.078	0.079	0.089	0.089	0.089	0.089	0.093	0.096	0.080	0.096
<b>Other Districts: (3)</b>										
Central Business District	0.130	0.130	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Lee County Water & Sewer District #1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Maximum Rate - Fire District	0.936	0.936	0.906	0.906	0.982	0.982	0.982	0.982	0.962	0.962
Total Maximum Rate - Municipalities	1.420	1.420	1.370	1.430	1.395	1.395	1.395	1.415	1.375	1.375

## Notes:

- (1) Property in Lee County is typically reassessed every four years. The last reassessment was on January 1, 2019.
- (2) The property tax rates for each of the governments listed above are based on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) The Lee County Water & Sewer District # 1 has not enacted property taxes as of June 30, 2021.

Source : Lee County Tax Department.

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

<u><b>Taxpayer</b></u>	<u><b>Type of Business</b></u>	<u><b>Fiscal Year 2021</b></u>			<u><b>Fiscal Year 2012</b></u>		
		<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>	<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>
Pfizer	Pharmaceuticals	\$ 355,199,234	1	5.8%	\$ 265,628,185	1	5.6%
Coty, Inc.	Cosmetics	89,960,789	3	1.5%	92,388,524	2	1.9%
Frontier Spinning Mills LLC	Textiles	86,332,273	2	1.4%	72,619,307	3	1.5%
Pilgrims Pride	Chicken producer	85,037,073	4	1.4%			
Caterpillar	Manufacturing	80,659,541	5	1.3%	-		
Donald R. Simpson	Real Estate	68,676,191	6	1.1%	66,023,726	4	1.4%
Duke Energy Progress Inc.	Utility	66,488,713	7	1.1%	47,372,414	5	1.0%
GKN Automotive Components, Inc.	Automotive Parts	63,179,177	8	1.0%	-		
Magneti Marelli, Inc.	Automotive Parts	49,185,652	9	0.8%	29,601,031	9	0.6%
Moen, Inc.	Plumbing fixtures	39,882,185	10	0.6%	32,279,810	7	0.7%
Windstream Inc.	Utility	-		0.0%	36,505,809	6	0.8%
Lee Brick	Brick Manufacturing	-		0.0%	31,340,334	8	0.7%
The Pantry, Inc.	Convenience Stores	-		0.0%	28,141,586	10	0.6%
Totals		<u>\$ 984,600,828</u>		16.0%	<u>\$ 701,900,726</u>		<u>14.8%</u>

Source: Lee County Tax Department

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

Fiscal Year Ended <u>June 30</u>	Total Levy for <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2012	35,810,080	34,992,878	97.7%	752,911	35,745,789	99.8%
2013	36,257,156	35,175,722	97.0%	971,616	36,147,338	99.7%
2014	37,033,563	36,508,688	98.6%	371,829	36,880,517	99.6%
2015	36,363,858	35,935,577	98.8%	379,283	36,314,860	99.9%
2016	40,362,332	39,983,957	99.1%	338,221	40,322,178	99.9%
2017	41,240,994	40,895,166	99.2%	282,147	41,177,313	99.8%
2018	42,164,227	41,830,217	99.2%	252,428	42,082,645	99.8%
2019	44,082,416	43,705,689	99.1%	242,618	43,948,307	99.7%
2020	46,274,460	45,683,518	98.7%	324,705	46,008,223	99.4%
2021	47,853,703	47,435,805	99.1%	-	47,435,805	99.1%

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

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Bond Anticipation Notes	Certificates of Participation	Limited Obligation Bonds	Installment Loans	General Obligation Bonds	Installment Loans			
2012	735,000	-	48,723,047	-	24,314,110	-	-	73,772,157	3.91%	1,256
2013	485,000	-	45,123,160	-	23,335,253	-	-	68,943,413	3.54%	1,155
2014	235,000	-	41,693,273	-	21,526,974	-	-	63,455,247	3.26%	1,053
2015	-	-	38,337,386	-	19,620,409	-	-	57,957,795	2.80%	971
2016	-	5,000,000	35,597,000	-	17,476,344	-	-	58,073,344	2.73%	973
2017	24,692,282	-	32,138,000	-	15,326,549	-	-	72,156,831	3.24%	1,210
2018	23,457,668	-	28,727,000	33,212,129	13,288,354	-	-	98,685,151	4.23%	1,633
2019	22,223,054	-	25,221,000	31,931,273	11,450,495	-	-	90,825,822	3.69%	1,478
2020	20,988,440	-	21,850,000	30,650,417	17,803,636	-	-	91,292,493	3.52%	1,478
2021	19,753,826	-	18,549,000	29,369,561	22,365,781	-	-	90,038,168	*	1,423

\* Information not yet available

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2020 personal income not available to calculate fiscal year 2021.

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

<b>Fiscal Year</b>	<b>Gross General Obligation Bonded Debt</b>	<b>Less Debt Payable from Enterprise Fund</b>	<b>Net General Obligation Bonded Debt</b>	<b>Percentage of Personal Income (1)</b>	<b>Percentage of Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>
2012	735,000	-	735,000	0.04%	0.02%	13
2013	485,000	-	485,000	0.02%	0.01%	8
2014	235,000	-	235,000	0.01%	0.00%	4
2015	-	-	-	0.00%	0.00%	-
2016	-	-	-	0.00%	0.00%	-
2017	24,692,282	-	24,692,282	1.11%	0.48%	414
2018	23,457,668	-	23,457,668	1.00%	0.44%	388
2019	22,223,054	-	22,223,054	0.90%	0.40%	362
2020	20,988,440	-	20,988,440	0.81%	0.35%	340
2021	19,573,826	-	19,573,826	*	0.32%	309

\* Information not yet available

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

(2) See Schedule 5 for property value data.

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

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assesses Value of Property	\$ 4,767,120	\$ 4,829,272	\$ 5,131,932	\$ 5,042,549	\$ 5,084,832	\$ 5,182,395	\$ 5,292,289	\$ 5,540,454	\$ 5,936,215	\$ 6,169,114
Debt Limit, 8% of Assessed Value Statutory Limitation	381,370	386,342	410,555	403,404	406,787	414,592	423,383	443,236	474,897	493,529
Amount of Debt Applicable to Limit										
Gross debt	73,006	68,260	62,855	57,440	53,073	76,073	93,960	83,341	87,049	86,035
Less: Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	73,006	68,260	62,855	57,440	53,073	76,073	93,960	83,341	87,049	86,035
Legal debt margin	<u>\$ 308,364</u>	<u>\$ 318,082</u>	<u>\$ 347,700</u>	<u>\$ 345,964</u>	<u>\$ 353,714</u>	<u>\$ 338,519</u>	<u>\$ 329,423</u>	<u>\$ 359,895</u>	<u>\$ 387,848</u>	<u>\$ 407,494</u>
Total net debt applicable to the limit as a percentage of debt limit	19.14%	17.67%	15.31%	14.24%	13.05%	18.35%	22.19%	18.80%	18.33%	17.43%

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

**Lee County, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Underlying Debt</u>
Direct:			
Lee County	\$ 90,038,163	100%	\$ 90,038,163
Total direct debt	<u>90,038,163</u>		<u>90,038,163</u>
Underlying Debt:			
City of Sanford	12,432,128	100%	12,432,128
Town of Broadway	<u>632,966</u>	100%	<u>632,966</u>
Total underlying debt	<u>13,065,094</u>		<u>13,065,094</u>
Total direct and overlapping debt	<u>\$ 103,103,257</u>		<u>\$ 103,103,257</u>

Note:  
Percentage of overlap based on assessed property values.

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

<b>Fiscal Year</b>	<b>Population (1,4)</b>	<b>Personal Income (1) (amounts expressed in thousands)</b>	<b>Per Capita Personal Income (1)</b>	<b>Public School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2012	58,752	1,885,190	32,188	9,707	11.40%
2013	59,715	1,946,444	32,670	9,809	10.50%
2014	60,266	1,943,657	32,251	10,012	8.30%
2015	59,662	2,067,150	34,648	10,062	7.90%
2016	59,660	2,127,162	35,655	10,054	5.90%
2017	59,616	2,226,406	37,346	10,022	4.80%
2018	60,430	2,334,875	38,638	9,936	4.70%
2019	61,452	2,464,105	40,098	9,868	5.10%
2020	61,779	2,596,019	42,021	9,833	8.20%
2021	63,285	*	*	9,325	5.50%

\* Information not yet available

Notes:

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

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

Employer	Fiscal Year 2020 (1)			Fiscal Year 2012		
	Approximate Number of Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee County Schools	1000-1500	1	5.04%	1000-1500	1	5.35%
Caterpillar, Inc.	1000-1500	2	5.04%	-		0.00%
Pilgrims Pride Corporation	500-999	3	3.02%	1000-1500	2	5.35%
Bear Creek Arsenal	500-999	4	3.02%	-		0.00%
Pentair Water Pool & Spa Inc.	500-999	5	3.02%	500-999	10	3.21%
Central Carolina Community College	500-999	6	3.02%	500-999	8	3.21%
County of Lee	250-499	7	3.02%	500-999	9	3.21%
Tyson Mexican Original Inc.	250-499	8	3.02%	-		0.00%
Coty LLC	250-499	9	3.02%	500-999	4	3.21%
Kelly Services Inc.	250-499	10	3.02%	-		0.00%
Central Carolina Hospital	-		0.00%	500-999	7	3.21%
Static Control Components Inc.	-		0.00%	500-999	3	3.21%
Pfizer, Inc.	-		0.00%	500-999	6	3.21%
The Pantry Inc.	-		0.00%	500-999	5	3.21%
Total			<u>34.25%</u>			<u>36.38%</u>

Source: NC Employment Security Commission; total county employment

Notes:

(1) Based on March 2021 employment which is most recent information provided by the NC Employment Security Commission.

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

<b>Function</b>	<b>Full-time Equivalent Employees as of June 30</b>									
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
General government	70	68	72	72	72	72	73	76	76	82
Public safety	90	92	108	110	110	110	111	112	116	118
Economic and physical development	4	4	2	2	2	2	2	2	2	2
Human Services	174	174	167	148	157	157	158	161	160	162
Cultural and recreational	31	31	31	31	31	31	31	31	31	31
<b>Total</b>	<b>369</b>	<b>369</b>	<b>380</b>	<b>363</b>	<b>372</b>	<b>372</b>	<b>375</b>	<b>382</b>	<b>385</b>	<b>395</b>

Source: Lee County Finance Department

Note: The schedule represents the number of approved permanent FTE's as of June 30, 2021.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sheriff										
Civil papers issued	10,539	4,153	7,211	7,053	6,948	6,457	5,976	5,961	5,965	4,454
Criminal papers issued	3,191	2,709	2,278	2,553	2,184	1,735	1,714	1,350	1,339	1,197
COLTS (County of Lee Transit System)										
Passenger Trips	67,138	57,786	54,542	63,228	59,169	59,057	63,569	64,194	49,268	27,449
Senior Services										
Diners club meals served	17,449	16,727	16,996	17,299	17,390	18,741	17,394	14,997	15,166	16,360
Home delivered meals served	5,569	6,489	6,185	5,861	6,249	6,913	6,269	6,035	6,569	6,667
Unduplicated persons served using Senior Center										
General Purpose Grant	4,200	N/A	N/A	2,372	494	662	1,467	1,018	1,090	1,544
Library										
Patron visits	137,434	143,230	135,924	138,746	115,109	195,884	143,523	134,345	75,466	15,276
Registered users	65,388	50,054	52,412	54,167	57,630	34,877	46,065	49,284	51,644	23,308
Children participating in library programs	6,560	4,710	4,792	5,621	5,512	6,715	10,440	10,358	6,163	2,594
Materials in collection - physical	146,419	145,785	128,118	123,316	127,278	129,293	121,019	121,287	108,222	119,751
Materials in collection - electronic	N/A	39,664	46,146	214,474	54,187	86,546	94,875	121,918	100,480	202,772
Materials circulation	115,883	103,746	96,116	97,947	119,078	105,590	112,118	128,207	116,795	140,707
Programs offered (all ages)	181	N/A	147	169	342	291	488	728	386	262
Program participation (all ages)	N/A	N/A	N/A	N/A	N/A	N/A	11,071	14,676	8,117	16,253
Outreach programs (all ages)	N/A	N/A	N/A	N/A	N/A	N/A	158	222	145	-
Outreach program participants (all ages)	N/A	N/A	N/A	N/A	N/A	N/A	3,940	3,591	4,460	-
Summer reading - participation	N/A	339	181	N/A	133	133	440	626	71	226
Summer reading - minutes read	N/A	N/A	N/A	N/A	16,450	N/A	78,190	214,795	19,110	82,871
Parks and Recreation										
Youth recreation:										
Sports teams	125	110	129	117	114	117	91	89	45	31
Participants	1,521	1,343	1,551	1,513	1,621	1,604	1,121	1,046	478	343
Adult recreation:										
Sports teams	32	31	10	6	6	-	-	-	-	17
Participants	482	500	152	72	75	-	-	-	-	282
Gymnastics:										
Participants	1,546	2,055	1,838	2,055	2,021	1,809	1,637	1,423	935	252
San-Lee Park Summer Camps:										
Participants	221	244	329	161	158	197	255	298	86	93
Solid Waste:										
Waste collected (tons)	8,134	7,682	8,067	6,634	5,354	7,238	8,848	7,867	8,164	9,971
Ratio of recyclable to total waste received	24%	21%	34%	23%	25%	24%	35%	22%	20%	32%

Sources: Various County departments

Notes: The numbers for fiscal year ended June 30, 2021 reflect the impacts of COVID-19.

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

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Function</b>										
Sheriff Protection:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	20	20	20	20	20	21	21	21	21
Jail										
Correctional facility capacity	126	126	126	126	126	126	126	126	126	126
Cultural and recreational										
Number of parks	12	12	12	12	12	12	12	13	13	13
Park acreage	343	343	343	343	343	343	343	335	335	335
Swimming pools	2	2	2	2	2	2	2	2	2	2
Libraries (branches)	3	3	3	3	3	3	3	3	3	3
Solid Waste										
Landfills	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)	1 (closed)
Convenience Centers	6	6	6	6	6	6	6	6	6	6
Education										
Schools	16	16	16	16	16	16	16	16	17	17
Teachers	614	618	625	613	621	631	640	635	627	626
Students	9,707	9,809	10,012	10,062	10,054	10,022	9,936	9,868	9,833	9,325

Sources: Various County departments. Lee County Board of Education

## COMPLIANCE SECTION



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

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Lee County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Lee County basic financial statements, and have issued our report thereon dated November 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lee County's internal control over financial reporting (internal control) 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 Lee County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

**Members**

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

### Compliance and Other Matters

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

### Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 22, 2021



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

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Lee County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Lee County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Lee County's major federal programs for the year ended June 30, 2021. Lee County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Members

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

### Opinion on Each Major Federal Program

In our opinion, Lee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

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

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 22, 2021



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

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Lee County, North Carolina

Report on Compliance for Each Major State Program

We have audited Lee County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Lee County's major state programs for the year ended June 30, 2021. Lee County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Members

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

### Opinion on Each Major State Program

In our opinion, Lee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

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

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 22, 2021





LEE COUNTY, NORTH CAROLINA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

---

**Section II - Financial Statement Findings**

---

None Reported.

---

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

---

None Reported.

---

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

---

None Reported.



Corrective Action Plan  
For the Year Ended June 30, 2021

---

**Section II - Financial Statement Findings**

---

None Reported.

---

---

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

---

None Reported.

---

---

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

---

None Reported.

LEE COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2021

None Reported.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

Grantor/Pass-through	Federal AL#/ CFDA	State/ Pass-through Grantor's	Federal Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Grantor/Program title</u>	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Subrecipients</u>	<u>Expenditures</u>
<b><u>FEDERAL AWARDS</u></b>						
<b>U.S. Department of Agriculture</b>						
<b>Passed through N. C. Department of Health and Human Services</b>						
<b>Division of Social Services</b>						
<b>Administration:</b>						
SNAP Cluster						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program	10.561		\$ 613,763	\$ -	\$ -	\$ 613,762
<b>Division of Public Health</b>						
<b>Administration:</b>						
WIC Special Supplemental Nutrition Program						
for Women, Infants, & Children	10.557		331,908	-	-	-
<b>Total U.S. Department of Agriculture</b>			<b>945,671</b>	<b>-</b>	<b>-</b>	<b>613,762</b>
<b>U.S. Election Assistance Commission</b>						
<b>Passed through N.C. State Board of Elections</b>						
<b>Help America Vote Act Requirements</b>						
Payments	90.404		49,960	9,992	-	-
COVID-19 HAVA Election Security Grants	90.404		89,494	17,335	-	-
<b>Total U.S. Elections Assistance Commission</b>			<b>139,454</b>	<b>27,327</b>	<b>-</b>	<b>-</b>
<b>Institute of Museum and Library Services</b>						
<b>Passed through N.C. Department of</b>						
<b>Cultural and Natural Resources</b>						
Grant to States (COVID-19 Grant)	45.310		1,487	-	-	-
Grant to States (EZ Grant)	45.310		9,517	-	-	3,172
<b>Total Institute of Museum and Library Services</b>			<b>11,004</b>	<b>-</b>	<b>-</b>	<b>3,172</b>
<b>U.S. Department of Health and Human Services</b>						
<b>Centers for Disease Control and Prevention</b>						
<b>Passed through N. C. Department of Health and Human Services</b>						
<b>Division of Public Health</b>						
Public Health Emergency Preparedness	93.069		11,023	-	-	-
Maternal and Child Health Federal						
Consolidated Programs	93.110		1,480	-	-	-
Project Grants and Cooperative Agreements						
for Tuberculosis Control Programs	93.116		50	-	-	-
Family Planning Services	93.217		41,969	-	-	-

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<b>Grantor/Pass-through</b>	<b>Federal</b>	<b>State/</b>			<b>Passed-through</b>	
<b>Grantor/Program title</b>	<b>AL#/ CFDA</b>	<b>Pass-through Grantor's</b>	<b>Federal</b>	<b>State</b>	<b>to</b>	<b>Local</b>
	<b>Number</b>	<b>Number</b>	<b>Expenditures</b>	<b>Expenditures</b>	<b>Subrecipients</b>	<b>Expenditures</b>
COVID-19 Immunization Cooperation Agreements	93.268		\$ 67,223	\$ -	\$ -	\$ -
Immunization Cooperation Agreements	93.268		23,184	-	-	-
Total Immunization Cooperation Agreements			<u>90,407</u>	<u>-</u>	<u>-</u>	<u>-</u>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		31,524	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		<u>274,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			<u>306,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
COVID-19 - Public Health Emergency Response:						
Cooperative Agreement for Emergency Response:						
Public Health Crisis Response	93.354		40,659	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	93.436		1,605	-	-	-
Temporary Assistance for Needy Families	93.558		8,386	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		2,600	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		100	-	-	-
Preventive Health and Health Services Block Grant	93.991		30,607	-	-	-
Maternal and Child Health Services Block Grant	93.994		31,250	19,839	-	-
<b>Administration for Children and Families</b>						
<b>Division of Social Services</b>						
Foster Care and Adoption Cluster:						
Foster Care - Title IV-E	93.658		158,052	34,829	-	107,161
Adoption Assistance	93.659		25,483	-	-	25,483
Foster Care	93.U01		<u>60,134</u>	<u>-</u>	<u>-</u>	<u>17,872</u>
Total Foster Care and Adoption Cluster			<u>243,669</u>	<u>34,829</u>	<u>-</u>	<u>150,516</u>
Temporary Assistance for Needy Families Cluster:						
Temporary Assistance for Needy Families (TANF)/Work First	93.558		414,079	-	-	663,568
AFDC Payment and Penalties	93.560		(357)	(98)	-	(98)
Child Support Enforcement	93.563		524,379	434	-	269,701

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<b>Grantor/Pass-through</b>	<b>Federal AL#/ CFDA</b>	<b>State/ Pass-through Grantor's</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b><u>Grantor/Program title</u></b>	<b><u>Number</u></b>	<b><u>Number</u></b>				
Low-Income Home Energy Assistance						
Administration	93.568		\$ 42,648	\$ -	\$ -	\$ -
LIEAP COV19 ADM	93.568		4,581	-	-	-
Energy Assistance Payments - Direct						
Benefit Payments	93.568		173,377	-	-	-
LIEAP COV19	93.568		97,512	-	-	-
Crisis Intervention Program	93.568		202,203	-	-	-
Total Low-Income Home Energy Assistance			520,321	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645		14,948	-	-	4,982
SSBG - Other Service and Training	93.667		321,935	25,377	-	83,094
Chafee Foster Care Independence Program	93.674		9,513	2,253	-	-
Family Reunification	93.556		12,279	-	-	-
<b>Division of Child Development and Early Education</b>						
Subsidized Child Care						
Child Care Development Fund Cluster:						
Division of Social Services						
Childcare Development Mandatory and Match Fund - Administration	93.596		100,532	-	-	-
Total Subsidized Child Care			100,532	-	-	-
<b>Passed through Triangle J Council of Governments</b>						
Special Programs for the Aging - Title III-F						
Disease Prevention & Health Promotion Services	93.043		3,359	198	-	395
National Family Caregiver Support	93.052		26,122	1,741	-	31
COVID-19 Family Caregiver	93.052		42,467	-	-	-
			68,589	1,741	-	31
Aging Cluster:						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044		138,619	8,154	-	42,765
COVID-19 Special Programs for the Aging - Title III B	93.044		13,369	-	-	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045		30,729	-	-	180,294
COVID-19 Special Programs for the Aging - Title III C	93.045		145,197	-	-	-
Total Aging Cluster			327,914	8,154	-	223,059
Social Services Block Grant (SSBG) -						
In Home Services	93.667		18,586	531	-	2,262

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<b>Grantor/Pass-through</b>	<b>Federal AL#/ CFDA</b>	<b>State/ Pass-through Grantor's</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b><u>Grantor/Program title</u></b>	<b><u>Number</u></b>	<b><u>Number</u></b>				
<b>Passed through N. C. Department of Administration:</b>						
<b>Medicaid Cluster</b>						
Medical Assistance Program	93.778		\$ 1,693,547	\$ 8,529	\$ -	\$ 651,679
<b>Division of Social Services Administration:</b>						
Children's Health Insurance Program - N.C. Health Choice	93.767		66,802	174	-	12,959
<b>Total U.S. Department of Health and Human Services</b>			<b>4,906,365</b>	<b>101,961</b>	<b>-</b>	<b>2,062,148</b>
<b>U.S. Department of Homeland Security</b>						
<b>Passed through N.C. Department of Public Safety</b>						
<b>Division of Emergency Management:</b>						
Disaster Grants -Public Assistance (Presidentially Declared Disaster)	97.036		178,567	-	-	-
Emergency Management - Performance Grants	97.042		40,378	-	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>218,945</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Transportation</b>						
<b>Passed through N.C. Department of Transportation:</b>						
Nonurbanized Area Formula Program	20.509	20-CT-061				
		WBS #36233.65.21.1	35,147	2,197	-	6,592
Nonurbanized Area Formula Program	20.509	21-CT-061				
		WBS #36233.65.22.1	128,164	8,010	-	24,031
Nonurbanized Area Formula Program	20.509	21-CT-061				
		WBS. #36233.65.22.3	33,830	4,228	-	4,231
Nonurbanized Area Formula Program	20.509	21-CT-061				
		W:36233.65.22.4	5,501	687	-	689
Nonurbanized Area Formula Program	20.509	20-CA-061				
		W:49233.35.1.2	281,766	-	-	-
<b>Total U.S. Department of Transportation</b>			<b>484,408</b>	<b>15,122</b>	<b>-</b>	<b>35,543</b>

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>U.S. Department of Treasury</b>						
<b>Passed through N.C. Office of State Budget and Management</b>						
Coronavirus Relief Fund	21.019		\$ 1,751,467	\$ -	\$ -	\$ -
Passed through N.C. Department of Health and Human Services						
Division of Public Health						
Coronavirus Relief Fund 4	21.019		94,978	-	-	-
<b>Total U.S. Department of Treasury</b>			<b>1,846,445</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>8,552,292</b>	<b>144,410</b>	<b>-</b>	<b>2,714,625</b>
<b><u>STATE AWARDS</u></b>						
<b>N.C. Department of Health and Human Services</b>						
<b>Division of Aging</b>						
<b>Passed through Triangle J Council of Governments:</b>						
90% State Funds - Access			-	43,561	-	12,879
90% State Funds - In-Home Services			-	200,382	-	23,706
Senior Center Grant			-	10,514	-	3,505
Fans Program			-	1,560	-	5
<b>N.C. Department of Cultural and Natural Resources</b>						
<b>Division of State Library</b>						
State Aid to Libraries			-	113,249	-	-
<b>N.C. Department of Environmental Quality</b>						
Electronics			-	6,536	-	-
<b>N.C. Division of Veterans' Affairs</b>						
Veterans' Services			-	2,084	-	66,295
<b>N.C. Dept. of Insurance</b>						
SHIIP Grant			-	13,825	-	-
<b>N.C. Department of Health and Human Services</b>						
<b>Division of Public Health</b>						
Food and Lodging Fees			-	15,819	-	-
Aid-to-Counties			-	88,990	-	-
General Communicable Disease Control			-	3,464	-	-

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<b>Grantor/Pass-through</b>	<b>Federal AL#/ CFDA</b>	<b>State/ Pass-through Grantor's</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b><u>Grantor/Program title</u></b>	<b><u>Number</u></b>	<b><u>Number</u></b>				
Healthy Communities			\$ -	\$ 3,747	\$ -	\$ -
Maternal Health			-	20,393	-	-
Women's Health Service Fund			-	7,703	-	-
Breast and Cervical Cancer Program			-	325	-	-
Child Health			-	5,039	-	-
Family Planning - State			-	31,450	-	-
HIV/STD State			-	400	-	-
Tuberculosis Control			-	10,038	-	-
STD Drugs			-	508	-	-
School Nurse Funding Initiative			-	127,783	-	-
<b>Division of Social Services</b>						
ST Child Welfare/CPS/CS LD			-	52,134	-	-
APS/CPS Care COVID 19			-	7,041	-	-
County Funded Programs			-	-	-	681,427
Energy Assistance			-	6,418	-	-
AFDC Incent/Prog Integrit			-	469	-	-
Non-Allocating Reimbursable			-	-	-	470,897
Work First Non Reimbursable			-	-	-	52,277
Extended FC>20 Stipend			-	600	-	-
FC Stipend			-	3,800	-	-
SFHF Maximization			-	3,767	-	3,767
State Foster Home			-	15,133	-	15,133
Indep. Living Transitional			-	1,760	-	-
<b>N.C. Department of Public Safety</b>						
JCPC Funding			-	205,084	-	-
<b>N.C. Department of Public Instruction</b>						
Public School Building Capital Fund - Lottery Proceeds						
Corporate Income Tax Collections			-	258,304	-	-
<b>Total State Awards</b>			-	<b>1,261,880</b>	-	<b>1,329,891</b>
<b>Total Federal and State Awards</b>			<b>\$ 8,552,292</b>	<b>\$ 1,406,290</b>	<b>\$ -</b>	<b>\$ 4,044,516</b>

(Continued)

**Notes to the Preceding Schedule:****Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Lee County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Lee County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lee County.

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

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

Lee County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4 - Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care and Adoption.

**Note 5 - Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	\$ 1,484,667	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	22,908,893	-
Temporary Assistance for Needy Families	93.558	166,338	-
Adoption Assistance	93.659	283,645	51,093
Children's Health Insurance Program	93.767	1,899,635	369,284
Medical Assistance Program	93.778	77,064,130	29,322,010
Child Welfare Services Adoption	N/A	-	75,342
SAA/SAD HB 1030	N/A	-	135,016
SC/SA Domiciliary Care	N/A	-	204,957