LEE COUNTY GOVERNMENT

NORTH CAROLINA

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2024

Finance Department
Candace Iceman
Finance Director

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

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LEE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	Page(s)
INTRODUCTORY SECTION	
Letter of Transmittal	i - vi
Certificate of Achievement for Excellence in Financial Reporting	vii
List of Principal Officials	viii
Organizational Chart	ix
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-13
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15-16
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 Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Opioid Settlement Fund	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to the Financial Statements	28-78

Page(s)

REQUIRED SUPPLEMENTAL FINANCIAL DATA:

Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS) 79

Schedule of County Contributions (LGERS) 80

Schedule of County's Proportionate Share of Net Pension (Liability) Asset (ROD) 81

Schedule of County Contributions (ROD) 82

Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance 83

Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance 84

Schedule of Changes in Total OPEB Liability and Related Ratios 85

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:

General Fund:

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 86-95

Major Governmental Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:
Opioid Settlement Fund 96
ARPA Fund 97
Multi-Sports Complex Project Fund 98

Nonmajor Governmental Funds:

Combining Balance Sheet – Nonmajor Governmental Funds 99

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds 100

Nonmajor Special Revenue Funds:

Combining Balance Sheets – Nonmajor Special Revenue Funds 101-102

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds 103-104

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:
Fire Protection Fund 105
Room Occupancy Tax Fund 106

LEE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	Page(s)
Nonmajor Special Revenue Funds (continued):	
Emergency Telephone System Fund	107
Airport Tax Revenue Fund	108
Drug Seizure Fund	109
Revolving Loan Fund	110
Representative Payee Fund	111
Fines and Forfeitures Fund	112
Nonmajor Capital Project Funds:	
Combining Balance Sheets - Nonmajor Capital Projects	113-114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects	115-116
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Capital Projects Outlay Fund	117
Courthouse Complex Renovations Fund	118
Park Improvements Fund	119
Lee County Government Center Renovations	120
CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	121
Lee County Government Library Fund	122
Bob Hales Recreation Center Fund	123
Historic Courthouse Repairs Fund	124
Kiwanis Children's Park Renovations Fund	125
Temple Park Phase II Project Fund	126
OT Sloan Accessibility Project Fund	127
Horton Park Improvements Fund	128
Enterprise Funds:	
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP) - Solid Waste Management Fund	129
Internal Service Funds:	
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non GAAP) - Group Health Fund	130
Custodial Funds:	
Combining Statement of Fiduciary Net Position	131
Combining Statement of Changes in Fiduciary Net Position	132

LEE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	Page(s)
Supplemental Financial Data:	
Schedule of Ad Valorem Taxes Receivable - General Fund	133
Analysis of Current Tax - County-Wide Levy	134
STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	135
Changes in Net Position	136-137
Fund Balances, Governmental Funds	138
Changes in Fund Balances, Governmental Funds	139
Assessed Value and Actual Value of Taxable Property	140
Direct and Overlapping Property Tax Rates	141
Principal Property Taxpayers	142
Property Tax Levies and Collections	143
Ratio of Outstanding Debt by Type	144
Ratios of Net General Obligation Bonded Debt Outstanding	145
Legal Debt Margin Information	146
Direct and Overlapping Governmental Activities Debt General Obligation Bonds	147
Demographic and Economic Statistics	148
Principal Employers	149
Full-time Equivalent County Government Employees by Function	150
Operating Indicators by Function / Program	151
Capital Asset Statistics by Function / Program	152
COMPLIANCE SECTION	
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*	153-154
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	155-157
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	158-160
Schedule of Findings and Questioned Costs	161-168
Corrective Action Plan	169-171
Summary Schedule of Prior Year Audit Findings	172
Schedule of Expenditures of Federal and State Awards	173-177

INTRODUCTORY SECTION

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December 5, 2024

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, 2024.

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, 2024, 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, 2024, 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 67,059. 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 all governmental funds except those authorized by project ordinance that are multi-year in nature. Annual budgets are also adopted for Enterprise 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 of more than $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 best understood when it is considered from the broader perspective of the specific environment within which Lee County operates.

Local economy. Lee County is geographically located at the southern base of the Research Triangle Region, which includes the Raleigh-Cary Metropolitan Statistical Area ("MSA") with a 2023 population estimate of 1,509,231 and the Durham-Chapel Hill MSA with a 2023 population estimate of 608,879. Lee County is officially located within the Fayetteville-Sanford-Lumberton Combined Statistical Area ("CSA"), home of Fort Liberty (formerly Fort Bragg), the United States Army's largest military installation. The Fayetteville-Sanford-Lumberton CSA has a 2023 population estimate of 693,299.

Major industries located within the County's boundaries or in close proximity thereto include manufacturers of pharmaceuticals, construction equipment, automobile components, cosmetics, plumbing fixtures, electronic and bricks. Unemployment has consistently dropped since its high in 2020 of 7.9% down to 4.5% as of June 2024. The County's rate is slightly higher when compared to the State's average non-seasonally adjusted unemployment rate for June 2024 of 3.6%.

The County works with community leadership and organizations such as the City of Sanford, the Town of Broadway and the Sanford Area Growth Alliance ("SAGA") to maintain and expand the County's economic base. SAGA began operations in January 2015 and is a combination of the former Lee County Economic Development Corporation and the Sanford Area Chamber of Commerce. This public/private organization is responsible for retail, commercial, and industrial recruitment and retention in the County. As part of a three-year effort by the County's business and elected leaders to develop an economic strategic plan, SAGA was created. The economic strategic plan highlights the County's many strengths to businesses and industries, including the County's strong network of highways, rail lines and airports providing easy access to Fayetteville, Raleigh, Research Triangle Park and Piedmont Triad region. Other economic strengths include a skilled manufacturing-based workforce, a management and researching workforce graduating from major universities, including Duke University, the University of North Carolina at Chapel Hill, and North Carolina State University, as well as training opportunities offered through Central Carolina Community College.

By capitalizing on these strengths, and successfully executing SAGA's strategic economic development plan, the County has achieved significant new growth in the commercial and industrial sectors in the past seven years, as reflected in tax base growth, increase in retail sales tax collections and increased local payrolls.

Lee County's economy is built on a strong industrial base and is home to a diverse manufacturing sector ranging from bricks (Lee Brick and Tile) to construction equipment (Caterpillar) and vaccines (Pfizer), as well as food processing (Tyson and Pilgrims) and cosmetics (Coty). Lee County is experiencing growth in biotech industries, with companies such as Pfizer and Astellas Gene Therapies growing and expanding. Additionally, the 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 $985 per week from $804 per week in 2020.

In the past few years, major economic development announcements have highlighted the impact and effectiveness of the County's strategic economic development efforts. In August 2019, Pfizer, the world's largest pharmaceutical company, announced three projects. First is a major facility expansion on its county campus. The company completed the $500 million-dollar state-of-the-art gene therapy manufacturing facility at its county campus, adding 300 new jobs. Second, Pfizer invested more than $70 million to upgrade the manufacturing process at its county campus for its vaccine portfolio, including Prevnar 21 and several vaccines in Pfizer's research pipeline. This project is expected to expand Pfizer's vaccine workforce by 200 employees. The average annual wage for these new jobs will be approximately $68,000. Third, Pfizer has purchased a 117,000 square-foot warehouse facility near its existing campus to facilitate local production of monoclonal antibodies for cutting-edge cancer therapies. This off-site logistics facility provides a convenient hub for warehousing and inventory management. In January 2023, Pfizer purchased the assets of Abzena Holdings, LLC located in the County.

In February 2024, Kyowa Kirin, a Japan-based global specialty pharmaceutical company, announced plans to build its first North America pharmaceutical manufacturing operation in the County, expecting to initially create 100 jobs and with an average wage of $91,000. The company announced in June 2024 its commitment to invest $530 million in the County.

In March 2022, Service Offsite Solutions, a supplier of offsite homebuilding solutions, announced plans to create 235 new jobs in a county expansion. The company plans to invest $11.8 million to build a new manufacturing facility in the County.

In February 2020, Audentes Therapeutics announced that it would purchase the first shell building located a Central Carolina Enterprise Park. Audentes, now part of Japanese life science company Astellas Pharma, has invested approximately $110 million to build out a gene therapy research and production facility with the expectation of employing approximately 200 people at an average annual wage of $83,000. Current employee head count is approximately 150.

Liberty Tire, a recycles rubber products manufacturer, purchased and upfitted a 117,000 square foot building in Central Carolina Enterprise Park for a rubberized mulch manufacturing and packaging facility. The company invested approximately $17 million in real estate and equipment and now employes over 30 people.

Expansions of existing local industry and strong retail growth have also bolstered the County's economic development success. Moen, Zurn, STI Polymer, Challenge Printing, Orbital Solar Construction and PCC Airfoils have all added employee headcount.

Caterpillar, the County's largest employer, recently leased an additional 350,000 square foot building for a logistics and pre-assembly platform. The company employs just over 1,700 people working multiple shifts. Fifteen models of CAT's popular skid steer loaders are shipped worldwide from the Sanford facility. Coty USA's Sanford facility continues to add headcount in its warehouse distribution facility.

The closing of two large manufacturing companies, GKN (June 2020) and Magneti Marelli (December 2020), resulting in the loss of about 430 jobs, has not sustained a long-term disruption to the local economy. Bharat Forge was able to re-employ most of that workforce for service in its newly completed factory. The County completed the purchase of the vacated Marelli manufacturing facility and has leased it to Central Carolina Community College for an industry training platform. With more than 20 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 the County's (and the region's) rapidly growing life sciences and advanced manufacturing sectors.

As indicated by strong retail sales numbers, the County's small business ecosystem has remained stable. The nine-block Central Business District in Sanford has few street front buildings available for sale or lease. National chains Sheetz, Popeyes, Biscuitville and Starbucks have active projects or have recently opened new stores. Regional retail chains in the food and beverage sector, tire and auto and discount retail have opened new locations.

East Coast Hospitality, the operator of 15 hotel properties in North Carolina, is in the process of constructing a Fairfield Inn and Suites on US Highway 1 Expressway. The new hotel will have 125 rooms and will bring overnight accommodation space to a total of 450 Class A hotel rooms int he County. Additionally, a Home2Suites recently opened its doors to a brand new 108-room suite hotel.

Long-term financial planning. The County prepares a five-year capital improvement plan and updates it each year. As of June 30, 2024, total projects estimated at $298.8 million were planned over the next five years to include community development projects totaling $28.4 million. The plan also includes $109.1 million in projects for Lee County Schools and $65.1 million for Central Carolina Community College. Future projects may be impacted by future economic conditions. To assist in the funding of the County's capital improvements program, the Board of Commissioners placed a referendum on the ballot in November 2009 for the levy of an additional ¼ percent sales tax. The referendum was approved, and the levy began on July 1, 2010.

During the year, the County engaged in several initiatives to ensure its ability to continue to meet long-term expectations. From a budgetary standpoint, several actions were taken to counter the effects of increased debt service. Those actions resulted in the Board adopting a budget totaling $112,927,338 that was approximately 7.72 percent above the original budget for FY 2023-24. The County maintained its property tax rate of $0.65 per $100 of assessed value for fiscal year 2024-2025.

The County's available fund balance in the general fund on June 30, 2024, $37,655,374 (38.19 percent of total general fund expenditures and transfers to other funds) exceeds the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e., between 24 and 32 percent of total general fund expenditures).

Awards and Acknowledgments

In August 2023, Moody's Investors Service and Standard and Poor's Global ratings issued 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 annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. 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 principles 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 Lisa Minter, for their continued support and leadership in conducting the financial affairs of the County.

Respectfully submitted,

Candace Iceman

Candace Iceman
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Lee
North Carolina

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

COUNTY OF LEE, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2024

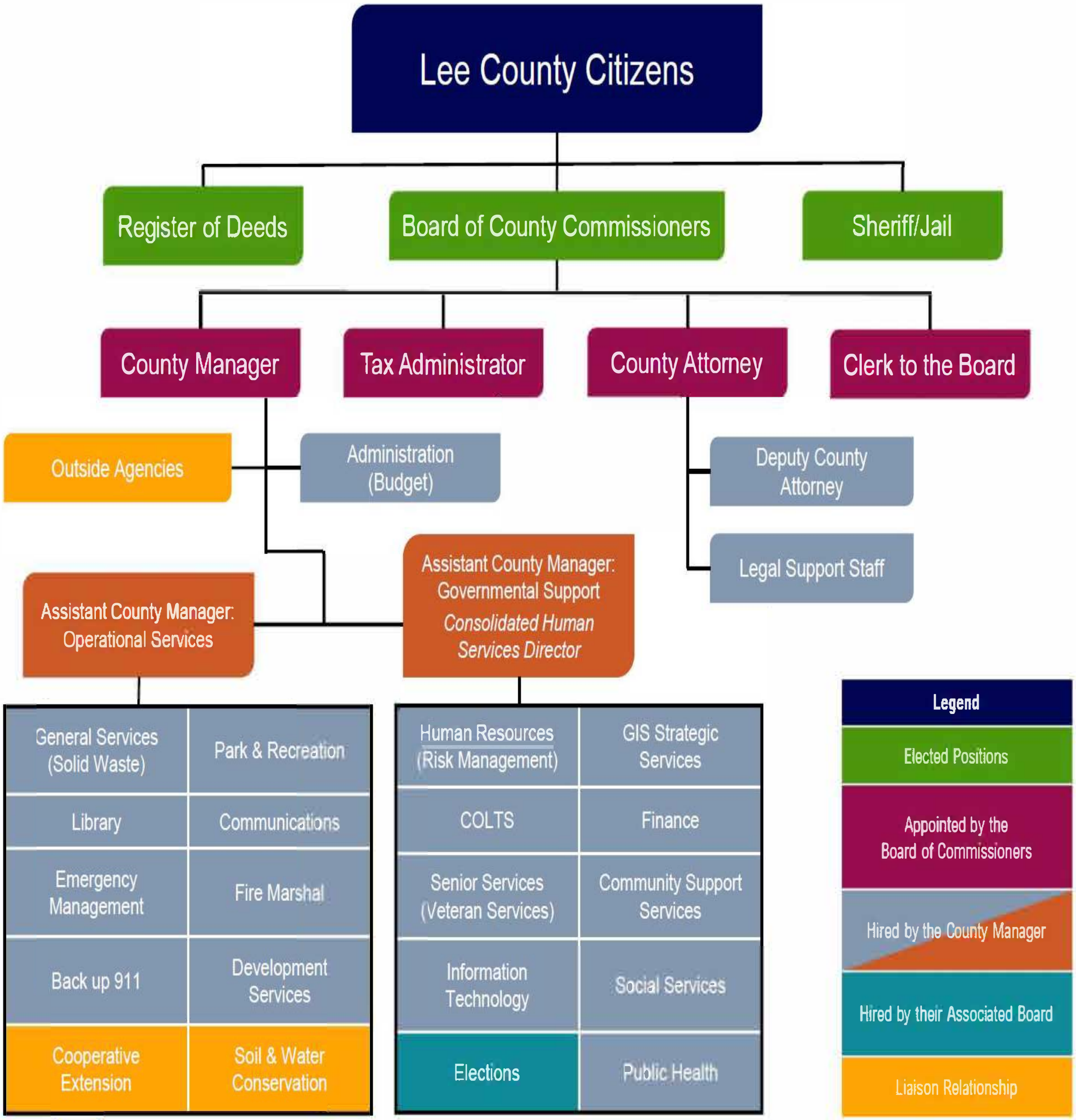
BOARD OF COUNTY COMMISSIONERS

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

COUNTY OFFICIALS

Lisa G. Minter	County Manager
Hailey Hall	Clerk to the Board
Whitney Parrish	County Attorney
Angelina Noel	Assistant County Manager - Governmental Support
Jennifer Gamble	Assistant County Manager - Operational Support
Brian Estes	Sheriff
Pamela Britt	Register of Deeds
Michael Brown	Tax Administrator
Bill Stone	Extension Director
Jane Rae Fawcett	Elections Director
Matt Britt	Emergency Management Director
Candace Iceman	Finance Director
Aaron Bullard	Fire Marshal
Ryan Faulk	General Services Director
Heath Cain	Health Director
Meta McCune	Human Resources Director
Kyle Edwards	Information Technology Director
Beth List	Library Director
Joseph Keel	Parks & Recreation Director
Melanie Rogers	Senior Services Director
Takishia McMiller	Social Services Director
Angela Wood	Strategic Services Director

Lee County, North Carolina Organizational Chart for Fiscal Year ending June 30, 2024



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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements which collectively comprise Lee County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lee County, North Carolina as of June 30, 2024, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Opioid Settlement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lee County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lee County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 79 and 80, the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 81 and 82, 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, pages 83 and 84, and the Schedule of Changes in the Total OPEB Liability and Related Ratios, page 85, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December , 2024 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
December 5, 2024

LEE COUNTY, NORTH CAROLINA

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, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

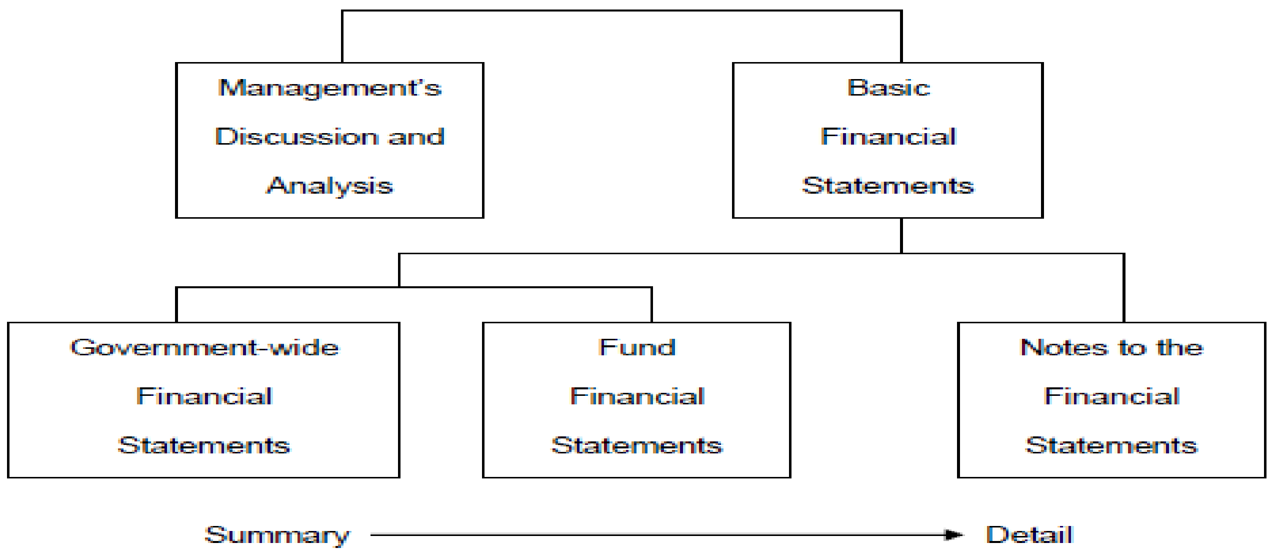
Financial Highlights

- The assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources of Lee County at the close of the fiscal year by $27,168,463 *(net position)*. In accordance with North Carolina law, liabilities of the County include approximately $55.7 million in long-term debt associated with assets belonging to the Lee County Board of Education and Central Carolina Community College.
- The total net position of governmental activities was $25,562,456, an increase of $27,931,385 from the prior year's deficit amount of $2,368,929. The increase is due to an increase in operating grants and contributions, interest earnings, sales and services, ad valorem taxes, and local option sales tax for the governmental activities. Additionally, the County recorded an adjustment to beginning net position in governmental activities of $6,748,049, associated with the change in accounting principle associated with recording opioid settlement receivables and the correction of an error for changes made to GASB 96 Subscription values previously recorded.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $96,382,573, an increase of $39,417,459 from the prior year. Approximately 48.24 percent of this total amount or $46,498,867 is restricted. The General Fund total ending fund balance of $49,159,774 includes $29,510,225 of unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $29,510,225 or 29.93 percent of total General Fund expenditures and transfers out for the fiscal year less installment and lease proceeds.
- The County maintained its Aa2 bond rating from Moody's Investor Services and an 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 28 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 79 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 2024 and provides comparative data from fiscal year 2023.

LEE COUNTY'S NET POSITION
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 116,243,052	$ 66,413,811	$ 1,228,894	$ 1,063,674	$ 117,471,946	$ 67,477,485
Capital assets	70,126,373	55,185,097	896,620	943,896	71,022,993	56,128,993
Total assets	186,369,425	121,598,908	2,125,514	2,007,570	188,494,939	123,606,478
Total deferred outflows of resources	14,840,227	15,330,804	162,979	170,398	15,003,206	15,501,202
Long-term liabilities outstanding	135,266,019	102,731,230	408,478	373,007	135,674,497	103,104,237
Other liabilities	26,634,069	19,384,331	138,701	145,461	26,772,770	19,529,792
Total liabilities	161,900,088	122,115,561	547,179	518,468	162,447,267	122,634,029
Total deferred inflows of resources	13,747,108	17,183,080	135,307	170,623	13,882,415	17,353,703
Net position:						
Net investment in capital assets	41,672,309	40,559,736	896,620	943,896	42,568,929	41,503,632
Restricted	20,822,752	20,539,604	-	-	20,822,752	20,539,604
Unrestricted	(36,932,605)	(63,468,269)	709,387	544,981	(36,223,218)	(62,923,288)
Total net position	$ 25,562,456	$ (2,368,929)	$ 1,606,007	$ 1,488,877	$ 27,168,463	$ (880,052)

The assets and deferred outflow of resources exceeded the liabilities and deferred inflows of resources of Lee County by $27,168,463 at the close of the most recent fiscal year. The County's net position increased by $21,300,466 for the fiscal year ended June 30, 2024. Additionally, a prior year restatement was recorded which increased net position by $6,748,049. One of the largest portions of net position, $42,568,929, 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, $20,822,752 represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of $36,223,218 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, 2024, approximately $55.7 million of the outstanding debt and premiums 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 99.36 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 property values after the most recent revaluation.

LEE COUNTY'S CHANGE IN NET POSITION
FIGURE 3

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 4,151,491	$ 3,749,873	$ 1,811,707	$ 1,803,950	$ 5,963,198	$ 5,553,823
Operating grants and contributions	11,175,111	17,269,518	-	-	11,175,111	17,269,518
Capital grants and contributions	1,055,829	201,515	-	-	1,055,829	201,515
General revenues:						
Property taxes	67,091,046	55,448,938	-	-	67,091,046	55,448,938
Other taxes	25,193,428	25,085,009	-	-	25,193,428	25,085,009
Grants and contributions not restricted to specific programs	289,020	366,499	198,592	187,100	487,612	553,599
Investment earnings	4,395,320	1,589,082	50,053	28,394	4,445,373	1,617,476
Miscellaneous	918,230	1,061,819		-	918,230	1,061,819
Gain (Loss) on disposal of assets	-	-	-	(649)	-	(649)
Total revenues	114,269,475	104,772,252	2,060,352	2,018,795	116,329,827	106,791,047
Expenses:						
General government	14,957,925	12,618,145	-	-	14,957,925	12,618,145
Public safety	22,326,823	18,180,161	-	-	22,326,823	18,180,161
Economic and physical development	2,579,856	4,195,184	-	-	2,579,856	4,195,184
Human services	18,073,587	16,109,377	-	-	18,073,587	16,109,377
Cultural and recreation	2,935,001	1,236,716	-	-	2,935,001	1,236,716
Education	28,013,533	26,065,301	-	-	28,013,533	26,065,301
Interest on long-term debt	4,199,414	2,296,608	-	-	4,199,414	2,296,608
Landfill	-	-	1,943,222	1,885,875	1,943,222	1,885,875
Total expenses	93,086,139	80,701,492	1,943,222	1,885,875	95,029,361	82,587,367
Increase in net position before transfers and special items	21,183,336	24,070,760	117,130	132,920	21,300,466	24,203,680
Special item	-	-	-	326,749	-	326,749
Change in net position	21,183,336	24,070,760	117,130	459,669	21,300,466	24,530,429
Net position, beginning	(2,368,929)	(26,439,689)	1,488,877	1,029,208	(880,052)	(25,410,481)
Prior period restatement, change in accounting principle	6,748,049	-	-	-	6,748,049	-
Net position, beginning, restated	4,379,120	(26,439,689)	1,488,877	1,029,208	5,867,997	(25,410,481)
Net position, ending	$ 25,562,456	$ (2,368,929)	$ 1,606,007	$ 1,488,877	$ 27,168,463	$ (880,052)

Governmental Activities. Governmental activities increased the County's net position by $21,183,336. Key factors that contribute to the increase are as follows:

- Property tax revenues increased $11,642,108 or 21 percent due to a recent revaluation.
- The County saw an increase of $166,809 or 0.71 percent in local option sales tax revenue. This small increase can be attributed to inflation that is being seen across the Country.

Business-type Activities. Business-type activities increased the County's net position by $117,130. The key factors in the increase are as follows:

- Continuation of the decal program to reduce the use of convenience centers by non-County residents.
- Decreased 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 $37,655,374, while total fund balance reached $49,159,774 an increase of 15.84 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 2024, the County's tax collection rate increased from 99.28 percent to 99.42 percent. The County's tax base increased 35.59 percent over the previous year. The revenue from the receipt of sales tax increased by 0.71 percent. The increase in fund balance can also be attributed to increased investment earnings, the inability to fill vacant positions, as well as continued conservative spending by County departments. This resulted in General Fund expenditures being $12,130,881 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 24 percent of the General Fund expenditures at the end of each fiscal year; however, the County will strive to reach a target of 32 percent. The County currently has an available fund balance of 38.19 percent of General Fund expenditures and transfers to other funds less installment and lease proceeds, while total fund balance represents 49.85 percent of that same amount.

At June 30, 2024, the governmental funds of the County reported a combined fund balance of $96,382,573, a $39,417,460 increase from the prior year. While the General Fund fund balance increased $6,721,574 for reasons detailed previously, the other governmental funds saw an increase of $32,695,886. The majority of this increase is due to the loan proceeds received from the Multi-Sport Complex debt issuance as well as the contribution of $2,820,387 to the capital reserve fund from the general fund in accordance with our financial policy resolution to provide equity resources for our capital improvement plan.

American Rescue Plan Fund revenues represent grant funds that were previously received but considered unspent until allowable expenses were incurred. $2,120,679 has been received but not earned as of June 30, 2024.

Opioid Settlement Fund revenues represent opioid settlement proceeds received to combat the opioid pandemic. The County received $1,154,624 in FY 2024, and reflects a restricted receivable amount (net of an allowance of 10%) of $5,315,618 for future payments that are anticipated.

Fund balance for the Multi-sports Complex Project Fund increased by $30,430,310 reflecting the receipt of loan proceeds which were offset by expenditure of funds for the multi-sports complex.

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 $6,916,436.

Major budget increases during the year include:

- Prior fiscal year funding rollovers to complete unfinished projects - $1,307,366
- Health and well-being initiative - $500,000
- Funding for pass through grant funds from the State - $550,000
- Funding for portable classroom unit for Southern Lee High School - $785,000
- 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 $223,625. *Actual* general fund expenditures and transfers out were less than *final budgetary* figures by $12,968,855 increasing fund balance by $6,721,573.

Proprietary Funds. Lee County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted net position of the Solid Waste Management Fund equaled $709,387. The increase in net position in this fund was $117,130.

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, 2024 totals $71,022,992 (net of accumulated depreciation/amortization). These assets include land, buildings, machinery and equipment, improvements, and construction in progress.

LEE COUNTY'S CAPITAL ASSETS
(net of depreciation/amortization)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Land	$ 5,421,390	$ 5,421,390	$ 260,425	$ 260,425	$ 5,681,815	$ 5,681,815
Land Improvements	2,614,679	2,449,557	135,796	135,796	2,750,475	2,585,353
Buildings	23,908,628	23,122,584	193,144	201,221	24,101,772	23,323,805
Roads	1,618,411	1,691,975	307,255	346,454	1,925,666	2,038,429
Equipment	7,330,547	6,520,915	-	-	7,330,547	6,520,915
Construction in Progress	28,342,354	14,548,468	-	-	28,342,354	14,548,468
Right to use assets:						
Leases	180,968	265,633	-	-	180,968	265,633
IT subscriptions	709,396	1,290,098	-	-	709,396	1,290,098
Totals	$ 70,126,373	$ 55,310,620	$ 896,620	$ 943,896	$ 71,022,993	$ 56,254,516

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, 2024, Lee County had total bonded debt outstanding of $41,049,984 all of which is debt backed by the full faith and credit of the County. In addition, the County had direct placement obligations of $17,719,564, and limited obligation bond debt of $49,675,273.

LEE COUNTY OUTSTANDING DEBT
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	$ 41,049,984	$ 17,284,598	$ -	$ -	$ 41,049,984	$ 17,284,598
Direct Placement Obligations	17,719,564	24,471,814	-	-	17,719,564	24,471,814
Limited Obligation Bonds	49,675,273	34,426,849	-	-	49,675,273	34,426,849
Leases	178,265	264,683	-	-	178,265	264,683
IT Subscription Liabilities	748,204	1,383,568	-	-	748,204	1,383,568
Net Position Liability (LGERS)	15,484,726	13,296,039	184,899	158,764	15,669,625	13,454,803
Total pension liability (LEOSSA	2,528,460	1,965,674	-	-	2,528,460	1,965,674
Net OPEB liability	19,662,503	19,279,755	216,682	212,464	19,879,185	19,492,219
Totals	$ 147,046,979	$ 112,372,980	$ 401,581	$ 371,228	$ 147,448,560	$ 112,744,208

As mentioned in the financial highlights section of this document, Lee County received an Aa2 rating from Moody's Investor Service and an AA bond 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 $641,955,294. The County has no bonds authorized, but unissued at June 30, 2024.

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 average annual unemployment rate has decreased between calendar years 2022 and 2023, going from 4.3 to 4.0 percent.
- Total property values increased by 35.59 percent.
- The County's population continues to grow. The estimated population for 2024 is 67,059, growing slightly from 65,476 for calendar year 2023.
- Total sales tax collections increased during the fiscal year ended June 30, 2024 to $23,774,640 from $23,607,831 in the year ended June 30, 2023, an increase of 0.71 percent.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities. The County is maintaining the tax rate of 65.0 cents for the fiscal year 2025 budget.

Expenditures in the General Fund have been budgeted at $112,927,338 which represents a 7.72% percent increase from the FY 2024 adopted budget. The largest increments are in employee compensation and benefits, mandated retirement contribution increases, and education. The budget funds a 3.7% cost of living adjustment. The budget also includes funding for twelve new positions to meet current workload demand: One Public Health Nurse and one Assistant Public Health Director; four income maintenance caseworkers and one On-Call Social Worker for DSS; one Deputy for Animal Control, one Dispatcher for the Sheriff's Office; one maintenance worker for Parks and Recreation, one GIS Specialist, and one Library Assistant.

Business-type Activities. The FY 2025 Solid Waste Fund budget totals $2,745,068 which represents a decrease of 6.03% percent from the adopted FY 2024 budget.

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, 115 Chatham Street Suite 301, P.O. Box 1968, Sanford, NC 27330. You can also visit our website at www.leecountync.gov.

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BASIC FINANCIAL STATEMENTS

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LEE COUNTY, NORTH CAROLINA
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 68,440,153	$ 1,124,301	$ 69,564,454
Taxes receivable - net	700,985	-	700,985
Accounts receivable - net	10,666,226	101,017	10,767,243
Accrued interest receivable	293,606	3,576	297,182
Restricted assets:			
Cash and investments	30,750,221	-	30,750,221
Opioid receivables, net	5,315,618	-	5,315,618
Net pension asset	76,243	-	76,243
Capital assets:			
Land, improvements, and construction in progress	36,378,423	396,221	36,774,644
Other capital assets, net of depreciation	32,857,586	500,399	33,357,985
Right to use assets, net of amortization	890,364	-	890,364
Total capital assets	70,126,373	896,620	71,022,993
Total assets	186,369,425	2,125,514	188,494,939
Deferred Outflows of Resources			
Pension deferrals	10,893,129	119,862	11,012,991
OPEB deferrals	3,912,508	43,117	3,955,625
Charge on refunding	34,590	-	34,590
Total deferred outflows of resources	14,840,227	162,979	15,003,206
Liabilities			
Accounts payable and accrued liabilities	8,881,137	128,701	9,009,838
Accrued interest payable	858,420	-	858,420
Due to other governments	7,468	-	7,468
Unearned revenue	2,420,842	-	2,420,842
Long-term liabilities			
Due within one year	14,466,202	10,000	14,476,202
Due in more than one year	135,266,019	408,478	135,674,497
Total long-term liabilities	149,732,221	418,478	150,150,699
Total liabilities	161,900,088	547,179	162,447,267
Deferred Inflows of Resources			
Pension deferrals	499,191	469	499,660
OPEB deferrals	12,235,571	134,838	12,370,409
Prepaid taxes	318,052	-	318,052
Leases	694,294	-	694,294
Total deferred inflows of resources	13,747,108	135,307	13,882,415
Net Position			
Net investment in capital assets	41,672,309	896,620	42,568,929
Restricted for:			
Stabilization by state statute	11,390,797	-	11,390,797
General government	58,281	-	58,281
Public safety	3,074,494	-	3,074,494
Economic and physical development	701,352	-	701,352
Human services	7,288	-	7,288
Opioid settlement	1,763,890	-	1,763,890
Cultural & recreational	2,879,509	-	2,879,509
Education	450,261	-	450,261
Register of deeds	420,637	-	420,637
Register of deeds' pension plan	76,243	-	76,243
Unrestricted	(36,932,605)	709,387	(36,223,218)
Total net position	$ 25,562,456	$ 1,606,007	$ 27,168,463

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, 2024

Exhibit 2

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Government activities:				
General government	$ 14,957,925	$ 1,480,503	$ 48,442	$ -
Public safety	22,326,823	558,863	1,396,895	60,051
Economic and physical development	2,579,856	(602)	774,229	255,892
Human services	18,073,587	1,552,329	8,794,180	-
Cultural and recreation	2,935,001	560,398	161,365	-
Education	28,013,533	-	-	739,886
Interest on long-term debt	4,199,414	-	-	-
Total governmental activities	93,086,139	4,151,491	11,175,111	1,055,829
Business-type activities:				
Solid waste management fund	1,943,222	1,811,707	-	-
Total business-type activities	1,943,222	1,811,707	-	-
Total primary government	$ 95,029,361	$ 5,963,198	$ 11,175,111	$ 1,055,829

General revenues:
- Ad valorem taxes
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position, beginning

Prior Period Restatement (see Note VI)

Net position, ending

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

LEE COUNTY, NORTH CAROLINA

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2024

Net (Expenses) Revenue and Change in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (13,428,980)	$ -	$ (13,428,980)
(20,311,013)	-	(20,311,013)
(1,550,338)	-	(1,550,338)
(7,727,079)	-	(7,727,079)
(2,213,238)	-	(2,213,238)
(27,273,647)	-	(27,273,647)
(4,199,414)	-	(4,199,414)
(76,703,708)	-	(76,703,708)
-	(131,515)	(131,515)
-	(131,515)	(131,515)
(76,703,708)	(131,515)	(76,835,223)
67,091,046	-	67,091,046
23,774,640	-	23,774,640
1,418,788	198,592	1,617,380
289,020	-	289,020
4,395,320	50,053	4,445,373
918,230	-	918,230
97,887,044	248,645	98,135,689
21,183,336	117,130	21,300,466
(2,368,929)	1,488,877	(880,052)
6,748,049	-	6,748,049
$ 25,562,456	$ 1,606,007	$ 27,168,463

LEE COUNTY, NORTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2024

Exhibit 3

	Major Funds					
	General Fund	Opioid Settlement Fund	American Rescue Plan Fund	Multi-Sports Complex Project Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Assets:						
Cash and investments	$ 41,990,864	$ -	$ -	$ 6,671,632	$ 18,296,923	$ 66,959,419
Taxes receivable - net	515,428	-	-	-	121,882	637,310
Accounts receivable - net	10,194,074		1,441	191,372	279,339	10,666,226
Accrued interest receivable	136,264	5,593	7,969	62,751	76,319	288,896
Due from other funds	817,301		-	-	-	817,301
Cash and investments - restricted	734,188	1,758,297	2,505,378	24,942,149	810,209	30,750,221
Restricted opioid receivables, net	-	5,315,618	-	-	-	5,315,618
Total assets	$ 54,388,119	$ 7,079,508	$ 2,514,788	$ 31,867,904	$ 19,584,672	$ 115,434,991
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ 3,389,532	$ -	$ 2,391	$ 5,305,733	$ 133,001	$ 8,830,657
Due to other governments	-	-	-	-	7,468	7,468
Due to other funds	-	-	-	-	817,301	817,301
Unearned revenue	300,163	-	2,120,679	-	-	2,420,842
Total liabilities	3,689,695	-	2,123,070	5,305,733	957,770	12,076,268
Deferred Inflows of Resources						
Prepaid taxes	318,052		-	-	-	318,052
Property tax receivable	515,428		-	-	121,882	637,310
Other receivables	10,876		-	-	-	10,876
Leases receivable	694,294		-	-	-	694,294
Opioid receivable	-	5,315,618	-	-	-	5,315,618
Total deferred inflows of resources	1,538,650	5,315,618	-	-	121,882	6,976,150
Fund Balances:						
Nonspendable						
Leases	1,724	-	-	-	-	1,724
Restricted:						
Stabilization by state statute	11,082,039	-	-	-	308,758	11,390,797
General government	-	-	-	-	204,383	204,383
Public safety	-	-	-	-	3,738,601	3,738,601
Economic and physical development	-	-	-	-	701,352	701,352
Human services	-	-	-	-	7,288	7,288
Opioid settlement	-	1,763,890	-	-	-	1,763,890
Cultural & recreational	-	-	-	26,562,171	1,259,487	27,821,658
Education	-	-	-	-	450,261	450,261
Register of deeds	420,637	-	-	-	-	420,637
Committed:						
Economic and physical development	-	-	-	-	1,511,764	1,511,764
Public safety	437,201	-	391,718	-	-	828,919
Human services	999,008	-	-	-	-	999,008
LEO special separation allowance	4,732	-	-	-	-	4,732
Assigned:						
Subsequent year's expenditures	6,704,208	-	-	-	-	6,704,208
Capital	-	-	-	-	11,146,274	11,146,274
Unassigned:	29,510,225	-	-	-	(823,148)	28,687,077
Total fund balances	49,159,774	1,763,890	391,718	26,562,171	18,505,020	96,382,573
Total liabilities, deferred inflows of resources, and fund balances	$ 54,388,119	$ 7,079,508	$ 2,514,788	$ 31,867,904	$ 19,584,672	$ 115,434,991

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

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

Total fund balance, Governmental Funds	$ 96,382,573
Charges related to advance refunding bond issue	34,590
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	69,236,009
Right to use assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	890,364
Net pension asset	76,243
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds accrued interest rebate.	63,675
Contributions to pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,261,725
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	77,810
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.	518,697
Net pension liability (LGERS)	(15,484,726)
Total OPEB liability	(19,662,503)
Total pension liability (LEOSSA)	(2,528,460)
Deferred inflows of resources for taxes, other receivables, opioid receivables	5,963,804
Pension related deferrals	7,054,403
OPEB related deferrals	(8,841,760)
Compensated absences not expected to be materially liquidated with expendable available resources.	(2,685,242)
Some liabilities, including bonds, leases, and IT subscriptions, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds.	(110,229,710)
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the Statement of Net Position.	1,434,964
Net position of governmental activities	$ 25,562,456

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

Exhibit 4

LEE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds					
	General Fund	Opioid Settlement Fund	American Rescue Plan Fund	Multi-Sports Complex Project Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	$ 61,827,536	$ -	$ -	$ -	$ 5,442,329	$ 67,269,865
Local option sales taxes	23,774,640	-	-	-	-	23,774,640
Other taxes and licenses	926,931	-	-	-	491,857	1,418,788
Unrestricted intergovernmental	289,020	-	-	-	-	289,020
Restricted intergovernmental	10,339,049	1,154,624	1,055,430	-	727,220	13,276,323
Permits and fees	322,408	-	-	-	-	322,408
Sales and services	3,717,731	-	-	-	103,799	3,821,530
Investment earnings	1,646,675	50,718	103,930	1,620,022	916,954	4,338,299
Miscellaneous	918,232	-	-	-	-	918,232
Total revenues	103,762,222	1,205,342	1,159,360	1,620,022	7,682,159	115,429,105
Expenditures:						
Current:						
General government	14,200,235	-	48,442	-	141,796	14,390,473
Public safety	16,747,051	-	991,540	-	4,955,107	22,693,698
Economic and physical development	2,343,054	-	-	-	584,171	2,927,225
Human services	17,826,192	-	-	-	207,212	18,033,404
Education	27,740,232	-	-	-	273,301	28,013,533
Cultural and recreational	3,566,259	-	15,448	12,613,615	1,509,525	17,704,847
Debt service:						
Principal retirement	10,303,937	-	-	-	-	10,303,937
Interest, fees, issuance costs	3,430,626	-	-	577,754	111,711	4,120,091
Total expenditures	96,157,586	-	1,055,430	13,191,369	7,782,823	118,187,208
Revenues over (under) expenditures	7,604,636	1,205,342	103,930	(11,571,347)	(100,664)	(2,758,103)
Other Financing Sources (Uses):						
Transfers from other funds	1,571,100	-	-	-	3,168,393	4,739,493
Transfers to other funds	(2,628,068)	-		-	(2,111,425)	(4,739,493)
General obligation bonds issued	-	-	-	25,000,000	-	25,000,000
Original issuance premium	-	-	-	2,436,657	-	2,436,657
Limited obligation bonds issued	-	-	-	14,565,000	-	14,565,000
Lease liabilities issued	17,840	-	-	-	-	17,840
IT Subscription agreement	156,065	-	-	-	-	156,065
Total other financing sources (uses)	(883,063)	-	-	42,001,657	1,056,968	42,175,562
Net change in fund balances	6,721,573	1,205,342	103,930	30,430,310	956,304	39,417,459
Fund balances, beginning of year	42,438,201	13,241	287,788	(3,868,139)	17,548,716	56,419,807
Prior Period Restatement - change in accounting principle (see Note VI)	-	545,307	-	-	-	545,307
Fund balances, end of year	$ 49,159,774	$ 1,763,890	$ 391,718	$ 26,562,171	$ 18,505,020	$ 96,382,573

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 Year Ended June 30, 2024

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)	$ 39,417,459
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 and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.	14,893,002
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	(77,249)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	3,261,725
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	77,810
Contributions and pension administration costs for OPEB are deferred outflows on the Statement of Net Position.	518,697
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,216,650)
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.	(31,871,625)
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.	(4,438,337)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.	618,504
Change in net position of governmental activities	$ 21,183,336

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

LEE COUNTY, NORTH CAROLINA **Exhibit 5**
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	$ 57,610,237	$ 57,610,237	$ 61,827,536	$ 4,217,299
Local option sales taxes	27,219,851	27,219,851	23,774,640	(3,445,211)
Other taxes and licenses	714,000	714,000	926,931	212,931
Unrestricted intergovernmental	285,797	285,797	289,020	3,223
Restricted intergovernmental	10,132,241	11,824,014	10,339,049	(1,484,965)
Permits and fees	332,856	332,856	322,408	(10,448)
Sales and services	3,930,013	4,038,681	3,717,731	(320,950)
Investment earnings	500,000	500,000	1,646,675	1,146,675
Miscellaneous	647,478	909,194	918,232	9,038
Total revenues	101,372,473	103,434,630	103,762,222	327,592
Expenditures:				
Current:				
General government	17,080,605	18,601,699	14,200,235	4,401,464
Public safety	18,732,114	19,129,770	16,747,051	2,382,719
Economic and physical development	3,227,079	3,348,596	2,343,054	1,005,542
Human services	19,528,637	21,683,047	17,826,192	3,856,855
Education	27,023,759	27,808,759	27,740,232	68,527
Cultural and recreational	3,550,462	4,165,393	3,566,259	599,134
Debt service:				
Principal retirement	9,467,733	10,119,959	10,303,937	(183,978)
Interest and fees	2,460,579	3,431,243	3,430,626	617
Total expenditures	101,070,968	108,288,466	96,157,586	12,130,880
Revenues over (under) expenditures	301,505	(4,853,836)	7,604,636	12,458,472
Other Financing Sources (Uses):				
Transfers from other funds	465,600	1,571,100	1,571,100	-
Transfers to other funds	(3,767,105)	(3,466,043)	(2,628,068)	837,975
IT Subscription agreement	-	171,929	156,065	(15,864)
Lease liabilities issued	-	105,943	17,840	(88,103)
Total other financing sources (uses)	(3,301,505)	(1,617,071)	(883,063)	734,008
Revenues and other financing sources over (under) expenditures and other financing uses	(3,000,000)	(6,470,907)	6,721,573	13,192,480
Appropriated fund balance	3,000,000	6,470,907	-	(6,470,907)
Net change in fund balance	$ -	$ -	6,721,573	$ 6,721,573
Fund balance, beginning of year			42,438,201	
Fund balance, end of year			$ 49,159,774	

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

LEE COUNTY, NORTH CAROLINA **Exhibit 5-1**

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

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Restricted intergovernmental	$ -	$ 172,486	$ 1,154,624	$ 982,138
Investment earnings	-	-	50,718	50,718
Total revenues	-	172,486	1,205,342	1,032,856
Expenditures:				
Current:				
Human services	-	495,972	-	495,972
Total expenditures	-	495,972	-	495,972
Revenues over (under) expenditures	-	(323,486)	1,205,342	1,528,828
Appropriated fund balance	-	323,486	-	(323,486)
Net change in fund balance	$ -	$ -	1,205,342	$ 1,205,342
Fund balance, beginning of year			13,241	
Prior Period Restatement - Change in Accounting Principle (see Note VI)			545,307	
Fund balance, end of year			$ 1,763,890	

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

LEE COUNTY, NORTH CAROLINA **Exhibit 6**

Statement of Fund Net Position - Proprietary Funds

June 30, 2024

	Non-Major Fund		Governmental Activities
	Solid Waste Management Fund	Total	Internal Service Fund
Assets			
Current assets:			
Cash and investments	$ 1,124,301	$ 1,124,301	$ 1,480,734
Accounts receivable - net	101,017	101,017	-
Accrued interest receivable	3,576	3,576	4,710
Total current assets	1,228,894	1,228,894	1,485,444
Non-current assets:			
Land, improvements, and construction in progress	396,221	396,221	-
Other capital assets, net of accumulated depreciation	500,399	500,399	-
Total non-current assets	896,620	896,620	-
Total assets	2,125,514	2,125,514	1,485,444
Deferred outflows of resources	162,979	162,979	-
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	91,551	91,551	50,480
Compensated absences payable	10,000	10,000	-
Accrued landfill closure costs	37,150	37,150	-
Total current liabilities	138,701	138,701	50,480
Non-current liabilities:			
Compensated absences payable	6,897	6,897	-
Loan payable	-	-	-
Net pension liability	184,899	184,899	-
OPEB liability payable	216,682	216,682	-
Total non-current liabilities	408,478	408,478	-
Total liabilities	547,179	547,179	50,480
Deferred inflows of resources	135,307	135,307	-
Net Position			
Net Investment in capital assets	896,620	896,620	-
Unrestricted	709,387	709,387	1,434,964
Total net position	$ 1,606,007	$ 1,606,007	$ 1,434,964

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, 2024

	Non-Major Fund		Governmental Activities
	Solid Waste Management Fund	Total	Internal Service Fund
Operating revenues:			
Charges for services	$ 1,786,129	$ 1,786,129	$ 4,149,059
Other miscellaneous revenues	25,578	25,578	-
Total operating revenues	1,811,707	1,811,707	4,149,059
Operating expenses:			
Cost of service and administration	1,895,946	1,895,946	-
Group health	-	-	3,587,576
Depreciation	47,276	47,276	-
Total operating expenses	1,943,222	1,943,222	3,587,576
Operating income (loss)	(131,515)	(131,515)	561,483
Non-operating revenues (expenses):			
Solid waste disposal tax	34,328	34,328	-
Scrap tire disposal tax	126,012	126,012	-
White goods disposal tax	38,252	38,252	-
Investment earnings	50,053	50,053	57,021
Non-operating revenues (expenses)	248,645	248,645	57,021
Change in net position	117,130	117,130	618,504
Net position, beginning	1,488,877	1,488,877	816,460
Net position, ending	$ 1,606,007	$ 1,606,007	$ 1,434,964

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

Exhibit 8

LEE COUNTY, NORTH CAROLINA
Statement of Cash Flows - Proprietary Funds
For The Year Ended June 30, 2024

	Non-Major Fund Solid Waste Management Fund	Total	Governmental Activities Internal Service Fund
Cash flows from operating activities:			
Receipts from customers	$ 1,812,867	$ 1,812,867	$ 4,149,059
Payments to suppliers for goods and services	(1,179,622)	(1,179,622)	(3,569,546)
Payments to or on behalf of employees	(715,510)	(715,510)	-
Other operating revenues	25,578	25,578	-
Net cash provided (used) by operating activities	(56,687)	(56,687)	579,513
Cash flows from noncapital and related financing activities:			
Tax receipts	198,592	198,592	-
Net cash provided (used) by noncapital and related financing activities	198,592	198,592	-
Cash flows from investing activities -			
Interest on investments	49,716	49,716	55,249
Net increase (decrease) in cash and cash equivalents	191,621	191,621	634,762
Cash and cash equivalents, beginning of year	932,680	932,680	845,972
Cash and cash equivalents, end of year	$ 1,124,301	$ 1,124,301	$ 1,480,734
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (131,515)	$ (131,515)	$ 561,483
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	47,276	47,276	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	26,738	26,738	-
(Increase) decrease in deferred outflows of resources - pension	(9,301)	(9,301)	-
(Increase) decrease in deferred outflows of resources - OPEB	16,720	16,720	-
(Decrease) in net pension liability	26,135	26,135	-
Increase in total OPEB liability	4,218	4,218	-
Increase (decrease) in accounts payable and accrued expenses	(3,762)	(3,762)	18,030
Increase (decrease) in compensated absences	5,118	5,118	-
Increase (decrease) in accrued landfill closure cost	(2,998)	(2,998)	-
Increase (decrease) in deferred inflows of resources - pensions	(453)	(453)	-
Increase (decrease) in deferred inflows of resources - OPEB	(34,863)	(34,863)	-
Net cash provided (used) by operating activities	$ (56,687)	$ (56,687)	$ 579,513

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, 2024

Exhibit 9

	Kenneth Brown Bequest Fund	Custodial Funds
Assets		
Cash and investments	$ 13,311	$ 99,995
Taxes receivable - net	-	229,924
Accounts receivable	-	222,824
Accrued interest receivable	42	-
Total assets	13,353	552,743
Liabilities		
Accounts payable	-	222,824
Due to other governments	-	37,933
Total liabilities	-	260,757
Net Position		
Restricted for:		
Individuals, organizations, and other governments	13,353	291,986
Total fiduciary net position	$ 13,353	$ 291,986

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, 2024

	Kenneth Brown Bequest Fund	Custodial Funds
Additions:		
Investment earnings	$ 522	$ -
Ad valorem taxes collected for other governments	-	29,268,191
Other taxes and licenses collected for other governments	-	643,591
Collections on behalf of inmates	-	416,585
Total additions	522	30,328,367
Deductions:		
Tax distributions to other governments	-	30,061,845
Payments on behalf of inmates	-	411,259
Total deductions	-	30,473,104
Net increase (decrease) in fiduciary net position	522	(144,737)
Net position, beginning	12,831	436,723
Net position, ending	$ 13,353	$ 291,986

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

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.

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.

Opioid Settlement Special Revenue Fund accounts for the funds received by the County per North Carolina's Memorandum of Agreement between the state and local governments for the nationwide settlement related to multiple opioid lawsuits.

American Rescue Plan Special Revenue Fund accounts for transactions related to the American Rescue Plan Funds.

Multi-Sports Complex Project Fund accounts for the costs associated with the construction of a multi-sports complex.

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, 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 is collected by the County but that is not revenue to the County; and Jail Inmate Pay Fund, which holds cash collections for the benefit of inmates from their friends and families.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 one enterprise fund: the Solid Waste Management Fund.

Internal Service Fund**.** The Internal Service Group Health is used to account for the financial activities of the County's self-insured benefit plan for employee group healthcare and activities of the County's coverage through a third party.

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, Revolving Loan Fund, Representative Payee Fund, and Fines and Forfeitures Fund reported as non-major special revenue funds. The Capital Projects Outlay Fund, Courthouse Complex Renovations Fund, Park Improvements Funds, Lee County Government Center Renovations Fund, CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund, Lee County Government Library Fund, Bob Hales Recreation Center Fund, Historic Courthouse Repairs Fund, Kiwanis Children’s Park Renovations Fund, Temple Park Phase II Fund, OT Sloan Accessibility Project Fund, and Horton Park Improvements Project Fund are reported as non-major capital project funds.

The County reports the following enterprise fund:

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

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. Issuances of general long-term debt, leases initiated during the year, and new IT subscription acquisitions 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. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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, Opioid Settlement Fund, Fire Protection Fund, Room Occupancy Tax Fund, Emergency Telephone System Fund, Airport Tax Revenue Fund, Drug Seizure Funds, Revolving Loan Fund, Representative Payee Fund, Fines and Forfeitures Fund, the Capital Projects Outlay Fund and the Proprietary Fund. All annual appropriations lapse at June 30. Project ordinances are adopted for the American Rescue Plan Special Revenue Fund and 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 multiyear 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.

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) Government Portfolio is a SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and 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 amount of unspent resources obtained from the Opioid Settlement are restricted to use for specific purposes (i.e., opioid remediation). Accordingly, the assets from the settlement that remain on hand are reported as restricted assets. In addition to the restricted cash shown below, opioid receivables, net, of $5,315,618 related to the settlement are also reported as restricted assets. The American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. These funds are limited to specific purposes. So, until the amounts are assigned to use for a specific purpose they are reported as restricted assets.

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. Additionally, bond proceeds from the 2023 Parks & Rec General Obligation Bonds and 2023 LOBS issued for the Multi-Sport Complex Project are also restricted. 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:		
Courthouse Complex Renovations Fund	Unexpended bond proceeds	$ 664,107
Lee County Government Center Renovations Fund	Unexpended bond proceeds	146,102
Multi-Sport Complex Project Fund	Unexpended bond proceeds	24,942,149
Opioid Settlement Fund	Unexpended settlement funds	1,758,297
American Rescue Plan Fund	Unexpended grant funds	2,505,378
General Fund	Security for letter of credit	434,025
General Fund	Unexpended grant funds	300,163
Total Governmental Activities		$ 30,750,221

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, 2023.

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

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. While this is the first year that the County reports a receivable for the amount to be received related to the Opioid Settlement the County has estimated an allowance for uncollectible accounts even in the absence of historical data to serve as the basis of the calculation. The County believes this is prudent given the term over which these amounts are to be paid and the possibility that corporations party to the settlement may experience bankruptcy or going concern issues. The initial allowance estimate has been established as a flat 10% of the outstanding receivable balance.

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.

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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

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 assets 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 assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, leases, and other OPEB and pension related deferrals. In addition, certain unavailable revenues related to taxes, other receivables, and opioid settlement receivables are reported as deferred inflows of resources, but only on the balance sheet of the governmental funds.

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. With the implementation of GASB No. 101, the County will estimate what sick leave is "more likely than not to be paid or used" and recognize that portion as a liability for compensated absence and salary-related payments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds is front loaded. The County received $545,307 as part of this settlement in Fiscal Years 2022 and 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities.

The significance of this issue resulted in guidance being provided to state and local governments to help ensure that there was consistency in the accounting and financial reporting of these funds. The guidance provided that because of the restrictions on the use of the fund's revenue should not be recognized until the funds were expended. Because the county did not expend any amounts in FY22 and FY23, the total of $545,307 that was received remained on hand at June 30, 2023. In such cases the guidance specified that the cash on hand should be reported as an asset offset by an amount for unearned revenues, a liability. The result was that amounts were only presented on the balance sheet of governmental funds and the statement of net position for governmental activities.

As the litigation progressed and more settlements were finalized, the conclusion on the appropriate accounting and financial reporting also evolved. While there are cases where the appropriate guidance to apply is for government-mandated or voluntary nonexchange transactions, there are other cases where it is appropriate to apply the guidance for exchange and exchange-like transactions.

Essentially, the guidance for nonexchange transactions bases revenue recognition on the unit fulfilling all of the eligibility requirements for the nonexchange transaction. In some cases, the incurrence of expenditures is one of the eligibility requirements. The initial guidance viewed all of the opioid settlements' activity as nonexchange transactions that include the incurrence of qualifying expenditure amounts among their eligibility requirements. Accordingly, the nonexchange transaction guidance was applied to all of the opioid settlements' activity.

A similarity was recognized with the Tobacco Settlement that occurred in the early 2000's. The GASB issued a technical bulletin in 2004 to provide recognition guidance for those revenues. The technical bulletin stated that "tobacco settlement revenues are exchange transactions, based on the notion that the payments are made to the settling states in exchange for their agreement to release the tobacco companies from present and future litigation."

Accordingly, going forward it is no longer appropriate to use a single approach to the accounting and financial reporting of the opioid settlement activity. Instead, it will be necessary to determine whether to apply the guidance for exchange and exchange-like transactions or to apply the guidance for government-mandated or voluntary nonexchange transactions.

In cases where the unit is a party to the litigation and the opioid settlement, the guidance for exchange and exchange-like transactions is appropriate. In a more traditional exchange/exchange-like transaction the recognition takes place at the point where one party incurs an obligation to pay the other party for goods or services that they were provided. In the opioid settlement activity, the time the settlement is finalized is the point at which the company incurs a liability to pay the unit and the unit has an enforceable claim to receive amounts from the company.

Thus far, the amounts the County has received or will receive qualify as an exchange or exchange-like transaction. Accordingly, it was necessary to record prior period adjustments for the activity that occurred in the prior fiscal year. See Note VI Change in Accounting Principle for additional discussion about those adjustments.

In FY24 the County applied the exchange and exchange-like transactions guidance to these transactions. Accordingly, the cash received during the year of $1,154,624 was recognized in the Opioid Settlement Major Special Revenue Fund. Because all funding was previously recognized for Governmental Activities, the revenue on the government-wide statements will be decreased for amounts previously recognized. This amount was calculated as follows:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Opioid Settlement Funds (Continued)

Accrual basis of accounting			Governmental Activities	
County's Share of North Carolina's Unpaid Aggregate Settlements through FY 24	$	5,906,242		
Less: Allowance for uncollectible accounts		(590,624)		
Opioid Settlement receivable at June 30,			$	5,315,618
County's Share of North Carolina's Unpaid Aggregate Settlements through FY 23	$	7,060,866		
Less: Allowance for uncollectible accounts		(706,087)		
Opioid Settlement receivable at June 30,			$	6,354,779
Accrual basis revenue previously recognized			$	(1,039,161)

Reimbursement for Pandemic-Related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The county was allocated $11,999,847 of fiscal recovery funds to be paid in equal installments. The first installment of $5,999,924 was received in August 2021. The second installment of $5,999,924 was received August 2022. County staff and the Board of Commissioners elected to use $8,000,000 of the allotted Revenue Loss funds toward Sheriff Salaries; $2,000,000 of the allotted Revenue Loss funds toward improving broadband; $383,565 towards Premium Pay; $218,228 toward administration of the grant, $510,400 toward the Horton Pool Renovation; $754,493 toward the Horton Bath House Renovation; and 133,160 toward the Horton Parking Lot Project.

The unspent amount of funds $2,120,679, on hand (total allocation of $11,999,847 minus total spent in FY 23 and FY 24 of $9,879,168) is reported in the American Rescue Plan Major Special Revenue Fund as an asset with offsetting amount reported as unearned revenues, a liability. As the use of the remaining funds are use, the revenue will be recognized.

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balances (Continued)

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.

> Lease Receivable, net – portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

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 General Government – portion of fund balance that is restricted by revenue source for general government purposes.
>
> 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 Opioid Settlement - portion of fund balance that is restricted by revenue source for opioid abatement and remediation activities.
>
> 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 Cultural & Recreational – portion of fund balance that is restricted by revenue source for Cultural & Recreational activities.
>
> 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 $25,752,358 and Register of Deeds' Pension Plan of $76,243 for a net difference of $25,676,115.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balances (Continued)

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 24% of budgeted expenditures. The County's financial policy also directs management to strive to reach an available fund balance level of 32% 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.

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 total 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.

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 ($70,820,117) 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)	$ 105,353,613
Less accumulated depreciation	(36,117,604)
Net capital assets	69,236,009
Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds	2,383,521
Less accumulated amortization	(1,493,157)
Net right to use assets	890,364
Net pension asset	76,243
Contributions to the pension plan in the current fiscal year	3,261,725
Benefit payments for LEOSSA made subsequent to measurement date	77,810
Contributions to OPEB plan in the current fiscal year	518,697
Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources	34,590
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds accrued interest rebate	63,675
Deferred inflows of resources for taxes and other receivables	5,963,804
Pension related deferrals	7,054,403
OPEB related deferrals	(8,841,760)
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, IT subscriptions, and installment financing	(109,371,290)
Compensated absences	(2,685,242)
Total OPEB liability	(19,662,503)
Net pension liability (LGERS)	(15,484,726)
Total Pension liability (LEOSSA)	(2,528,460)
Accrued interest payable	(858,420)
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the Statement of Net Position.	1,434,964
Total adjustment	$ (70,820,117)

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 ($18,234,123) consists of several elements as follows:

Capital outlay and right to use expenditures recorded in the funds statements but capitalized as assets in the Statement of Activities.	$ 18,004,756
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements.	(3,111,754)
Costs of disposed capital assets not recorded in fund statements.	(77,249)
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.	(42,175,562)
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.	10,303,937
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	3,261,725
Benefit payments paid after measurement date for LEOSSA are deferred outflows of resources on the Statement of Net Position.	77,810
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	518,697
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	(176,999)
Change in health department receivable at end of year	1,330
Change in opioid receivable at end of year	(1,039,161)
Accrued interest rebate not recorded on fund statements	(1,820)
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 government-wide statements (full accrual)	(404,252)
Compensated absences	(209,704)
OPEB expense (revenue)	744,865
Pension expense	(4,894,175)
Deferred charges amortization	(6,918)
Premium amortization	331,847
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.	618,504
Total adjustment	$ (18,234,123)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The County reported a deficit fund balance in the CCCC Library Project Fund of $751,280 and in the OT Sloan Capital Project Fund of $64,600 as a result of timing of the receipt of revenues sources for the project. Because this is a project fund with budget appropriated in the subsequent year, there is no violation to report.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2024, the following departments' expenditures exceeded amount approved in the budget ordinance and subsequent amendments.

General Fund:		
Debt Service	$	183,361

The budget violations in Debt Service were a result of reclassification of debt service payments from departmental expenses to debt service for both lease and subscription principal payments. The Board will closely monitor the budget going forward to ensure budget is available.

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 under-collateralization, 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, 2024, the carrying amount of the County's bank deposits (including fiduciary funds) was $17,323,568 and the bank balance was $17,410,338. Of this total, $11,326,850 was in escrow accounts with financial institutions.

Sufficient collateral was maintained at June 30, 2024 to secure the County's deposits. Of the bank balance, $500,000 was covered by federal depository insurance, and $16,910,338 was collateralized under the Pooling Method.

At June 30, 2024, the County had $2,590 cash on hand.

Investments

At June 30, 2024, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
NC Capital Management Trust – Government Portfolio	Fair Value-Level 1	$83,101,823	$83,101,823
Total		$83,101,823	$83,101,823

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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

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). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA-mf by Standard & Poor's as of June 30, 2023.

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, 2024, all of the County's investments were in the County's name.

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

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

Year Levied	Tax	Interest	Total
2023	$ 2,454,013	$ 141,106	$ 2,595,119
2022	1,770,723	261,182	2,031,905
2021	1,921,462	456,347	2,377,809
2020	1,997,073	654,041	2,651,114
Total	$ 8,143,271	$ 1,512,676	$ 9,655,947

III. DETAIL NOTES OF ALL FUNDS (Continued)

C. Receivables

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

		Accounts Receivable - Net			
	Taxes Receivable- Net	Accounts	Due from Other Government	Leases Receivable	Total
Governmental activities:					
General	$ 847,291	$ 3,209,865	$ 6,592,827	$ 696,018	$ 10,498,710
Other governmental	140,232	254,615	217,537	-	472,152
Total receivables	987,523	3,464,480	6,810,364	696,018	10,970,862
Allowance for doubtful accounts	(286,538)	(304,636)	-	-	(304,636)
Total governmental activities	$ 700,985	$ 3,159,844	$ 6,810,364	$ 696,018	$ 10,666,226
Business-type activities:					
Solid waste management	$ -	$ 51,168	$ 49,849	$ -	$ 101,017
Allowance for doubtful accounts	-	-	-	-	-
Total business type activities	$ -	$ 51,168	$ 49,849	$ -	$ 101,017

Local option sales tax	$ 5,959,415
Sales tax	529,469
Various federal, state and local grants	371,329
Total	$ 6,860,213

Leases Receivable

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

On December 1, 2021, the County entered into a 55-month lease as Lessor for the use of First Health - EMS Building. An initial lease receivable was recorded in the amount of $277,813. As of June 30, 2024, the value of the lease receivable is $121,227. The lessee is required to make monthly fixed payments of $5,186. The lease has an interest rate of 1.1770%. The value of the deferred inflow of resources as of June 30, 2024 was $121,227, and Lee County recognized lease revenue of $60,614 during the fiscal year.

On July 1, 2021, the County entered into a 30-month lease as Lessor for the use of USDA - McSwain Center (2410 Tramway Road). An initial lease receivable was recorded in the amount of $78,109. As of June 30, 2024, the value of the lease receivable is $0. The lessee is required to make monthly fixed payments of $2,628. The lease has an interest rate of 0.7270%. The value of the deferred inflow of resources as of June 30, 2024 was $0, and Lee County recognized lease revenue of $15,622 during the fiscal year.

On 07/01/2022, the County entered into a 36 month lease as Lessor for the use of Buggy Building-City of Sanford. An initial lease receivable was recorded in the amount of $308,369. As of 06/30/2024, the value of the lease receivable is $115,430. The lessee is required to make monthly fixed payments of $9,619. The lease has an interest rate of 0.0000%. The value of the deferred inflow of resources as of 06/30/2024 was $115,430, and the County recognized lease revenue of $115,430 during the fiscal year.

III. DETAIL NOTES OF ALL FUNDS (Continued)

C. Receivables (Continued)

Leases (Continued)

On 07/01/2022, the County entered into a 120 month lease as Lessor for the use of Buggy Building-SAGA. An initial lease receivable was recorded in the amount of $572,046. As of 06/30/2024, the value of the lease receivable is $457,637. The lessee is required to make monthly fixed payments of $4,767. The lease has an interest rate of 0.0000%. The value of the deferred inflow of resources as of 06/30/2024 was $457,637, and the County recognized lease revenue of $57,205 during the fiscal year.

Principal and Interest Expected to Maturity

	Governmental Activities		
Fiscal Year	Principal	Interest	Total Payments
2025	$ 233,748	$ 1,118	$ 234,866
2026	119,042	395	119,437
2027	57,205	-	57,205
2028	57,205	-	57,205
2029	57,205	-	57,205
2030-2032	171,613	-	171,613
Total	$ 696,018	$ 1,513	$ 697,531

D. Capital Assets

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

Governmental activities by type:	June 30, 2023	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2024
Non-depreciable assets:				
Land	$ 5,421,390	$ -	$ -	$ 5,421,390
Land Improvements	2,449,557	165,122	-	2,614,679
Construction in progress	14,548,468	15,744,545	(1,950,659)	28,342,354
Total non-depreciable assets	22,419,415	15,909,667	(1,950,659)	36,378,423
Depreciable assets:				
Buildings	47,556,783	1,858,237	-	49,415,020
Roads	2,424,871	-	-	2,424,871
Equipment	15,445,816	2,013,606	(324,123)	17,135,299
Total Depreciable assets	65,427,470	3,871,843	(324,123)	68,975,190
Less accumulated depreciation for:				
Buildings	24,434,199	1,072,193	-	25,506,392
Roads	732,896	73,564	-	806,460
Equipment	8,924,901	1,126,725	(246,874)	9,804,752
Total accumulated depreciation	34,091,996	2,272,482	(246,874)	36,117,604
Total capital assets being depreciated, net	31,335,474	1,599,361	(77,249)	32,857,586

III. DETAIL NOTES OF ALL FUNDS (Continued)

D. Capital Assets (Continued)

	June 30, 2023	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2024
Capital assets being amortized:				
Right to use assets:				
Leased equipment	450,019	17,840	(1,811)	466,048
Leased computer equipment	13,944	-	-	13,944
IT subscriptions	1,811,520	156,065	(64,056)	1,903,529
Total capital assets being amortized	2,275,483	173,905	(65,867)	2,383,521
Less accumulated amortization for:				
Right to use assets:				
Leased equipment	191,939	99,305	(1,811)	289,433
Leased computer equipment	6,391	3,200	-	9,591
IT subscriptions	521,422	736,767	(64,056)	1,194,133
Total accumulated amortization	719,752	839,272	(65,867)	1,493,157
Total capital assets being amortized, net	1,555,731	(665,367)	-	890,364
Total Governmental Activities Capital Assets - net	$ 55,310,620	$ 16,843,661	$ (2,027,908)	$ 70,126,373

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

General government	$ 1,736,259
Public safety	716,790
Human services	195,698
Economic & physical development	84,009
Cultural & recreational	378,998
Total	$ 3,111,754

Business-type activities by type:

	June 30, 2023	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2024
Non-depreciable assets:				
Land	$ 260,425	$ -	$ -	$ 260,425
Land improvements	135,796	-	-	135,796
Total non-depreciable assets	396,221	-	-	396,221
Depreciable assets:				
Buildings	751,914	-	-	751,914
Equipment	1,022,371	-	-	1,022,371
Total Depreciable assets	1,774,285	-	-	1,774,285
Less accumulated depreciation for:				
Buildings	550,693	8,077	-	558,770
Equipment	675,917	39,199	-	715,116
Total accumulated depreciation	1,226,610	47,276	-	1,273,886
Depreciable assets - net	547,675	(47,276)	-	500,399
Total Business Activities Capital Assets - net	$ 943,896	$ (47,276)	$ -	$ 896,620

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

Solid waste	$ 47,276

III. DETAIL NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The government has active construction projects as of June 30, 2024. The projects include new construction, renovation, and repairs for Central Carolina Community College, courthouse complex renovations, existing park and related facility improvements, improvements at the Lee County Government Center, and construction of a multi-sports complex. At June 30, 2024, the government's commitments with contractors and vendors are as follows:

Project	Spent-to-date	Remaining Commitment
Courthouse Complex Renovations	$ 4,900,285	$ 235,980
Lee County Government Center Renovations	5,143,087	38,100
Multi-Sports Complex	16,014,672	22,768,714
E. Eugene Moore Center	8,749,114	68,657
Lee County Government Library	1,428,266	859,773
Historic Courthouse Repairs	76,853	107,643
Kiwanis Children's Park Phase II	202,169	316,891
OT Sloan Accessibility Park	64,600	312,482
Horton Park Improvements	22,320	27,280
Total	$ 36,601,366	$ 24,735,520

E. Liabilities

Payables

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

	Vendors	Payroll	Retainage	Total
Governmental activities:				
General	$ 1,736,234	$ 1,703,778	$ -	$ 3,440,012
Other governmental	4,906,742	2,391	531,992	5,441,125
Total governmental activities	$ 6,642,976	$ 1,706,169	$ 531,992	$ 8,881,137
Business-type activities:				
Solid waste management	$ 63,429	$ 28,122	$ 37,150	$ 128,701
Total Business-Type Activities	$ 63,429	$ 28,122	$ 37,150	$ 128,701

III. DETAIL NOTES ON ALL FUNDS (Continued)

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.

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.

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, 2024, was 14.04% of compensation for law enforcement officers and 12.92% 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 $3,295,024 for the year ended June 30, 2024.

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

1. Local Governmental Employees' Retirement System (Continued)

Refunds of Contributions

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

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

At June 30, 2024, the County reported a liability of $15,669,628 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The 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 coved by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the County's proportion was .2366% (measured as of June 30, 2023), which was a decrease of .0019% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of $4,683,267. At June 30, 2024, 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	$ 1,746,061	$ 37,590
Change of assumptions	665,869	-
Net difference between projected and actual earnings on pension plan investments	4,193,878	-
Changes in proportion and differences between County contributions and proportionate share of contributions	256,810	2,227
County contributions subsequent to the measurement date	3,295,024	-
Total governmental activities	$ 10,157,642	$ 39,817

$3,295,024 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, 2025. 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:	
2025	$ 2,537,154
2026	1,306,401
2027	2,801,907
2028	177,339
2029	-
Thereafter	-
	$ 6,822,801

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

1. Local Governmental Employees' Retirement System (Continued)

Actuarial assumptions

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

Inflation	2.50 percent
Salary increases	3.25 percent to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses morality 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 mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2022 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

Future ad hoc 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.00%	2.40%
Global Equity	38.00%	6.90%
Real Estate	8.00%	6.00%
Alternatives	8.00%	8.60%
Credit	7.00%	5.30%
Inflation Protection	6.00%	4.30%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

1. Local Governmental Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at 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 6.50%, 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate.

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.5%)
County's proportionate share of the net pension liability (asset)	$ 27,147,014	$ 15,669,628	$ 6,220,368

Pension Plan Fiduciary Net Position

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

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, 2022 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	78
Total	87

A separate report was not issued for the plan.

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

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

<u>Summary of Significant Accounting Policies</u>

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.

<u>Actuarial Assumptions</u>

The entry age normal actuarial cost method was used in the December 31, 2022 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	4.00 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, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality 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.

<u>Contributions</u>

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 $135,813 as benefits came due for the reporting period.

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, 2024, the County reported a total pension liability of $2,528,460. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of $256,243.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 434,909	$ 172,152
Change of assumptions	298,322	271,706
County benefit payments and plan administrative expenses made subsequent to the measurement date	77,810	-
Total governmental activities	$ 811,041	$ 443,858

The County paid $77,810 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	$ 128,996
2026	93,270
2027	(11,645)
2028	(2,400)
2029	76,213
Thereafter	4,939

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 4.00%, 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate.

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	$ 2,740,426	$ 2,528,460	$ 2,336,392

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

3. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

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

	2024
Beginning balance	$ 1,965,674
Service cost	118,072
Interest	81,794
Difference between expected and actuarial experience	441,660
Changes of assumptions and other inputs	57,073
Benefit payments	(135,813)
Ending balance of total pension liability	$ 2,528,460

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% at December 31, 2022 to 4.00% at December 31, 2023.

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

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, 2024 were $321,940, which consisted of $280,654 from the County and $41,286 from the law enforcement officers. No amounts were forfeited.

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.

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) (Continued)

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, 2024 were $1,127,319, which consisted of $944,365 from the County and $182,954 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.

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 $5,582 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of $76,243 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing 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, 2023, the County's proportion was .634%, which was an increase of .073% from its proportion measured as of June 30, 2022.

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

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

For the year ended June 30, 2024, the County recognized pension expense of $9,929. At June 30, 2024, 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	$ -	$ 3,375
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	38,727	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	12,611
County contributions subsequent to the measurement date	5,582	-
Total governmental activities	$ 44,309	$ 15,986

$5,582 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, 2025. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2025	$ 973
2026	8,083
2027	11,243
2028	2,442
2029	-
Thereafter	-

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the December 31, 2022 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

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

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 information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class and is 100% invested in the Bond Index External Investment Pool. The long term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 0.78%.

Discount Rate

The discount rate used to measure the total pension liability was 3.00%. 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.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate.

	1% Decrease (2.0%)	Discount Rate (3.00%)	1% Increase (4.0%)
County's proportionate share of the net pension liability (asset)	$ (52,045)	$ (76,243)	$ (96,647)

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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

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

The net pension liability for LGERS and ROD was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability for LEOSSA was measured as of June 30, 2023, with an actuarial valuation date of December 31, 2022. 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:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	$ 15,669,628	$ (76,243)	$ -	$ 15,593,385
Proportion of the Net pension Liability (Asset)	0.23659%	0.63446%	N/A	
Total Pension Liability	-	-	2,528,460	2,356,514
Pension Expense	$ 4,683,267	$ 9,929	$ 256,243	$ 1,875,973

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 1,746,061	$ -	$ 434,909	$ 2,180,970
Change of Assumptions	665,869	-	298,322	964,191
Net difference between projected and actual earnings on pension plan investments	4,193,878	38,727	-	4,232,605
Changes in proportion and differences between County contributions and proportionate share of contributions	256,810	-	-	256,810
County contributions (LGERS, ROD/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,295,024	5,582	77,810	3,378,416
Deferred Inflows of Resources				
Differences between expected and actual experience	37,590	3,375	172,152	213,117
Changes in Assumptions	-	-	271,706	271,706
Changes in proportion and differences between County contributions and proportionate share of contributions	2,227	12,611	-	14,838

III. DETAIL NOTES ON ALL FUNDS (Continued)

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

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.

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, 2022, the date of the latest actuarial valuation:

Retirees receiving benefits	118
Active plan members	364
Total	482

Total OPEB Liability

The County's total OPEB liability of $19,879,186 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

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

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	3.25 percent – 8.41 percent
Discount rate	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

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.

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)

Total OPEB Liability as of June 30, 2022	$ 19,492,220
Changes for the year:	
Service cost	579,887
Interest	701,936
Change in benefit terms	-
Difference between expected and actual experience	(99,868)
Changes of assumptions or other inputs	(303,903)
Benefit payments and implicit subsidy credit	(491,086)
Net changes	386,966
Total OPEB Liability as of June 30, 2023	$ 19,879,186

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65% due to a change in the Municipal Bond Rate and changes in the healthcare cost trend rates.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

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

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

The following presents the total OPEB liability of the County, determined using the discount rate of 3.54%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54 percent) or 1-percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 22,913,614	$ 19,879,186	$ 17,402,310

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

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

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 22,913,614	$ 19,879,186	$ 17,402,310

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)

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

For the year ended June 30, 2024, the County recognized OPEB revenue of $753,073. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 99,778	$ 9,262,739
Change of assumptions	3,331,433	3,107,669
County benefit payments and plan administrative expenses made subsequent to the measurement date	524,413	-
Total governmental activities	$ 3,955,624	$ 12,370,408

$524,413 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, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2025	$ (1,792,180)
2026	(1,802,438)
2027	(2,227,896)
2028	(2,848,378)
2029	(263,648)
Thereafter	(4,657)

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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

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 $854,553; $817,403 has been incurred as of June 30, 2024 and the remaining $37,150 is reported as liability within the Solid Waste Management Fund at June 30, 2024. 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.

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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

K. Deferred Outflows and Inflows of Resources

Following are the deferred inflows of resources that are reported in the government-wide financial statements at June 30,

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	$ 1,746,061	$ 37,590
Register of Deeds	-	3,375
LEOSSA	434,909	172,152
OPEB	99,778	9,262,739
Changes of Assumptions		
LGERS	665,869	-
Register of Deeds	-	-
LEOSSA	298,322	271,706
OPEB	3,331,433	3,107,669
Pensions - difference between projected and actual investment		
LGERS	4,193,878	2,227
Register of Deeds	38,727	12,611
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	256,810	-
Register of Deeds	-	-
Contributions to pension plan in current fiscal year		
LGERS	3,295,024	-
Register of Deeds	5,582	-
Benefit payments/administration costs paid		
LEOSSA	77,810	-
OPEB	524,413	-
Deferred charges on refunding	34,590	-
Leases (General)	-	694,294
Prepaid taxes (General)	-	318,052
Government-wide deferred outflows and inflows	$ 15,003,206	$ 13,882,415

Following are the deferred inflows of resources that are reported in the governmental fund financial statements at June 30, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Leases (General)	$ -	$ 694,294
Prepaid taxes (General)	-	318,052
Taxes receivable, net (General)	-	637,310
Other receivables (General)	-	10,876
Restricted Opioid settlement receivables, net (Special Revenue)	-	5,315,618
Governmental Funds deferred outflows and inflows	$ -	$ 6,976,150

III. DETAIL NOTES ON ALL FUNDS (Continued)

L. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of $2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of $250,000 per occurrence; and workers' compensation coverage up to the statutory limits. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of $750,000, 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. The County provides employee health benefits through a self-insured plan provided by BCBSNC. Claims are administered and paid directly from the plan by BCBSNC. Specific stop-loss is set at $150,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of $3,601,468 and a contract period maximum of $4,001,631.

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 is bonded for $1,000,000. The Tax Collector is bonded for $100,000.

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

M. Long-Term Obligations

1. Leases

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

The County's leases payable at June 30, 2024, are comprised of the following individual leases:

On July 1, 2021, the County entered into a 26-month lease as Lessee for the use of a postage meter. An initial lease liability was recorded in the amount of $1,810. As of June 30, 2024, the value of the lease liability is $0. Lee County is required to make quarterly fixed payments of $228. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2024 of $1,810 with accumulated amortization of $1,810 was disposed from the Capital Asset schedules.

On September 1, 2021, the County entered into a 48-month lease as Lessee for the use of computer equipment. An initial lease liability was recorded in the amount of $13,944. As of June 30, 2024, the value of the lease liability is $3,167. The County is required to make annual fixed payments of $3,193. The lease has an interest rate of 0.8300%. The value of the right to use asset as of June 30, 2024 of $13,944 with accumulated amortization of $6,391 is included with Computer Equipment on the Lease Class activities table found below.

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

1. Leases (Continued)

On July 1, 2022, the County entered into a 55-month lease as Lessee for the use of a postage meter. An initial lease liability was recorded in the amount of $20,459. As of June 30, 2024, the value of the lease liability is $3,167. The County is required to make quarterly fixed payments of $1,164. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2024 of $20,459 with accumulated amortization of $13,311 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the County entered into a 55-month lease as Lessee for the use of a postage meter. An initial lease liability was recorded in the amount of $4,316. As of June 30, 2024, the value of the lease liability is $1,459. The County is required to make quarterly fixed payments of $245. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2024 of $4,316 with accumulated amortization of $2,808 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the County entered into a 55-month lease as Lessee for the use of multifunction copiers. An initial lease liability was recorded in the amount of $413,836. As of June 30, 2024, the value of the lease liability is $145,199. The County is required to make monthly fixed payments of $7,710. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2024 of $413,836 with accumulated amortization of $267,470 is included with Equipment on the Lease Class activities table found below.

On November 7, 2022, the County entered into a 60-month lease as Lessee for the use of a postage meter. An initial lease liability was recorded in the amount of $9,598. As of June 30, 2024, the value of the lease liability is $6,261. The County is required to make monthly fixed payments of $486. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2024 of $9,598 with accumulated amortization of $3,167 is included with Equipment on the Lease Class activities table found below.

On 10/01/2023, the County entered into a 60 month lease as Lessee for the use of Pitney Bowes - Elections. An initial lease liability was recorded in the amount of $17,840. As of 06/30/2024, the value of the lease liability is $15,261. The County is required to make quarterly fixed payments of $952. The lease has an interest rate of 2.6560%. The value of the right to use asset as of 06/30/2024 of $17,840 with accumulated amortization of $2,676 is included with Equipment on the Lease Class activities table found below.

Amount of Lease Assets by Major Classes of Underlying Assets

	As of June 30, 2024	
Asset Class	Lease Asset	Accumulated Amortization
Computer equipment	$ 13,944	$ 9,591
Equipment	466,049	289,432
Total Leases	$ 479,993	$ 299,023

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

1. Leases (Continued)

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

	Governmental Activities		
Year Ending June 30	Principal Payments	Interest Payments	Total Payments
2025	$ 105,511	$ 1,587	$ 107,098
2026	62,040	499	62,539
2027	5,560	193	5,753
2028	4,207	88	4,295
2029	947	6	953
	$ 178,265	$ 2,373	$ 180,638

2. 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, 2024 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%	$ 14,950,000
2023 Parks & Rec Multi-Sports Complex Bonds due in annual installments of $1,250,000 beginning October 1, 2024 through October 1, 2043 plus interest at 4.00% to 5.00%.	25,000,000
Total General Obligation Bonds	$ 39,950,000

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, 2023 for which the County held no collateral totaled $14,950,000.

At June 30, 2024, the County has bonds authorized but unissued of $0.

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

Year Ending June 30,	Principal	Interest
2025	$ 2,400,000	$ 1,662,688
2026	2,400,000	1,542,688
2027	2,400,000	1,422,688
2028	2,400,000	1,302,688
2029	2,400,000	1,205,688
2030-2034	12,000,000	4,573,438
2035-2039	9,700,000	2,186,313
2040-2044	6,250,000	625,000
Total	$ 39,950,000	$ 14,521,191

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

3. Limited Obligation Bonds

The County's Limited Obligation Bonds consisted of the following at June 30, 2024:

$30,095,000 Limited obligation bonds, Series 2018 issued May 2018; interest ranging from 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.	$ 23,345,000
$7,619,000 Limited obligation bonds, Series 2023 issued May 2023; interest at 4.09%; due serially to 2043. Maturities ranges from $380,000 to $381,000. Proceeds used to refinance an existing Installment Financing Agreement for acquisition of property and existing facilities to be used by Central Carolina Community College as well as to pay for costs of additional improvements including a new Truck Driver Training Facility and pay certain financing costs incurred; collateralized by real estate.	7,238,000
$14,565,000 Limited obligation bonds, Series 2023B issued October 2023; interest ranging from 5.0 - 5.25%; due serially to 2043. Maturities ranges from $725,000 to $730,000. Proceeds used to build a multi-sports complex. The bonds are collateralized by real estate.	14,565,000
Total Limited Obligation Bonds	$ 45,148,000

The County's outstanding limited obligation bonds related to governmental activities of $45,148,000 is secured by real estate. The loan contains provisions that an event of default could (a) declare all payments under the Trust Agreement immediately due and payable (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof (c) exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition , after deducting all cost and expenses, including court costs and attorneys' fees incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and , thereafter, shall pay any remaining proceeds to the County (d) direct the Deed of Trust trustee to institute foreclosure proceedings and sell the property.

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

Year Ending June 30,	Principal	Interest
2025	$ 2,236,000	$ 2,024,209
2026	2,811,000	1,916,001
2027	2,816,000	1,777,881
2028	2,821,000	1,638,724
2029	2,821,000	1,499,316
2030-2034	14,105,000	5,528,733
2035-2039	12,390,000	2,553,122
2040-2044	5,148,000	621,478
Total	$ 45,148,000	$ 17,559,464

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

4. Subscriptions

The County has entered into agreements to lease certain Subscription-Based Information Technology Arrangements (Subscriptions). The agreements qualify as other than short-term arrangements under GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The commitments, stated below, are for a subscription that has a commencement date subsequent to the reporting date:

On 07/01/2022, the County entered into a 30 month subscription for the use of Carolina Advanced Digital. An initial subscription liability was recorded in the amount of $1,291. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $681. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2024 of $1,291 with accumulated amortization of $1,033 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 07/01/2022, the County entered into a 12 month subscription for the use of Information - Data Sheets Application. An initial subscription liability was recorded in the amount of $15,699. As of 06/30/2024, the value of the subscription liability is $7,977. the County is required to make monthly fixed payments of $3,823. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $15,699 with accumulated amortization of $7,850 is included with IT subscriptions on the Capital Asset table above. the County has 1 extension option(s), each for 12 months.

On 07/01/2022, the County entered into a 36 month subscription for the use of Davenport- Software. An initial subscription liability was recorded in the amount of $92,092. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $31,363. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of $92,092 with accumulated amortization of $61,395 is included with IT subscriptions on the Capital Asset table above.

On 07/01/2022, the County entered into a 24 month subscription for the use of Stanley # 208019. An initial subscription liability was recorded in the amount of $20,589. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make monthly fixed payments of $1,820. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $20,589 with accumulated amortization of $20,589 was disposed from IT subscriptions on the Capital Asset table above.

On 07/01/2022, the County entered into a 40 month subscription for the use of Revize - Software. An initial subscription liability was recorded in the amount of $28,835. As of 06/30/2024, the value of the subscription liability is $9,688. the County is required to make annual fixed payments of $9,900. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of $28,835 with accumulated amortization of $17,102 is included with IT subscriptions on the Capital Asset table above.

On 07/01/2022, the County entered into a 24 month subscription for the use of PSA - CareWorks. An initial subscription liability was recorded in the amount of $11,907. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make monthly fixed payments of $1,000. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $983 with accumulated amortization of $983 was disposed from IT subscriptions on the Capital Asset table above.

On 07/01/2022, the County entered into a 26 month subscription for the use of Onsolve - Software. An initial subscription liability was recorded in the amount of $16,783. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $8,500. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $16,783 with accumulated amortization of $15,105 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option, each for 12 months.

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

4. Subscriptions (Continued)

On 07/01/2022, the County entered into a 24 month subscription for the use of Granicus - Software. An initial subscription liability was recorded in the amount of $17,559. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $9,068. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of $18,281 with accumulated amortization of $18,281 was disposed from IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 07/01/2022, the County entered into a 72 month subscription for the use of Election Systems - Software. An initial subscription liability was recorded in the amount of $61,417. As of 06/30/2024, the value of the subscription liability is $30,960. the County is required to make annual fixed payments of $10,675. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $61,417 with accumulated amortization of $20,472 is included with IT subscriptions on the Capital Asset table above. The County has 5 extension option(s), each for 12 months.

On 07/01/2022, the County entered into a 35 month subscription for the use of DebtBook - Audit Software. An initial subscription liability was recorded in the amount of $14,523. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $7,500. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of $14,523 with accumulated amortization of $9,959 is included with IT subscriptions on the Capital Asset table above.

On 07/01/2022, the County entered into a 24 month subscription for the use of CureMD - EHR Software. An initial subscription liability was recorded in the amount of $24,203. As of 06/30/2024, the value of the subscription liability is $11,999. the County is required to make annual fixed payments of $12,204. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $24,203 with accumulated amortization of $24,203 was disposed from IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 11/01/2022, the County entered into a 24 month subscription for the use of Tyler MUNIS Tax. An initial subscription liability was recorded in the amount of $192,863. As of 06/30/2024, the value of the subscription liability is $66,507. The County is required to make quarterly fixed payments of $33,723. The subscription has an interest rate of 3.7540%. The value of the right to use asset as of 06/30/2024 of $192,863 with accumulated amortization of $160,719 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 09/05/2022, the County entered into a 24 month subscription for the use of Tyler MUNIS Finance. An initial subscription liability was recorded in the amount of $229,440. As of 06/30/2024, the value of the subscription liability is $78,214. the County is required to make annual fixed payments of $75,842. The subscription has an interest rate of 3.754%. The value of the right to use asset as of 06/30/2024 of $229,440 with accumulated amortization of $208,467 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 02/15/2023, the County entered into a 36 month subscription for the use of GoDaddy # 2472890013. An initial subscription liability was recorded in the amount of $614. As of 06/30/2024, the value of the subscription liability is $205. The County is required to make annual fixed payments of $210. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 06/30/2024 of $614 with accumulated amortization of $282 is included with IT subscriptions on the Capital Asset table above.

On 08/01/2022, the County entered into a 24 month subscription for the use of Central Security - Galaxy Software. An initial subscription liability was recorded in the amount of $1,231. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $642. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $1,231 with accumulated amortization of $1,180 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

4. Subscriptions (Continued)

On 02/19/2023, the County entered into a 24 month subscription for the use of Adobe - Creative Cloud - Admin. An initial subscription liability was recorded in the amount of $1,183. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $600. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $1,183 with accumulated amortization of $808 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 02/01/2023, the County entered into a 24 month subscription for the use of Encore - Software. An initial subscription liability was recorded in the amount of $25,832. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $13,510. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $13,106 with accumulated amortization of $9,284 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 01/10/2023, the County entered into a 72 month subscription for the use of Vessel Valuation System. An initial subscription liability was recorded in the amount of $7,009. As of 06/30/2024, the value of the subscription liability is $4,675. the County is required to make annual fixed payments of $1,255. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $7,009 with accumulated amortization of $1,723 is included with IT subscriptions on the Capital Asset table above. The County has 5 extension option(s), each for 12 months.

On 09/22/2022, the County entered into a 36 month subscription for the use of Spatialest - Software. An initial subscription liability was recorded in the amount of $37,438. As of 06/30/2024, the value of the subscription liability is $12,477. the County is required to make annual fixed payments of $12,750. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of $42,438 with accumulated amortization of $25,109 is included with IT subscriptions on the Capital Asset table above.

On 03/21/2023, the County entered into a 24 month subscription for the use of Adobe - Third Party. An initial subscription liability was recorded in the amount of $12,054. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $6,113. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $12,054 with accumulated amortization of $7,701 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 10/01/2022, the County entered into a 36 month subscription for the use of LiftOff - Software. An initial subscription liability was recorded in the amount of $716,319. As of 06/30/2024, the value of the subscription liability is $358,076. The County is required to make annual fixed payments of $184,924. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of $716,319 with accumulated amortization of $409,883 is included with IT subscriptions on the Capital Asset table above.

On 03/18/2023, the County entered into a 24 month subscription for the use of Faronics # 00223038. An initial subscription liability was recorded in the amount of $3,831. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $1,943. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $3,831 with accumulated amortization of $2,463 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 12/22/2022, the County entered into a 24 month subscription for the use of ESRI # 26106442. An initial subscription liability was recorded in the amount of $3,509. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $1,796. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2024 of $3,509 with accumulated amortization of $2,676 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

4. Subscriptions (Continued)

On 11/28/2022, the County entered into a 24 month subscription for the use of Cellebrite. An initial subscription liability was recorded in the amount of $15,128. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $7,945. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2024 of $15,178 with accumulated amortization of $12,079 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 08/02/2022, the County entered into a 24 month subscription for the use of CDW - Trend Micro. An initial subscription liability was recorded in the amount of $8,010. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $4,177. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $8,010 with accumulated amortization of $7,666 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 08/02/2022, the County entered into a 24 month subscription for the use of CDW KnowBe4. An initial subscription liability was recorded in the amount of $9,005. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $4,541. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $9,005 with accumulated amortization of $8,617 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 08/04/2022, the County entered into a 24 month subscription for the use of CAVS - Software. An initial subscription liability was recorded in the amount of $5,940. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $2,995. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $5,940 with accumulated amortization of $5,667 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 02/15/2023, the County entered into a 24 month subscription for the use of Canva - Software. An initial subscription liability was recorded in the amount of $237. As of 06/30/2024, the value of the subscription liability is $117. The County is required to make annual fixed payments of $120. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $237 with accumulated amortization of $163 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 02/20/2023, the County entered into a 24 month subscription for the use of CalTopo - Software. An initial subscription liability was recorded in the amount of $3,944. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $2,000. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $3,944 with accumulated amortization of $2,689 is included with IT subscriptions on the Capital Asset table above. the County has 1 extension option(s), each for 12 months.

On 02/01/2023, the County entered into a 72 month subscription for the use of Axon - Body Cameras. An initial subscription liability was recorded in the amount of $82,964. As of 06/30/2024, the value of the subscription liability is $55,272. the County is required to make annual fixed payments of $14,832. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $82,964 with accumulated amortization of $19,589 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 60 months.

On 08/01/2022, the County entered into a 24 month subscription for the use of Atcom. An initial subscription liability was recorded in the amount of $3,232. As of 06/30/2024, the value of the subscription liability is $1,657. the County is required to make annual fixed payments of $0. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $3,232 with accumulated amortization of $3,097 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

4. Subscriptions (Continued)

On 08/30/2022, the County entered into a 24 month subscription for the use of Jury - Software. An initial subscription liability was recorded in the amount of $7,171. As of 06/30/2024, the value of the subscription liability is $0. the County is required to make annual fixed payments of $3,616. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $7,171 with accumulated amortization of $7,687 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 12/10/2022, the County entered into a 24 month subscription for the use of Govos - Velosimo Master. An initial subscription liability was recorded in the amount of $17,873. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $9,075. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2024 of $17,873 with accumulated amortization of $13,926 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 09/28/2022, the County entered into a 24 month subscription for the use of Kronos # 6082618. An initial subscription liability was recorded in the amount of $43,265. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $22,880. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $43,265 with accumulated amortization of $38,037 is included with IT subscriptions on the Capital Asset table above. The County has 1 extension option(s), each for 12 months.

On 09/29/2022, the County entered into a 48 month subscription for the use of Laserfiche - Software. An initial subscription liability was recorded in the amount of $40,933. As of 06/30/2024, the value of the subscription liability is $28,194. The County is required to make annual fixed payments of $14,460. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2024 of $40,933 with accumulated amortization of $17,965 is included with IT subscriptions on the Capital Asset table above. The County has 3 extension option(s), each for 12 months.

On 02/01/2023, the County entered into a 18 month subscription for the use of ZOHO - Software. An initial subscription liability was recorded in the amount of $54,274. As of 06/30/2024, the value of the subscription liability is $0. The County is required to make annual fixed payments of $27,869. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2024 of $54,274 with accumulated amortization of $51,258 is included with IT subscriptions on the Capital Asset table above.

On 09/07/2023, the County entered into a 36 month subscription for the use of ESRI #16038-GIS. An initial subscription liability was recorded in the amount of $156,065. As of 06/30/2024, the value of the subscription liability is $95,955. The County is required to make annual fixed payments of $32,000. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2024 of $156,065 with accumulated amortization of $42,484 is included with IT subscriptions on the Capital Asset table above.

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

	Governmental Activities		
Year Ending June 30	Principal Payments	Interest Payments	Total Payments
2025	$ 414,564	$ 19,387	$ 433,951
2026	227,025	8,887	235,912
2027	80,485	2,976	83,461
2028	26,130	632	26,762
	$ 748,204	$ 31,882	$ 780,086

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

5. 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.

Other long-term debt payables by the County at June 30, 2024 is comprised of the following individual issues:

Serviced by the General Fund:
Direct Placement Debt:

$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.	$	8,680,000
$6,678,064 Qualified School Construction Bonds (QSCB) issued May 2010; due serially beginning in 2020 and ending in 2025 with interest at 6.40%; collateralized by real estate including a school building; the QSCB permits a subsidy to the County at 5.43%. Due to federal government sequestration, the amount of interest credit received has been reduced by 6.2%.		2,277,064
$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.		4,950,000
$3,625,000 Installment financing agreement, issued in June 2022; interest at 0.00%, due monthly until 2026; collateralized by real estate. Proceeds used to purchase real estate.		1,812,500
Total Direct Placement	$	17,719,564

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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

5. Other Long-Term Obligations (Continued)

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

Year Ending June 30,	Principal	Interest
2025	$ 6,293,314	$ 348,617
2026	3,926,250	154,401
2027	2,950,000	107,490
2028	2,900,000	61,806
2029	825,000	-
2030-2034	825,000	-
Total	$ 17,719,564	$ 672,314

6. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term debt for the year ended June 30, 2024:

	Balance July 30, 2023	Additions	Retirements	Balance June 30, 2024	Current portion of balance
Governmental Activities					
General obligation debt	$ 16,100,000	$ 25,000,000	$ 1,150,000	$ 39,950,000	$ 2,400,000
Plus: Premium on issuance	1,184,598	-	84,614	1,099,984	84,614
Total general obligation bonds payable	17,284,598	25,000,000	1,234,614	41,049,984	2,484,614
Limited obligation bonds	32,089,000	14,565,000	1,506,000	45,148,000	2,236,000
Plus: Premium on issuance	2,337,849	2,436,657	247,233	4,527,273	277,689
Total limited obligation bonds payable	34,426,849	17,001,657	1,753,233	49,675,273	2,513,689
Direct placement obligations	24,471,814	-	6,752,250	17,719,564	6,293,314
Lease liabilities	264,683	17,840	104,258	178,265	105,511
IT Subscription liabilities	1,383,568	156,065	791,429	748,204	414,564
Net pension liability (LGERS)	13,296,039	2,188,687	-	15,484,726	-
Total pension liability (LEOSSA)	1,965,674	562,786	-	2,528,460	135,813
Total OPEB liability	19,279,755	382,748	-	19,662,503	518,697
Compensated absences	2,475,538	2,833,274	2,623,570	2,685,242	2,000,000
Total Governmental activities	$ 114,848,518	$ 48,143,057	$ 13,259,354	$ 149,732,221	$ 14,466,202
Business-type activities					
Net Pension liability (LGERS)	$ 158,764	$ 26,135	$ -	$ 184,899	$ -
Total OPEB liability	212,464	4,218	-	216,682	-
Compensated absences	11,779	18,782	13,664	16,897	10,000
Total business-type activities	$ 383,007	$ 49,135	$ 13,664	$ 418,478	$ 10,000

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, 2024, Lee County has a legal debt margin of $641,955,294.

III. DETAIL NOTES ON ALL FUNDS (Continued)

N. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	$ 70,126,373	$ 896,620
Total debt	109,371,290	-
Debt not related to capital assets	(52,712,851)	-
Unamortized premium not related to capital assets	(2,949,419)	
Capital related unspent debt proceeds	(25,752,358)	-
Unamortized asset related to capital assets	(34,590)	-
Retainage Payable	531,992	-
Total capital debt	28,454,064	-
Net investment in capital assets	$ 41,672,309	$ 896,620

O. Fund Balance

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

Total fund balance – General Fund (Exhibit 3)	$ 49,159,774
Less:	
Nonspendable for Leases	1,724
Restricted for Stabilization by State Statute	11,082,039
Restricted for Register of Deeds	420,637
Committed for Public Safety	437,201
Committed for Human Services	999,008
Committed for LEO Special Separation Allowance	4,732
Assigned for Subsequent year's expenditures	6,704,208
Working Capital/Fund Balance Policy	29,510,225
Remaining Fund Balance	$ -

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 24% of budgeted expenditures. The County's financial policy also directs management to strive to reach an available fund balance level of 32% of budgeted expenditures. Amounts in excess of that will be transferred to a capital reserve fund to provide equity resources to fund the County's capital improvement plan.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances in the governmental funds at June 30, 2024 were as follows:

General Fund	$ 641,294
American Rescue Plan Fund	-
Multi-Sports Complex Fund	18,338,621
Non-major Governmental Funds	1,785,288
Solid Waste Management Fund	-

III. DETAIL NOTES ON ALL FUNDS (Continued)

P. Joint Ventures

The County, in conjunction with eight other county governments (Bladen, Brunswick, Columbus, Hoke, Moore, New Hanover, Robeson and Scotland), participates in the Southern Region of Trillium Health Resources ("Trillium"), effective January 1, 2024. Trillium provides services to residents of each of the participating counties who are in need of assistance for mental health issues, developmental disabilities, or alcohol or drug-related problems. The County formerly partnered with The Sandhills Center until December 31, 2023 for these services. Each participating government appoints two members to the Region's Advisory Board, one of which must be a commissioner of such county. Members of the three Regional Advisory Boards form the Trillium Governing Board. In fiscal year 2023-24, the County appropriated $240,000 to the operation of Trillium. In fiscal year 2024-25, the County has also budgeted appropriations of $240,000.

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, 2024. 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 June 5, 2019, the County's Revolving Loan Fund loaned the Airport Authority $400,000 which was repaid in full this fiscal year. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2024. Complete financial statements for the Airport can be obtained from 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 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 $4,558,892 to the community college for operating purposes and $110,000 for capital outlay purposes during the fiscal year ended June 30, 2024. 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, 2024. 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 $355,970 to the Partnership during the fiscal year ended June 30, 2024. 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, 2024. Financial reports for the Corporation can be obtained from the Corporation's administrative office at 115 Chatham Street, Sanford, NC 27330.

III. DETAIL NOTES ON ALL FUNDS (Continued)

Q. Jointly Governed Organization

The County, in conjunction with six other counties and forty municipalities established the Central Pines Regional 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 $13,129 to the Council during the fiscal year ended June 30, 2024.

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2024, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for funding of debt service of school capital outlay.

S. 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, 2024. The original issue amount of such bonds totaled $15,650,000. The amount of conduit debt outstanding at June 30, 2024 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, 2024 are summarized below:

From the General Fund to:	
The Capital Projects Outlay Fund to accumulate resources for future capital projects.	$ 2,283,719
The Horton Park Improvement Fund to fund the Park Improvements.	344,349
Total transfers out from the General Fund	2,628,068
From nonmajor governmental funds to:	
The General Fund from the Fire Districts Fund to cover Fire Marshal operating expenses.	465,600
The General Fund from the Park Improvement Funds to return unused funding.	1,105,500
The Historic Courthouse Repairs Fund from the Courthouse Complex Renovations Fund to cover project expenses.	314,500
The Historic Courthouse Repairs Fund from the Park Improvements Fund to cover project expenses.	40,128
The Historic Courthouse Repairs Fund from the LCGC Renovations Fund to cover project expenses.	31,858
The Historic Courthouse Repairs Fund from the Bob Hales Recreation Center Fund to cover project expenses.	153,839
Total transfers out from nonmajor governmental funds	2,111,425
Total	$ 4,739,493

III. DETAIL NOTES ON ALL FUNDS (Continued)

T. Interfund Balances and Activity (Continued)

Interfund balances at June 30, 2024 are summarized below:

Due from the OT Sloan Accessibility Project Fund to the General Fund to cover deficit cash balances until loan proceeds are received for the project.	$	64,600
Due from the CCCC Library Fund to the General Fund to cover deficit cash balance until loan proceeds are received for the project.		752,701
Total	$	817,301

IV. Summary Disclosure of Significant Contingencies

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 monies to grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

V. Significant Effects of Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 5, 2024, the date the financial statements were available to be issued. Since fiscal year ended June 30, 2024, the County has issued a Limited Obligation Bonds for $26,630,000. This is in relation to the new Library project and the VIPER radio system.

VI. Restatement of Beginning Balances

Correction of an Error in Previously Issued Financial Statements

The County identified Subscriptions that were not included in prior year schedules that should have been, and changed the terms of other agreements. Additionally, a building lease was terminated in 2023 that was not removed from the lease schedules. These changes resulted in a net decrease in net position of governmental activities in the government-wide statements of $152,038.

Beginning balances in Capital Asset and Debt Schedules above were adjusted as follows:

Right to Use Assets - IT Subscriptions	300,633
Accumulated Amortization - IT Subscriptions	100,788
Subscription Liabilities	351,883
Right to Use Assets - Leased Building	(149,226)
Accumulated Amortization - Leased Building	(62,178)
Lease Liability	(87,049)

VI. Restatement of Beginning Balances (Continued)

Change in Accounting Principle

In the prior fiscal year, the County received money from the Opioid Settlement. At that time the appropriate accounting and financial reporting guidance was thought to be that for government-mandated and voluntary nonexchange transactions. As such revenue recognition could only occur when all eligibility requirements were met. The incurrence of qualifying expenditures was among the eligibility requirements. The County did not incur any qualifying expenditures during FY23. Accordingly, no revenue was recognized. See Note I.D Opioid Settlement Funds for further discussion of this nationwide settlement.

During FY24 the conclusion for the appropriate accounting and financial reporting guidance evolved. Instead of a single approach being applicable to the activity, there was realization that the approach needed to be more nuanced. Based on the facts and circumstances of the different distribution methods of the funds, It was determined that the appropriate guidance is either that for exchange and exchange-like transactions or that for government-mandated or voluntary nonexchange transactions.

After reviewing the method through which the County received the resources it was determined that the activity should have followed the guidance for exchange and exchange-like transactions. As a result, it was necessary for the County to record prior period adjustments in FY24 for a change in accounting principle.

As an exchange/exchange-like transaction the County should have recognized revenue when they obtained a legal claim to the resources. For the opioid settlement the County obtains a claim to the resources on an accrual basis as settlements are finalized. On the modified accrual basis of accounting the resources must also be measurable and available for revenue recognition to occur.

In the prior years, the County received a cash payment of $545,307. This amount qualified for revenue recognition on both an accrual and modified accrual basis of accounting. It was also necessary to determine if any additional revenue should have been recognized on an accrual basis in FY23. Given that settlements had reached $26 billion in FY23 it was necessary to determine the portion of that amount related to the County and recognize an additional prior period adjustment for that amount.

Following are the prior period adjustments for this change in accounting principle:

Accrual basis of accounting	Governmental Activities
Net position, beginning, as previously reported	$ (2,368,929)
Prior period adjustment - change in accounting principle - Revenue for cash received	545,307
Prior period adjustment - change in accounting principle - County's share of NC's Unpaid Aggregate Settlements thru FY 23, net of allowance for uncollectible accounts of $706,087	6,354,779
Net Position, beginning, as restated	$ 4,531,157

	Opioid Settlement - Major Special Revenue Fund	Total Governmental Funds
Fund balances, beginning, as previously reported	$ 13,241	$ 56,419,807
Prior period adjustment - change in accounting principle - Revenue for cash received that was measurable and available	545,307	545,307
Net Position, beginning, as restated	$ 558,548	$ 56,965,114

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REQUIRED SUPPLEMENTAL
FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles

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

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

	2024	2023	2022	2021	2020
County's portion of the net pension liability (asset)%	0.237%	0.239%	0.223%	0.223%	0.216%
County's proportionate share of the net pension liability (asset) $	$ 15,669,628	$ 13,454,806	$ 3,418,232	$ 7,955,876	$ 5,888,141
County's covered payroll	$ 20,622,621	$ 18,972,847	$ 17,540,667	$ 16,204,172	$ 15,571,189
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.98%	70.92%	19.49%	49.10%	37.81%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

	2019	2018	2017	2016	2015
County's portion of the net pension liability (asset)%	0.234%	0.239%	0.241%	0.235%	0.227%
County's proportionate share of the net pension liability (asset) $	$ 5,542,265	$ 3,654,008	$ 5,107,187	$ 1,056,641	$ (1,337,839)
County's covered payroll	$ 15,262,029	$ 15,515,091	$ 14,457,420	$ 14,309,148	$ 14,066,454
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.31%	23.55%	35.33%	7.38%	-9.51%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

* 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.

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

	2024	2023	2022	2021	2020
Contractually required contributions	$ 3,295,024	$ 2,546,264	$ 2,194,061	$ 1,814,636	$ 1,482,153
Contributions in relation to the contractually required contribution	3,295,024	2,546,264	2,194,061	1,814,636	1,482,153
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 25,023,106	$ 20,622,621	$ 18,972,847	$ 17,540,667	$ 16,204,172
Contributions as a percentage of covered payroll	13.17%	12.35%	11.56%	10.35%	9.15%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 1,238,234	$ 1,175,323	$ 972,446	$ 984,785	$ 986,078
Contributions in relation to the contractually required contribution	1,238,234	1,175,323	972,446	984,785	986,078
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 15,571,189	$ 15,262,029	$ 15,515,091	$ 14,457,420	$ 14,309,148
Contributions as a percentage of covered payroll	7.95%	7.70%	6.27%	6.81%	6.89%

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

	2024	2023	2022	2021	2020
County's portion of the net pension liability (asset)%	0.634%	0.562%	0.514%	0.533%	0.503%
County's proportionate share of the net pension liability (asset) $	$ (76,243)	$ (74,343)	$ (98,836)	$ (122,229)	$ (99,288)
Plan fiduciary net position as a percentage of the total pension liability	135.74%	139.04%	156.53%	173.62%	164.11%

	2019	2018	2017	2016	2015
County's portion of the net pension liability (asset)%	0.560%	0.563%	0.575%	0.560%	5.580%
County's proportionate share of the net pension liability (asset) $	$ (92,759)	$ (96,131)	$ (107,416)	$ (129,798)	$ (126,388)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%

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

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

	2024	2023	2022	2021	2020
Contractually required contributions	$ 5,582	$ 5,662	$ 6,437	$ 6,174	$ 4,780
Contributions in relation to the contractually required contribution	5,582	5,662	6,437	6,174	4,780
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -

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

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

	2024	2023	2022	2021
Beginning balance	$ 1,965,674	$ 2,356,514	$ 2,451,202	$ 1,553,067
Service cost	118,072	151,061	151,553	90,665
Interest on the total pension liability	81,794	51,552	46,928	50,086
Difference between expected and actuarial experience in the measurement of the total pension liability	441,660	(105,985)	(194,538)	99,635
Changes of assumptions and other inputs	57,073	(356,827)	(59,182)	691,093
Benefit payments	(135,813)	(130,641)	(39,449)	(33,344)
Ending balance of total pension liability	$ 2,528,460	$ 1,965,674	$ 2,356,514	$ 2,451,202

	2020	2019	2018	2017
Beginning balance	$ 1,236,257	$ 1,229,784	$ 1,162,685	$ 1,126,101
Service cost	71,208	77,156	66,874	73,931
Interest on the total pension liability	44,309	38,188	44,057	39,362
Difference between expected and actuarial experience in the measurement of the total pension liability	195,783	(14,670)	(82,551)	-
Changes of assumptions and other inputs	43,487	(51,591)	81,329	(29,641)
Benefit payments	(37,977)	(42,610)	(42,610)	(47,068)
Ending balance of total pension liability	$ 1,553,067	$ 1,236,257	$ 1,229,784	$ 1,162,685

*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 Eight Fiscal Years

	2024	2023	2022	2021
Total pension liability	$ 2,528,460	$ 1,965,674	$ 2,356,514	$ 2,451,202
Covered-employee payroll	4,265,688	3,777,806	3,602,749	3,488,744
Total pension liability as a percent of covered-employee payroll	59.27%	52.03%	65.41%	70.26%

	2020	2019	2018	2017
Total pension liability	$ 1,553,067	$ 1,236,257	$ 1,229,784	$ 1,162,685
Covered-employee payroll	2,999,985	3,024,428	3,023,824	3,120,864
Total pension liability as a percent of covered-employee payroll	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 Seven Fiscal Years

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 579,887	$ 988,531	$ 923,627	$ 741,974
Interest	701,936	780,474	750,605	970,894
Change in benefit terms	-	(412)	-	-
Difference between expected and actuarial experience	(99,868)	(13,103,872)	(44,489)	(927,580)
Changes of assumptions and other inputs	(303,903)	(3,990,049)	1,106,970	5,872,981
Benefit payments and implicit subsidy credit	(491,086)	(650,503)	(614,760)	(614,768)
Other changes	-	-	-	-
Net change in Total OPEB Liability	386,966	(15,975,831)	2,121,953	6,043,501
Total OPEB Liability - beginning	19,492,220	35,468,051	33,346,098	27,302,597
Total OPEB Liability - ending	$ 19,879,186	$ 19,492,220	$ 35,468,051	$ 33,346,098
Covered-employee payroll	$ 17,602,578	$ 17,602,578	$ 18,266,015	$ 18,266,015
Total OPEB Liability as a percentage of covered-employee payroll	112.93%	110.74%	194.18%	182.56%
Discount Rate	3.65%	3.54%	2.16%	2.21%

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 666,991	$ 725,500	$ 822,631
Interest	944,626	855,885	768,590
Change in benefit terms	-	-	-
Difference between expected and actuarial experience	(1,786)	1,020,790	(64,367)
Changes of assumptions and other inputs	1,691,664	(1,825,815)	(2,526,601)
Benefit payments and implicit subsidy credit	(559,368)	(510,744)	(476,378)
Other changes	-	-	-
Net change in Total OPEB Liability	2,742,127	265,616	(1,476,125)
Total OPEB Liability - beginning	24,560,470	24,294,854	25,770,979
Total OPEB Liability - ending	$ 27,302,597	$ 24,560,470	$ 24,294,854
Covered-employee payroll	$ 15,344,599	$ 15,344,599	$ 14,692,143
Total OPEB Liability as a percentage of covered-employee payroll	177.93%	160.06%	165.36%
Discount Rate	3.50%	3.89%	3.56%

Notes to schedule:

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

There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

Change of Assumptions. Change of assumptions and other inputs reflect the effects of changes in the discount rate of each period. Discount rates are listed under each respective year above.

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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MAJOR GOVERNMENTAL FUNDS

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.

OPIOID SETTLEMENT FUND

Accounts for the funds received by the County per North Carolina's Memorandum of Agreement between the state and local governments for the nationwide settlement related to multiple opioid lawsuits.

AMERICAN RESCUE PLAN FUND

Accounts for the funds received by the County through the Federal American Rescue Plan Act (ARPA).

MULTI-SPORTS COMPLEX PROJECT FUND

The Multi-Sports Complex Project Fund accounts for the costs associated with the development and construction of a multi-sports complex.

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LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	$ 57,460,237	$ 61,580,695	$ 4,120,458
Interest	150,000	246,841	96,841
	57,610,237	61,827,536	4,217,299
Local option sales taxes:			
Article 39 and 44	11,545,151	9,492,939	(2,052,212)
Article 40 one-half of one percent	3,788,801	3,662,614	(126,187)
Article 42 one-half of one percent	7,036,344	6,783,488	(252,856)
Article 46 one-quarter of one percent	3,349,555	3,313,781	(35,774)
Medicaid hold harmless	1,500,000	521,818	(978,182)
	27,219,851	23,774,640	(3,445,211)
Other taxes and licenses:			
Deed stamp excise tax	400,000	603,502	203,502
Privilege licenses	4,000	4,543	543
Rental vehicle tax	130,000	149,189	19,189
Cable TV franchise tax	180,000	169,697	(10,303)
	714,000	926,931	212,931
Unrestricted intergovernmental:			
Beer and wine tax	63,000	76,821	13,821
Federal bond interest subsidy	222,797	212,199	(10,598)
	285,797	289,020	3,223
Restricted intergovernmental:			
Federal and state grants	11,065,014	9,514,802	(1,550,212)
Court facility fees	47,000	57,849	10,849
ABC bottles taxes	27,000	26,512	(488)
Public School Building Capital Fund-Lottery	685,000	739,886	54,886
	11,824,014	10,339,049	(1,484,965)
Permits and fees:			
Register of Deeds	332,856	322,408	(10,448)
	332,856	322,408	(10,448)
Sales and services:			
Rents, concessions, and fees	756,744	812,538	55,794
Jail fees	127,500	160,685	33,185
Vehicle tax collection fees	80,000	90,830	10,830
Health department fees	1,061,669	983,035	(78,634)
Other sales and services	2,012,768	1,670,643	(342,125)
	4,038,681	3,717,731	(320,950)
Investment earnings	500,000	1,646,675	1,146,675
Miscellaneous	909,194	918,232	9,038
Total revenues	103,434,630	103,762,222	327,592

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	137,953	136,937	1,016
Operating expenditures	107,819	65,144	42,675
	245,772	202,081	43,691
Administration:			
Salaries and employee benefits	915,583	915,293	290
Operating expenditures	123,524	61,479	62,045
Capital outlay	1,800	1,678	122
	1,040,907	978,450	62,457
Human resources:			
Salaries and employee benefits	706,890	635,988	70,902
Operating expenditures	269,128	192,532	76,596
	976,018	828,520	147,498
Finance:			
Salaries and employee benefits	646,461	566,046	80,415
Operating expenditures	79,604	47,799	31,805
Professional services	91,000	72,348	18,652
Capital outlay	24,051	20,046	4,005
	841,116	706,239	134,877
Internal Services:			
Operating expenditures	592,677	541,782	50,895
	592,677	541,782	50,895
Tax appraisal:			
Salaries and employee benefits	553,127	532,436	20,691
Operating expenditures	42,632	12,377	30,255
Contracted services	82,990	56,065	26,925
	678,749	600,878	77,871
Tax collections:			
Salaries and employee benefits	617,123	498,152	118,971
Operating expenditures	144,355	103,334	41,021
Contracted services	344,267	258,183	86,084
Capital outlay	5,679	2,954	2,725
	1,111,424	862,623	248,801
Tax listing:			
Salaries and employee benefits	389,053	364,929	24,124
Operating expenditures	57,478	25,857	31,621
Professional services	51,715	49,980	1,735
	498,246	440,766	57,480

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Strategic Services:			
Salaries and employee benefits	605,495	590,553	14,942
Operating expenditures	6,771	4,950	1,821
Capital Outlay	156,065	156,065	-
	768,331	751,568	16,763
County Attorney:			
Salaries and employee benefits	872,165	812,098	60,067
Operating expenditures	598,637	89,364	509,273
	1,500,802	929,028	571,774
Court facilities:			
Operating expenditures	10,365	6,244	4,121
Capital outlay	3,587	-	3,587
	13,952	6,244	7,708
Elections:			
Salaries and employee benefits	437,110	394,578	42,532
Operating expenditures	436,897	304,737	132,160
Capital outlay	108,602	20,498	88,104
	982,609	719,813	262,796
Register of deeds:			
Salaries and employee benefits	477,383	439,813	37,570
Operating expenditures	83,439	69,894	13,545
	560,822	509,707	51,115
Information technology:			
Salaries and employee benefits	884,059	866,004	18,055
Operating expenditures	614,169	364,757	249,412
Capital outlay	152,048	117,172	34,876
	1,650,276	1,347,933	302,343
Information technology - PEG channel:			
Operating expenditures	4,892	3,764	1,128
	11,492	10,364	1,128
Buildings and grounds:			
Salaries and employee benefits	3,168,123	2,793,623	374,500
Operating expenditures	1,628,932	1,318,572	310,360
Capital outlay	2,191,129	562,393	1,628,736
	6,988,184	4,674,588	2,313,596
Buggy Building:			
Operating expenditures	140,322	89,651	50,671
	140,322	89,651	50,671
Total general government	18,601,699	14,200,235	4,401,464

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff:			
Salaries and employee benefits	6,726,459	6,389,781	336,678
Operating expenditures	1,238,145	1,165,914	72,231
Capital outlay	905,266	901,404	3,862
Justice Grant	7,782	7,777	5
	8,877,652	8,464,876	412,776
Animal Control Enforcement:			
Salaries and employee benefits	347,806	338,700	9,106
Operating expenditures	91,203	65,631	25,572
Capital outlay	61,721	59,722	1,999
	500,730	464,053	36,677
School Resource Officers:			
Salaries and employee benefits	1,953,411	1,374,334	579,077
Operating expenditures	161,195	113,808	47,387
Capital outlay	1,820	910	910
	2,116,426	1,489,052	627,374
Communications:			
Salaries and employee benefits	480,960	441,772	39,188
Operating expenditures	20,060	18,457	1,603
	501,020	460,229	40,791
Jail:			
Salaries and employee benefits	2,359,540	1,622,507	737,033
Operating expenditures	1,364,207	1,279,313	84,894
Capital outlay	79,224	58,924	20,300
	3,802,971	2,960,744	842,227
E911 Service	494,960	462,296	32,664
State fire control contribution	124,182	113,435	10,747
Medical examiner:			
Professional services	71,200	47,600	23,600
Juvenile detention	200,000	166,050	33,950
Emergency medical services:			
Contracted services	983,262	983,262	-
	983,262	983,262	-
Emergency services:			
Salaries and employee benefits	324,711	301,428	23,283
Operating expenditures	182,826	147,387	35,439
Capital outlay	309,725	167,456	142,269
	817,262	616,271	200,991

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Fire Marshal:			
Salaries and employee benefits	327,775	291,333	36,442
Operating expenditures	197,115	135,753	61,362
Capital outlay	115,215	92,097	23,118
	640,105	519,183	120,922
Total public safety	19,129,770	16,747,051	2,382,719
Economic and physical development:			
Economic development:			
Operating expenditures	1,984,446	1,184,685	799,761
	1,984,446	1,184,685	799,761
Planning and zoning:			
Contracted services	680,579	680,579	-
Community Project	125,000	-	125,000
	805,579	680,579	125,000
Agricultural extension:			
Salaries and employee benefits	373,487	357,638	15,849
Operating expenditures	18,874	13,578	5,296
	392,361	371,216	21,145
Conservation:			
Salaries and employee benefits	149,790	99,978	49,812
Operating expenditures	16,420	6,596	9,824
	166,210	106,574	59,636
Total economic and physical development	3,348,596	2,343,054	1,005,542
Human services:			
Health:			
Administration:			
Salaries and employee benefits	905,365	867,643	37,722
Operating expenditures	102,803	83,846	18,957
Capital outlay	2,045	-	2,045
	1,010,213	951,489	58,724
Maternal health:			
Salaries and employee benefits	165,325	164,044	1,281
Operating expenditures	98,686	56,270	42,416
Capital outlay	3,583	3,497	86
	267,594	223,811	43,783
Child health:			
Salaries and employee benefits	86,527	86,207	320
Operating expenditures	163,826	156,514	7,312
	250,353	242,721	7,632

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Primary care:			
Salaries and employee benefits	288,333	285,680	2,653
Operating expenditures	36,644	21,875	14,769
	355,181	307,555	47,626
Health promotion:			
Salaries and employee benefits	127,040	112,072	14,968
Operating expenditures	175,401	113,099	62,302
Capital outlay	1,979	159	1,820
	304,420	225,330	79,090
WIC - Client services:			
Salaries and employee benefits	170,384	142,119	28,265
Operating expenditures	33,293	24,752	8,541
Capital outlay	10,062	-	10,062
	213,739	166,871	46,868
Family planning:			
Salaries and employee benefits	257,200	252,936	4,264
Operating expenditures	118,324	79,733	38,591
	375,524	332,669	42,855
Animal control:			
Salaries and employee benefits	237,315	215,539	21,776
Operating expenditures	48,188	35,094	13,094
	289,531	253,427	36,104
Environmental health:			
Salaries and employee benefits	839,669	804,620	35,049
Operating expenditures	76,516	52,368	24,148
Capital outlay	102,347	86,635	15,712
	1,018,532	943,623	74,909
Aids control:			
Salaries and employee benefits	46,352	42,915	3,437
Operating expenditures	576	-	576
	46,928	42,915	4,013
NC Cares 360:			
Operating expenditures	56,425	30,486	25,939
	56,425	30,486	25,939
Bioterrorism:			
Salaries and employee benefits	39,784	39,333	451
Operating expenditures	1,611	236	1,375
	109,395	39,569	69,826

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
WIC - Breastfeeding:			
Salaries and employee benefits	47,555	30,407	17,148
Operating expenditures	15,458	10,043	5,415
	63,013	40,450	22,563
Child service coordinator:			
Salaries and employee benefits	194,963	159,787	35,176
Operating expenditures	5,413	3,568	1,845
	200,376	163,355	37,021
Communicable diseases:			
Salaries and employee benefits	326,778	316,342	10,436
Operating expenditures	287,870	45,144	242,726
Capital outlay	32,000	30,142	1,858
	646,648	391,628	255,020
Breast/cervical cancer control:			
Salaries and employee benefits	11,085	11,013	72
Operating expenditures	19,624	5,359	14,265
	30,709	16,372	14,337
Immunizations:			
Salaries and employee benefits	93,515	93,053	462
Operating expenditures	26,411	19,006	7,405
	119,926	112,059	7,867
Pregnancy Care Management:			
Salaries and employee benefits	203,726	168,555	35,171
Operating expenditures	4,417	3,100	1,317
	208,143	171,655	36,488
Covid 19 Cares:			
Operating expenditures	9,508	4,840	4,668
	9,508	4,840	4,668
WIC - General administration:			
Salaries and employee benefits	27,831	22,659	5,172
Operating expenditures	3,200	2,772	428
	31,031	25,431	5,600
WIC - Nutrition education:			
Salaries and employee benefits	88,699	63,321	25,378
Operating expenditures	24,630	20,561	4,069
	113,329	83,882	29,447
Total health	5,720,518	4,770,138	950,380

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Social services:			
Social services - administration:			
Salaries and employee benefits	8,454,910	7,729,546	725,364
Operating expenditures	571,256	311,043	260,213
Contracted services	5,000	-	5,000
Professional services	281,157	239,614	41,543
Capital outlay	104,706	95,562	9,144
	9,417,029	8,375,765	1,041,264
Social services - programs	1,726,931	727,468	999,463
Total social services	11,143,960	9,103,233	2,040,727
Mental health	240,000	240,000	-
Human services nonprofits	43,500	43,500	-
Senior services - transportation:			
Salaries and employee benefits	965,686	881,644	84,042
Operating expenditures	384,038	272,140	111,898
Capital outlay	450,597	91,538	359,059
	1,800,321	1,245,322	554,999
Senior services - general:			
Salaries and employee benefits	1,279,197	1,087,105	192,092
Operating expenditures	259,090	209,292	49,798
Contracted services	172,586	152,568	20,018
Capital outlay	1,255	847	408
	1,712,128	1,449,812	262,316
JCPC:			
Operating expenditures	205,084	202,542	2,542
	205,084	202,542	2,542
Revenue Loss	210,000	210,000	-
State Grants	607,536	561,645	45,891
Total human services	21,683,047	17,826,192	3,856,855

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Education:			
Lee County Board of Education:			
Current appropriation	20,134,024	20,134,024	-
Capital outlay	2,817,500	2,872,386	(54,886)
Central Carolina Community College:			
Current appropriation	4,747,235	4,623,822	123,413
Capital outlay	110,000	110,000	-
Total education	27,808,759	27,740,232	68,527
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits	1,205,508	1,198,572	6,936
Operating expenditures	492,530	441,335	51,195
Professional services	332,460	285,909	46,551
Capital outlay	752,978	431,025	321,953
	2,783,476	2,356,841	426,635
Libraries:			
Salaries and employee benefits	1,054,088	977,036	77,052
Operating expenditures	249,440	192,506	56,934
Capital outlay	17,027	14,402	2,625
	1,320,555	1,183,944	136,611
Libraries Grant:			
Operating expenditures	51,362	15,474	35,888
	51,362	15,474	35,888
Cultural and recreational nonprofits	10,000	10,000	-
Total cultural and recreational	4,165,393	3,566,259	599,134
Debt service:			
Principal retirement	10,119,959	10,303,937	(183,978)
Interest and fees	3,431,243	3,430,626	617
Total debt service	13,551,202	13,734,563	(183,361)
Total expenditures	108,288,466	96,157,586	12,130,880
Revenues over (under) expenditures	(4,853,836)	7,604,636	12,458,472
Other financing sources (uses)			
Transfers from other funds:			
Special Revenue Funds	465,600	465,600	-
Capital Project Funds	1,105,500	1,105,500	-

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Transfers to other funds:			
Capital Project Funds	(2,666,043)	(2,628,068)	37,975
Solid Waste Fund	(800,000)	-	800,000
Total net transfers	(1,894,943)	(1,056,968)	837,975
Lease liabilities issued	105,943	17,840	(88,103)
IT Subscription agreement	171,929	156,065	(15,864)
Total other financing sources (uses)	(1,617,071)	(883,063)	734,008
Revenues and other financing sources over (under) expenditures and other financing uses	(6,470,907)	6,721,573	13,192,480
Appropriated fund balance	6,470,907	-	(6,470,907)
Net change in fund balance	$ -	6,721,573	$ 6,721,573
Fund balance, beginning of year		42,438,201	
Fund balance, end of year		$ 49,159,774	

LEE COUNTY, NORTH CAROLINA
Opioid Settlement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Opioid Settlement Funds	$ 172,486	$ 1,154,624	$ 982,138
Investment Earnings	-	50,718	50,718
Total revenues	172,486	1,205,342	1,032,856
Expenditures:			
Human Services			
Salaries and Benefits	284,972	-	284,972
Professional and Contracted Services	185,000	-	185,000
Supplies	16,000	-	16,000
Transportation and Incentives	10,000	-	10,000
Total expenditures	495,972	-	495,972
Revenues over (under) expenditures	(323,486)	1,205,342	1,528,828
Appropriated fund balance	323,486	-	(323,486)
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	$ -	1,205,342	$ 1,205,342
Fund balance, beginning of year		13,241	
Prior Period Restatement - Change in Accounting Principle (see Note VI)		545,307	
Fund balance, end of year		$ 1,763,890	

LEE COUNTY, NORTH CAROLINA
Coronavirus State Local Fiscal Recover Funds CFR 21.027 (ARPA Funds)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Budget	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenues	$ 11,999,847	$ 8,823,738	$ 1,055,430	$ 9,879,168	$ (2,120,679)
Investment earnings	-	162,788	103,930	266,718	266,718
Total revenues	11,999,847	8,986,526	1,159,360	10,145,886	(1,853,961)
Expenditures					
General government	2,601,793	470,995	48,442	519,437	2,082,356
Public safety	8,000,000	7,008,460	991,540	8,000,000	-
Cultural and recreational	1,389,894	1,344,283	15,448	1,359,731	30,163
Total expenditures	11,991,687	8,823,738	1,055,430	9,879,168	2,112,519
Revenues over (under) expenditures	8,160	162,788	103,930	266,718	(3,966,480)
Other financing sources (uses):					
Transfers in (out):					
General Fund	125,000	125,000	-	125,000	-
Capital Project Fund	(133,160)	-	-	-	133,160
Total other financing sources	(8,160)	125,000	-	125,000	133,160
Net change in fund balance	$ -	$ 287,788	103,930	$ 391,718	$ 391,718
Fund balance, beginning of year			287,788		
Fund balance, end of year			$ 391,718		

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, 2024

	Project Budget	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ -	$ 1,620,022	$ 1,620,022	$ 1,620,022
Expenditures					
Capital outlay:					
Economic and physical development	41,422,245	3,868,139	12,613,615	16,481,754	24,940,491
Debt service:					
Issuance Cost	577,755	-	577,754	577,754	1
Total Expenditures	42,000,000	3,868,139	13,191,369	17,059,508	24,940,492
Revenues over (under) expenditures	(42,000,000)	(3,868,139)	(11,571,347)	(15,439,486)	26,560,514
Other financing sources (uses):					
General Obligation Bonds issued	25,000,000	-	25,000,000	25,000,000	-
Original Issuance Premium	2,000,000	-	2,436,657	2,436,657	436,657
Limited Obligation Bonds issued	15,000,000	-	14,565,000	14,565,000	(435,000)
Total other financing sources (uses)	42,000,000	-	42,001,657	42,001,657	1,657
Net change in fund balance	$ -	$ (3,868,139)	30,430,310	$ 26,562,171	$ 26,562,171
Fund balance, beginning of year			(3,868,139)		
Fund balance, end of year			$ 26,562,171		

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NON-MAJOR GOVERNMENTAL FUNDS

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LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
Assets			
Cash and investments	$ 4,960,545	$ 13,336,378	$ 18,296,923
Taxes receivable - net	121,882	-	121,882
Accounts receivable - net	255,684	23,655	279,339
Accrued interest receivable	14,755	61,564	76,319
Cash and investments - restricted	-	810,209	810,209
Total assets	$ 5,352,866	$ 14,231,806	$ 19,584,672
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 28,615	$ 104,386	$ 133,001
Due to other governments	7,468	-	7,468
Due to other funds	-	817,301	817,301
Total liabilities	36,083	921,687	957,770
Deferred Inflows of Resources			
Taxes receivable	121,882	-	121,882
Total deferred inflows of resources	121,882	-	121,882
Fund balances:			
Restricted:			
Stabilization by state statute	270,439	38,319	308,758
General government	-	204,383	204,383
Public safety	2,261,065	1,477,536	3,738,601
Economic and physical development	701,352	-	701,352
Human services	7,288	-	7,288
Cultural & recreational		1,259,487	1,259,487
Education	450,261	-	450,261
Committed:			
Economic and physical development	1,511,764	-	1,511,764
Assigned:			
Capital	-	11,146,274	11,146,274
Unassigned:	(7,268)	(815,880)	(823,148)
Total fund balances	5,194,901	13,310,119	18,505,020
Total liabilities, deferred inflows of resources, and fund balances	$ 5,352,866	$ 14,231,806	$ 19,584,672

LEE COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
Revenues:			
Ad valorem taxes	$ 5,442,329	$ -	$ 5,442,329
Other taxes and licenses	491,857	-	491,857
Restricted intergovernmental	411,277	315,943	727,220
Sales and services	103,799	-	103,799
Investment earnings	155,317	761,637	916,954
Total revenues	6,604,579	1,077,580	7,682,159
Expenditures:			
Current:			
General government	103,799	37,997	141,796
Public safety	4,494,499	460,608	4,955,107
Economic and physical development	150,000	434,171	584,171
Human services	207,212	-	207,212
Cultural and recreational	-	1,509,525	1,509,525
Education	273,301	-	273,301
Debt Service:			
Interest and Fees	-	111,711	111,711
Total expenditures	5,228,811	2,554,012	7,782,823
Revenues over (under) expenditures	1,375,768	(1,476,432)	(100,664)
Other financing sources (Uses):			
Transfers from other funds	-	3,168,393	3,168,393
Transfers to other funds	(465,600)	(1,645,825)	(2,111,425)
Total other financing sources (uses)	(465,600)	1,522,568	1,056,968
Net change in fund balances	910,168	46,136	956,304
Fund balances, beginning of year	4,284,733	13,263,983	17,548,716
Fund balances, end of year	$ 5,194,901	$ 13,310,119	$ 18,505,020

NON-MAJOR SPECIAL REVENUE FUNDS

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

The following comprise the County's Special Revenue Funds:

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

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LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2024

	Fire Protection Fund	Room Occupancy Tax Fund	Emergency Telephone System Fund	Airport Tax Revenue Fund	Drug Seizure Funds
Assets					
Cash and investments	$ 767,387	$ 450,261	$ 1,170,728	$ 1,511,764	$ 351,565
Taxes receivable - net	58,181	-	-	63,701	-
Accounts receivable	35,860	-	11,288	-	1,068
Accrued interest receivable	2,441	1,432	3,724	4,809	118
Total assets	$ 863,869	$ 451,693	$ 1,185,740	$ 1,580,274	$ 352,751
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ -	$ 28,615	$ -	$ -
Due to other governments	-	-	-	-	-
Total liabilities	-	-	28,615	-	-
Deferred Inflows of Resources					
Taxes receivable	58,181	-	-	63,701	-
Total deferred inflows of resources	58,181	-	-	63,701	-
Fund balances:					
Restricted					
Stabilization by state statute	38,301	1,432	15,012	4,809	1,186
Public safety	767,387	-	1,142,113	-	351,565
Economic and physical development	-	-	-	-	-
Human services	-	-	-	-	-
Education	-	450,261	-	-	-
Committed:					
Economic and physical development	-	-	-	1,511,764	-
Public safety	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	805,688	451,693	1,157,125	1,516,573	352,751
Total liabilities, deferred inflows of resources, and fund balances	$ 863,869	$ 451,693	$ 1,185,740	$ 1,580,274	$ 352,751

LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2024

	Revolving Loan Fund	Representative Payee Fund	Fines and Forfeitures Fund	Totals
Assets				
Cash and investments	$ 701,352	$ 7,288	$ 200	$ 4,960,545
Taxes receivable - net	-	-	-	121,882
Accounts receivable	200,000	-	7,468	255,684
Accrued interest receivable	2,231	-	-	14,755
Total assets	$ 903,583	$ 7,288	$ 7,668	$ 5,352,866
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 28,615
Due to other governments	-	-	7,468	7,468
Total liabilities	-	-	7,468	36,083
Deferred Inflows of Resources				
Taxes receivable	-	-	-	121,882
Total deferred inflows of resources	-	-	-	121,882
Fund balances:				
Restricted				
Stabilization by state statute	202,231	-	7,468	270,439
Public safety	-	-	-	2,261,065
Economic and physical development	701,352	-	-	701,352
Human services	-	7,288	-	7,288
Education	-	-	-	450,261
Committed:				
Economic and physical development	-	-	-	1,511,764
Public safety	-	-	-	-
Unassigned	-	-	(7,268)	(7,268)
Total fund balances	903,583	7,288	200	5,194,901
Total liabilities, deferred inflows of resources, and fund balances	$ 903,583	$ 7,288	$ 7,668	$ 5,352,866

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, 2024

	Fire Protection Fund	Room Occupancy Tax Fund	Emergency Telephone System Fund	Airport Tax Revenue Fund	Drug Seizure Fund
Revenues:					
Ad valorem taxes	$ 4,642,442	$ -	$ -	$ 799,887	$ -
Other taxes and licenses	-	356,406	135,451	-	-
Restricted intergovernmental	-	-	-	-	217,420
Sales and services	-	-	-	-	-
Investment earnings	5,409	16,362	45,758	48,102	7,488
Total revenues	4,647,851	372,768	181,209	847,989	224,908
Expenditures:					
Current:					
General government:					
General government	-	-	-	-	-
Public safety	4,279,606	-	187,900	-	26,993
Economic and physical development	-	-	-	150,000	-
Human services	-	-	-	-	-
Education	-	273,301	-	-	-
Total expenditures	4,279,606	273,301	187,900	150,000	26,993
Revenues over (under) expenditures	368,245	99,467	(6,691)	697,989	197,915
Other financing sources (uses):					
Transfers in (out):					
General fund	(465,600)	-	-	-	-
Total other financing sources (uses)	(465,600)	-	-	-	-
Net changes in fund balances	(97,355)	99,467	(6,691)	697,989	197,915
Fund balances, beginning of year	903,043	352,226	1,163,816	818,584	154,836
Fund balances, end of year	$ 805,688	$ 451,693	$ 1,157,125	$ 1,516,573	$ 352,751

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, 2024

	Revolving Loan Fund	Representative Payee Fund	Fines and Forfeitures Fund	Totals
Revenues:				
Ad valorem taxes	$ -	$ -	$ -	$ 5,442,329
Other taxes and licenses	-	-	-	491,857
Restricted intergovernmental	-	193,857	-	411,277
Sales and services	-	-	103,799	103,799
Investment earnings	32,198	-	-	155,317
Total revenues	32,198	193,857	103,799	6,604,579
Expenditures:				
Current:				
General government:				
General government	-	-	103,799	103,799
Public safety	-	-	-	4,494,499
Economic and physical development	-	-	-	150,000
Human services	-	207,212	-	207,212
Education	-	-	-	273,301
Total expenditures	-	207,212	103,799	5,228,811
Revenues over (under) expenditures	32,198	(13,355)	-	1,375,768
Other financing sources (uses):				
Transfers in (out):				
General fund	-	-	-	(465,600)
Total other financing sources (uses)	-	-	-	(465,600)
Net changes in fund balances	32,198	(13,355)	-	910,168
Fund balances, beginning of year	871,385	20,643	200	4,284,733
Fund balances, end of year	$ 903,583	$ 7,288	$ 200	$ 5,194,901

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	$ 4,425,819	$ 4,590,204	$ 164,385
Prior years	-	52,238	52,238
Total ad valorem taxes	4,425,819	4,642,442	216,623
Investment earnings	-	5,409	5,409
Total revenues	4,425,819	4,647,851	222,032
Expenditures:			
Public safety	4,280,219	4,279,606	613
Revenues over (under) expenditures	145,600	368,245	222,645
Other financing sources (uses):			
Transfers in (out):			
General Fund	(465,600)	(465,600)	-
Total other financing sources (uses)	(465,600)	(465,600)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(320,000)	(97,355)	222,645
Appropriated fund balance	320,000	-	(320,000)
Net change in fund balance	$ -	(97,355)	$ (97,355)
Fund balance, beginning of year		903,043	
Fund balance, end of year		$ 805,688	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses:			
Room occupancy tax	$ 273,301	$ 356,406	$ 83,105
Investment earnings	-	16,362	16,362
Total revenues	273,301	372,768	99,467
Expenditures:			
Education - CCCC appropriation	273,301	273,301	-
Revenues over (under) expenditures	-	99,467	99,467
Net change in fund balance	$ -	99,467	$ 99,467
Fund balance, beginning of year		352,226	
Fund balance, end of year		$ 451,693	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses	$ 280,197	$ 135,451	$ (144,746)
Investment earnings	-	45,758	45,758
Total revenues	280,197	181,209	(98,988)
Expenditures:			
Public safety	497,515	187,900	309,615
Revenues over (under) expenditures	(217,318)	(6,691)	210,627
Appropriated fund balance	217,318	-	(217,318)
Net change in fund balance	$ -	(6,691)	$ (6,691)
Fund balance, beginning of year		1,163,816	
Fund balance, end of year		$ 1,157,125	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	$ 150,000	$ 796,522	$ 646,522
Prior years	-	3,365	3,365
Total ad valorem taxes	150,000	799,887	649,887
Investment earnings	-	48,102	48,102
Total revenues	150,000	847,989	697,989
Expenditures:			
Economic and physical development	150,000	150,000	-
Revenues over (under) expenditures	-	697,989	697,989
Net change in fund balance	$ -	697,989	$ 697,989
Fund balance, beginning of year		818,584	
Fund balance, end of year		$ 1,516,573	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental revenues	$ -	$ 217,420	$ 217,420
Investment earnings	-	7,488	7,488
Total revenues	-	224,908	224,908
Expenditures:			
Public safety	31,735	26,993	4,742
Revenues over (under) expenditures	(31,735)	197,915	229,650
Appropriated fund balance	31,735	-	(31,735)
Net change in fund balance	$ -	197,915	$ 197,915
Fund balance, beginning of year		154,836	
Fund balance, end of year		$ 352,751	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Loan payments	$ -	$ 81,340	$ 81,340
Investment earnings	-	32,198	32,198
Total revenues	-	113,538	113,538
Expenditures:			
Economic and physical development	-	-	-
Revenues over (under) expenditures	-	-	113,538
Net change in fund balance	$ -	113,538	$ 113,538
Reconciling Items:			
Loan payments are reclassified against the receivable balance		(81,340)	
Total Reconciling Items		(81,340)	
Current year change in fund balance		32,198	
Fund balance, beginning of year		871,385	
Fund balance, end of year		$ 903,583	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	$ 300,000	$ 193,857	$ (106,143)
Total revenues	300,000	193,857	(106,143)
Expenditures:			
Human services			
Payments made for the benefit of beneficiaries	300,000	207,212	92,788
Net change in fund balance	$ -	(13,355)	$ (13,355)
Fund balance, beginning of year		20,643	
Fund balance, end of year		$ 7,288	

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and services			
Penalties, fines and forfeitures	$ 150,000	$ 103,799	$ (46,201)
Total revenues	150,000	103,799	(46,201)
Expenditures:			
General Government			
Payments of penalties, fines and forfeitures to the Lee County Board of Education	150,000	103,799	46,201
Total expenditures	150,000	103,799	46,201
Net change in fund balance	$ -	-	$ -
Fund balance, beginning of year		200	
Fund balance, end of year		$ 200	

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.

- *Courthouse Complex Renovations Fund* – Accounts for the costs associated with renovations to buildings in the courthouse complex.

- *Park Improvements Fund* – Accounts for the costs associated with improvements at Kiwanis Children's Park, Horton Park. Temple Park, OT Sloan Park, and Lett Park.

- *Lee County Government Center Renovations Fund* – Accounts for the costs associated with renovations and repairs to the Government Center Building.

- *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 Government Library Fund* – Accounts for the costs associated with building a new main library.

- *Bob Hales Recreation Center Fund* – Accounts for the costs associated with improvements to the Bob Hales Recreation Center.

- *Historic Courthouse Repairs Fund* – Accounts for costs associated with repairs to the Historic Courthouse.

- *Kiwanis Children's Park Renovation Fund* – Accounts for costs associated with Phase 2 of the renovations at Kiwanis Children's Park.

- *Temple Park Phase II Fund* – Accounts for costs associated with construction at temple park.

- *OT Sloan Accessibility Project Fund* – Accounts for costs associated with construction of an inclusive, handicapped accessible playground with ADA sidewalk accessibility.

- *Horton Park Improvements Project Fund* – Accounts for costs associated with construction of improved parking and accessibility to the pool and playground at Horton Park.

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LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2024

	Capital Projects Outlay Fund	Courthouse Complex Renovations Fund	Park Improvements Fund	Lee County Government Center Renovations Fund	CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	Lee County Government Library Fund
Assets						
Cash and investments	$ 11,146,274	$ 211,354	$ 10,977	$ 64,973	$ -	$ 667,210
Restricted cash and investments	-	664,107	-	146,102	-	-
Accounts receivable - net	-	3,248	-	165	-	745
Accrued interest receivable	35,454	170	35	-	1,421	2,120
Total assets	$ 11,181,728	$ 878,879	$ 11,012	$ 211,240	$ 1,421	$ 670,075
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ -	$ 5,637	$ -	$ 6,857	$ -	$ 70,431
Due to other funds	-	-	-	-	752,701	-
Total liabilities	-	5,637	-	6,857	752,701	70,431
Fund balances:						
Restricted:						
Stabilization by state statute	35,454	-	-	-	-	2,865
General government		-	-	204,383	-	-
Public safety	-	873,242	-	-	-	-
Cultural and recreational	-	-	11,012	-	-	596,779
Assigned:						
Capital	11,146,274	-	-	-	-	-
Unassigned:	-	-	-	-	(751,280)	-
Total fund balance (deficit)	11,181,728	873,242	11,012	204,383	(751,280)	599,644
Total liabilities and fund balances	$ 11,181,728	$ 878,879	$ 11,012	$ 211,240	$ 1,421	$ 670,075

LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2024

	Bob Hales Recreation Center Fund	Historic Courthouse Repairs Fund	Kiwanis Children's Park Renovation Fund	Temple Park Phase II Fund	OT Sloan Accessibility Project Fund	Horton Park Improvements Project Fund	Totals
Assets							
Cash and investments	$ 148,758	$ 599,661	$ 159,886	$ 4,114	$ -	$ 323,171	$ 13,336,378
Restricted cash and investments	-	-	-	-	-	-	810,209
Accounts receivable - net	355	-	-	19,142	-	-	23,655
Accrued interest receivable	473	20,341	509	13	-	1,028	61,564
Total assets	$ 149,586	$ 620,002	$ 160,395	$ 23,269	$ -	$ 324,199	$ 14,231,806
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	$ -	$ 15,708	$ 1,197	$ 4,556	$ -	$ -	$ 104,386
Due to other funds	-	-	-	-	64,600	-	817,301
Total liabilities	-	15,708	1,197	4,556	64,600	-	921,687
Fund balances:							
Restricted:							
Stabilization by state statute	-	-	-	-	-	-	38,319
General government	-	-	-	-	-	-	204,383
Public safety	-	604,294	-	-	-	-	1,477,536
Cultural and recreational	149,586	-	159,198	18,713	-	324,199	1,259,487
Assigned:							
Capital	-	-	-	-	-	-	11,146,274
Unassigned:	-	-	-	-	(64,600)	-	(815,880)
Total fund balance (deficit)	149,586	604,294	159,198	18,713	(64,600)	324,199	13,310,119
Total liabilities and fund balances	$ 149,586	$ 620,002	$ 160,395	$ 23,269	$ -	$ 324,199	$ 14,231,806

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, 2024

	Capital Projects Outlay Fund	Courthouse Complex Renovations Fund	Park Improvements Fund	Lee County Government Center Renovations Fund	CCCC Library/Lee Early College Classroom Facility Renovations and Additions Fund	Lee County Government Library Fund
Revenues:						
Restricted intergovernmental	$ -	$ -	$ -	$ -	$ 255,892	$ -
Investment earnings	362,644	215,019	19,687	52,213	21,872	47,059
Total revenues	362,644	215,019	19,687	52,213	277,764	47,059
Expenditures:						
Capital outlay:						
General government	-	-	-	37,997	-	-
Public safety	-	396,898	-	-	-	-
Economic and physical development	-	-	-	-	434,171	-
Cultural and recreational	-	-	(21,353)	-	-	933,857
Debt Service:						
Interest and fees	-	85,858	25,853	-	-	-
Total expenditures	-	482,756	4,500	37,997	434,171	933,857
Revenues over (under) expenditures	362,644	(267,737)	15,187	14,216	(156,407)	(886,798)
Other financing sources (uses)						
Transfers:						
General fund - In	2,283,719	-	-	-	-	-
General fund - Out	-	-	(1,105,500)	-	-	-
Capital project funds - In	-	-				
Capital project funds - Out	-	(314,500)	(40,128)	(31,858)	-	-
Total other financing sources (uses)	2,283,719	(314,500)	(1,145,628)	(31,858)	-	-
Net change in fund balances	2,646,363	(582,237)	(1,130,441)	(17,642)	(156,407)	(886,798)
Fund balances (deficit), beginning of year	8,535,365	1,455,479	1,141,453	222,025	(594,873)	1,486,442
Fund balances(deficit), end of year	$ 11,181,728	$ 873,242	$ 11,012	$ 204,383	$ (751,280)	$ 599,644

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, 2024

	Bob Hales Recreation Center Fund	Historic Courthouse Repairs Fund	Kiwanis Children's Park Renovation Fund	Temple Park Phase II Fund	OT Sloan Accessibility Project Fund	Horton Park Improvements Project Fund	Totals
Revenues:							
Restricted intergovernmental	$ -	$ 60,051	$ -	$ -	$ -	$ -	$ 315,943
Investment earnings	8,734	14,008	11,794	6,437	-	2,170	761,637
Total revenues	8,734	74,059	11,794	6,437	-	2,170	1,077,580
Expenditures:							
Capital outlay:							
General government	-	-	-	-	-	-	37,997
Public safety	-	63,710	-	-	-	-	460,608
Economic and physical development	-	-	-	-	-	-	434,171
Cultural and recreational	37,376	-	171,433	301,292	64,600	22,320	1,509,525
Debt Service:							
Interest and fees	-	-	-	-	-	-	111,711
Total expenditures	37,376	63,710	171,433	301,292	64,600	22,320	2,554,012
Revenues over (under) expenditures	(28,642)	10,349	(159,639)	(294,855)	(64,600)	(20,150)	(1,476,432)
Other financing sources (uses)							
Transfers:							
General fund - In	-	-	-	-	-	344,349	2,628,068
General fund - Out	-	-	-	-	-	-	(1,105,500)
Capital project funds - In		540,325					540,325
Capital project funds - Out	(153,839)	-	-	-	-	-	(540,325)
Total other financing sources (uses)	(153,839)	540,325	-	-	-	344,349	1,522,568
Net change in fund balances	(182,481)	550,674	(159,639)	(294,855)	(64,600)	324,199	46,136
Fund balances (deficit), beginning of year	332,067	53,620	318,837	313,568	-	-	13,263,983
Fund balances(deficit), end of year	$ 149,586	$ 604,294	$ 159,198	$ 18,713	$ (64,600)	$ 324,199	$ 13,310,119

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, 2024

	Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:			
Investment earnings	$ -	$ 362,644	$ 362,644
Revenues over (under) expenditures	-	362,644	362,644
Other financing sources (uses):			
Transfers in (out):			
General fund	-	2,283,719	2,283,719
Total other financing sources (uses)	-	2,283,719	2,283,719
Net change in fund balance	$ -	2,646,363	$ 2,646,363
Fund balance, beginning of year		8,535,365	
Fund balance, end of year		$ 11,181,728	

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, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 299,324	$ 204,843	$ 215,019	$ 419,862	$ 120,538
Total revenues	299,324	204,843	215,019	419,862	120,538
Expenditures:					
Capital outlay:					
Public safety	4,769,592	3,619,992	396,898	4,016,890	752,702
Debt Service:					
Interest and fees	85,858	-	85,858	85,858	-
Total expenditures	4,855,450	3,619,992	482,756	4,102,748	752,702
Revenues over (under) expenditures	(4,556,126)	(3,415,149)	(267,737)	(3,682,886)	(632,164)
Other financing sources (uses):					
Installment purchase obligations issued	1,779,420	1,779,420	-	1,779,420	-
Limited obligation bonds issued	2,755,000	2,755,000	-	2,755,000	-
Original issuance premium	286,668	286,668	-	286,668	-
Transfers in (out):					
General fund	16,011	16,011	-	16,011	-
Elementary school fund	516,564	516,565	-	516,565	1
Historic courthouse fund	(367,537)	(53,036)	(314,500)	(367,536)	1
Lee county government center Renovations fund	(430,000)	(430,000)	-	(430,000)	-
Total other financing sources (uses)	4,556,126	4,870,628	(314,500)	4,556,128	2
Net change in fund balance	$ -	$ 1,455,479	(582,237)	$ 873,242	$ (632,162)
Fund balance, beginning of year			1,455,479		
Fund balance, end of year			$ 873,242		

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, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 117,479	$ 108,805	$ 19,687	$ 128,492	$ 11,013
Miscellaneous revenue	950	950	-	950	-
Total revenues	118,429	109,755	19,687	129,442	11,013
Expenditures:					
Capital outlay:					
Cultural and recreational	2,692,670	2,714,023	(21,353)	2,692,670	-
Debt Service:					
Interest and fees	25,853	-	25,853	25,853	-
Total expenditures	2,718,523	2,714,023	4,500	2,718,523	-
Revenues over (under) expenditures	(2,600,094)	(2,604,268)	15,187	(2,589,081)	11,013
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	1,006,241	1,006,241	-	1,006,241	-
General fund	(1,105,500)	-	(1,105,500)	(1,105,500)	-
Historic courthouse project	(40,127)	-	(40,128)	(40,128)	(1)
Kiwanis children's park					
Renovations fund	(340,896)	(340,896)	-	(340,896)	-
Total other financing sources (uses)	2,600,094	3,745,721	(1,145,628)	2,600,093	(1)
Net change in fund balance	$ -	$ 1,141,453	(1,130,441)	$ 11,012	$ 11,012
Fund balance, beginning of year			1,141,453		
Fund balance, end of year			$ 11,012		

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, 2024

	Project Budget	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 133,794	$ 108,577	$ 52,213	$ 160,790	$ 26,996
Total revenues	133,794	108,577	52,213	160,790	26,996
Expenditures:					
Capital outlay:					
General government	5,288,616	5,073,232	37,997	5,111,229	177,387
Total expenditures	5,288,616	5,073,232	37,997	5,111,229	177,387
Revenues over (under) expenditures	(5,154,822)	(4,964,655)	14,216	(4,950,439)	204,383
Other financing sources (uses):					
Installment purchase obligations issued	4,470,580	4,470,580	-	4,470,580	-
Transfers in (out):					
General fund	286,100	286,100	-	286,100	-
Historic courthouse project	(31,858)	-	(31,858)	(31,858)	-
Courthouse complex renovations	430,000	430,000	-	430,000	-
Total other financing sources (uses)	5,154,822	5,186,680	(31,858)	5,154,822	-
Net change in fund balance	$ -	$ 222,025	(17,642)	$ 204,383	$ 204,383
Fund balance, beginning of year			222,025		
Fund balance, end of year			$ 204,383		

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, 2024

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:					
State grants	$ 255,892	$ -	$ 255,892	$ 255,892	$ -
Investment earnings	-	1,070	21,872	22,942	22,942
Miscellaneous revenue	138,775	100,000	-	100,000	(38,775)
Total revenues	394,667	101,070	277,764	378,834	(15,833)
Expenditures:					
Capital outlay:					
Economic and physical development	14,394,667	8,314,943	434,171	8,749,114	5,645,553
Total expenditures	14,394,667	8,314,943	434,171	8,749,114	5,645,553
Revenues over (under) expenditures	(14,000,000)	(8,213,873)	(156,407)	(8,370,280)	5,629,720
Other financing sources (uses):					
Installment purchase obligations issued	-	7,220,000	-	7,220,000	7,220,000
Repayment of installment purchase	-	(7,220,000)	-	(7,220,000)	(7,220,000)
Limited obligation bonds issued	14,000,000	7,619,000	-	7,619,000	(6,381,000)
Total other financing sources (uses)	14,000,000	7,619,000	-	7,619,000	(6,381,000)
Net change in fund balance	$ -	$ (594,873)	(156,407)	$ (751,280)	$ (751,280)
Fund balance, beginning of year			(594,873)		
Fund balance, end of year			$ (751,280)		

LEE COUNTY, NORTH CAROLINA
Lee County Government Library Fund - Schedule of
Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ -	$ 47,059	$ 47,059	$ 47,059
Total revenues	-	-	47,059	47,059	47,059
Expenditures:					
Capital outlay:					
Cultural and recreational	$ 24,000,000	$ 513,558	$ 933,857	$ 1,447,415	$ 22,552,585
Total expenditures	24,000,000	513,558	933,857	1,447,415	22,552,585
Revenues over (under) expenditures	(24,000,000)	(513,558)	(886,798)	(1,400,356)	22,599,644
Other financing sources (uses):					
Limited Obligation Bonds issued	22,000,000	-	-	-	(22,000,000)
Transfers in (out):					
General fund	2,000,000	2,000,000	-	2,000,000	-
Total other financing sources (uses)	24,000,000	2,000,000	-	2,000,000	(22,000,000)
Net change in fund balance	$ -	$ 1,486,442	(886,798)	$ 599,644	$ 599,644
Fund balance, beginning of year			1,486,442		
Fund balance, end of year			$ 599,644		

LEE COUNTY, NORTH CAROLINA
Bob Hales Recreation Center Fund - Schedule of
Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenues	$ 80,000	$ 80,000	$ -	$ 80,000	$ -
Investment earnings	-	8,496	8,734	17,230	17,230
Total revenues	80,000	88,496	8,734	97,230	17,230
Expenditures:					
Capital outlay:					
Cultural and recreational	502,161	332,429	37,376	369,805	132,356
Total expenditures	502,161	332,429	37,376	369,805	132,356
Revenues over (under) expenditures	(422,161)	(243,933)	(28,642)	(272,575)	149,586
Other financing sources (uses):					
Transfers in (out):					
General fund	576,000	576,000	-	576,000	-
Historic church project fund	(153,839)	-	(153,839)	(153,839)	-
Total other financing sources (uses)	422,161	576,000	(153,839)	422,161	-
Net change in fund balance	$ -	$ 332,067	(182,481)	$ 149,586	$ 149,586
Fund balance, beginning of year			332,067		
Fund balance, end of year			$ 149,586		

LEE COUNTY, NORTH CAROLINA
Historic Courthouse Repairs Fund - Schedule of
Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenues	$ 873,749	$ 12,354	$ 60,051	$ 72,405	$ (801,344)
Investment earnings	-	1,373	14,008	15,381	15,381
Total revenues	873,749	13,727	74,059	87,786	(785,963)
Expenditures:					
Capital outlay:					
Public safety	1,467,110	13,143	63,710	76,853	1,390,257
Total expenditures	1,467,110	13,143	63,710	76,853	1,390,257
Revenues over (under) expenditures	(593,361)	584	10,349	10,933	604,294
Other financing sources (uses):					
Transfers in (out):					
Courthouse complex renovations	593,361	53,036	540,325	593,361	-
Total other financing sources (uses)	593,361	53,036	540,325	593,361	-
Net change in fund balance	$ -	$ 53,620	550,674	$ 604,294	$ 604,294
Fund balance, beginning of year			53,620		
Fund balance, end of year			$ 604,294		

LEE COUNTY, NORTH CAROLINA
Kiwanis Children's Park Renovation Fund - Schedule of
Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenues	$ 209,000	$ -	$ -	$ -	$ (209,000)
Investment earnings	-	8,677	11,794	20,471	20,471
Total revenues	209,000	8,677	11,794	20,471	(188,529)
Expenditures					
Capital outlay:					
Cultural and recreational	549,896	30,736	171,433	202,169	347,727
Total expenditures	549,896	30,736	171,433	202,169	347,727
Revenues over (under) expenditures	(340,896)	(22,059)	(159,639)	(181,698)	159,198
Other financing sources (uses):					
Transfers in (out):					
Park improvements fund	340,896	340,896	-	340,896	-
Total other financing sources (uses)	340,896	340,896	-	340,896	-
Net change in fund balance	$ -	$ 318,837	(159,639)	$ 159,198	$ 159,198
Fund balance, beginning of year			318,837		
Fund balance, end of year			$ 159,198		

LEE COUNTY, NORTH CAROLINA
Temple Park Phase II Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ 6,643	$ 6,437	$ 13,080	$ 13,080
Total revenues	-	6,643	6,437	13,080	13,080
Expenditures:					
Capital outlay:					
Cultural and recreational	310,000	3,075	301,292	304,367	5,633
Total expenditures	310,000	3,075	301,292	304,367	5,633
Revenues over (under) expenditures	(310,000)	3,568	(294,855)	(291,287)	18,713
Other financing sources (uses):					
Transfers in (out):					
General fund	310,000	310,000	-	310,000	-
Total other financing sources (uses)	310,000	310,000	-	310,000	-
Net change in fund balance	$ -	$ 313,568	(294,855)	$ 18,713	$ 18,713
Fund balance, beginning of year			313,568		
Fund balance, end of year			$ 18,713		

LEE COUNTY, NORTH CAROLINA
OT Sloan Accessibility Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
AFP grant	$ 412,109	$ -	$ -	$ -	$ (412,109)
Total revenues	412,109	-	-	-	(412,109)
Expenditures:					
Capital outlay:					
Cultural and recreational	512,109	-	64,600	64,600	447,509
Total expenditures	512,109	-	64,600	64,600	447,509
Revenues over (under) expenditures	(100,000)	-	(64,600)	(64,600)	35,400
Other financing sources (uses):					
Transfers in (out):					
General fund	100,000	-	-	-	(100,000)
Total other financing sources (uses)	100,000	-	-	-	(100,000)
Net change in fund balance	$ -	$ -	(64,600)	$ (64,600)	$ (64,600)
Fund balance, beginning of year			-		
Fund balance, end of year			$ (64,600)		

LEE COUNTY, NORTH CAROLINA
Horton Park Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ -	$ 2,170	$ 2,170	$ 2,170
Total revenues	-	-	2,170	2,170	2,170
Expenditures:					
Capital outlay:					
Cultural and recreational	477,509	-	22,320	22,320	455,189
Total expenditures	477,509	-	22,320	22,320	455,189
Revenues over (under) expenditures	(477,509)	-	(20,150)	(20,150)	457,359
Other financing sources (uses):					
Transfers in (out):					
General fund	344,349	-	344,349	344,349	-
ARPA fund	133,160	-	-	-	(133,160)
Total other financing sources (uses)	477,509	-	344,349	344,349	(133,160)
Net change in fund balance	$ -	$ -	324,199	$ 324,199	$ 324,199
Fund balance, beginning of year			-		
Fund balance, end of year			$ 324,199		

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.

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LEE COUNTY, NORTH CAROLINA
Solid Waste Management Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance with Final Budget Over/(Under)
Revenues:			
Operating revenues:			
Solid waste charges	$ 1,740,176	$ 1,786,129	$ 45,953
Other operating revenues	20,000	25,578	5,578
Total operating revenues	1,760,176	1,811,707	51,531
Non-operating revenues:			
Solid waste disposal tax	30,000	34,328	4,328
Scrap tire disposal tax	90,000	126,012	36,012
White goods disposal tax	30,000	38,252	8,252
Investment earnings	7,000	50,053	43,053
Total non-operating revenues	157,000	248,645	91,645
Total revenues	1,917,176	2,060,352	143,176
Expenditures:			
Salaries and employee benefits	745,009	720,628	24,381
Other operating expenditures	1,316,625	1,168,662	147,963
Capital outlay	859,726	4,200	855,526
Total expenditures	2,921,360	1,893,490	1,027,870
Revenues and other financing sources over (under) expenditures and other financing uses	(1,004,184)	166,862	1,171,046
Other Financing Sources (Uses)			
Transfers from other funds	800,000	-	(800,000)
Appropriated fund balance	204,184	-	(204,184)
Total other financing sources (uses)	1,004,184	-	(1,004,184)
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	$ -	$ 166,862	$ 166,862

Reconciliation of modified accrual basis to full accrual basis:	
Revenues and other financing sources over (under) expenditures and other financing uses	$ 166,862
Increase (Decrease) in deferred outflows of resources - pensions	9,301
(Increase) Decrease in net pension liability	(26,135)
(Increase) Decrease in deferred inflows of resources - pensions	453
(Increase) Decrease in net OPEB liability	(4,218)
Increase (Decrease) in deferred outflows of resources - OPEB	(16,720)
(Increase) Decrease in deferred inflows of resources - OPEB	34,863
Depreciation	(47,276)
Change in net position	$ 117,130

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INTERNAL SERVICE FUND

This fund is used to account for the financing of goods and services to other County funds and departments on a cost-reimbursement basis. The County maintains one Internal Service Fund - Group Health Fund.

The following comprise the County's Internal Service Funds:

- **Group Health -** accounts for the revenues and expenses of the County's group health plan.

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Lee County, North Carolina
Internal Service Fund
Group Health Fund
Schedule of Revenues and Expenditures- Financial Plan and Actual (Non-GAAP)
For Year Ended June 30, 2024

	Financial Plan	Actual	Variance Positive (Negative)
Operating Revenues:			
Charges for sales and services	$ 5,299,560	$ 4,149,059	$ (1,150,501)
Operating Expenses:			
Group health operations	5,299,560	3,587,576	(1,711,984)
Total operating expenditures	5,299,560	3,587,576	(1,711,984)
Operating income (loss)	-	561,483	561,483
Non-Operating Revenues (Expenses):			
Investment earnings	-	57,021	57,021
Total non-operating revenues (expenses)	-	57,021	57,021
Change in net position	$ -	618,504	$ 618,504
Net Position:			
Beginning of year - July 1		816,460	
End of year - June 30		$ 1,434,964	

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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.

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LEE COUNTY, NORTH CAROLINA
Combining Statement of Fiduciary Net Position Custodial Funds
June 30, 2024

	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
Assets						
Cash and investments	$ 9,418	$ 2,176	$ 277	$ 26,064	$ 62,060	$ 99,995
Taxes receivable - net	6,680	221,899	1,345	-	-	229,924
Accounts receivable	7,221	215,277	326	-	-	222,824
Total assets	23,319	439,352	1,948	26,064	62,060	552,743
Liabilities						
Accounts payable	7,221	215,277	326	-	-	222,824
Due to other governments	9,416	2,176	277	26,064	-	37,933
Total liabilities	16,637	217,453	603	26,064	-	260,757
Net Position						
Restricted for:						
Individuals, organizations, and other governments	6,682	221,899	1,345	-	62,060	291,986
Total net position	$ 6,682	$ 221,899	$ 1,345	$ -	$ 62,060	$ 291,986

LEE COUNTY, NORTH CAROLINA
Combining Statement of Changes in Fiduciary Net Position Custodial Funds
For the Year Ended June 30, 2024

	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
Additions						
Ad valorem taxes for other governments	$ 671,977	$ 28,493,694	$ 102,520	$ -	$ -	$ 29,268,191
Other taxes and licenses for other governments	-	-	-	643,591	-	643,591
Collections on behalf of inmates	-	-	-	-	416,585	416,585
Total additions	671,977	28,493,694	102,520	643,591	416,585	30,328,367
Deductions						
Tax distributions to other governments	672,095	28,644,530	101,629	643,591	-	30,061,845
Payments on behalf of inmates	-	-	-	-	411,259	411,259
Total deductions	672,095	28,644,530	101,629	643,591	411,259	30,473,104
Net increase (decrease) in fiduciary net position	(118)	(150,836)	891	-	5,326	(144,737)
Net position, beginning	6,800	372,735	454	-	56,734	436,723
Net position, ending	$ 6,682	$ 221,899	$ 1,345	$ -	$ 62,060	$ 291,986

OTHER SCHEDULES

This section includes additional information on property taxes.

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LEE COUNTY, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable - General Fund
June 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-24	$ -	$ 61,352,827	$ 60,994,966	$ 357,861
2022-23	367,457	-	255,746	111,711
2021-22	188,564	-	118,041	70,523
2020-21	132,687	-	77,403	55,284
2019-20	118,661	-	70,723	47,938
2018-19	72,096	-	17,473	54,623
2017-18	42,805	-	10,139	32,666
2016-17	22,607	-	5,558	17,049
2015-16	22,061	-	5,036	17,025
2014-15	21,741	-	2,805	18,936
2013-14	14,150	-	14,150	-
Total	$ 1,002,829	$ 61,352,827	$ 61,572,040	783,616
Less allowance for uncollected taxes receivable				(268,188)
Ad valorem taxes receivable (net)				$ 515,428
Reconcilement with revenues:				
Ad valorem taxes - general fund				$ 61,827,536
Reconciling items:				
Interest				(246,841)
Advertisement and collection fees				(55,431)
Taxes written off				13,575
Releases				28,270
Adjustments				4,931
Total ad valorem collections and credits				$ 61,572,040

LEE COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy - County-Wide Levy
For the Year Ended June 30, 2024

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 9,295,236,165	$ 0.650	$ 60,564,974	$ 55,466,947	$ 5,098,027
Penalties	-		123,217	123,217	-
Total	9,295,236,165		60,688,191	55,590,164	5,098,027
Discoveries:					
Current year taxes	87,350,802	0.65	578,587	578,587	-
Prior year taxes	20,450,106		132,927	132,927	-
Penalties	-		19,843	19,843	-
Total	107,800,908		731,357	731,357	-
Abatements	(11,454,777)		(66,721)	(66,721)	-
Total property valuation	$ 9,391,582,296				
Net levy			61,352,827	56,254,800	5,098,027
Less uncollected taxes at June 30, 2024			357,861	357,861	-
Current year's taxes collected			$ 60,994,966	$ 55,896,939	$ 5,098,027
Current levy collection percentage			99.42%	99.36%	100.00%

STATISTICAL SECTION

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

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

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

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

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

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

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

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

- Demographic and Economic Statistics
- Principal Employers

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

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	$ 17,265,494	$ 18,251,252	$ 19,639,721	$ 21,157,156	$ 21,115,449	$ 20,666,895	$ 24,421,592	$ 30,224,638	$ 39,136,081	$ 41,672,309
Restricted	7,493,750	7,843,197	28,406,722	42,358,524	9,052,912	10,858,328	12,664,555	15,924,964	20,539,604	20,822,752
Unrestricted	(52,851,570)	(49,073,287)	(67,224,989)	(109,327,852)	(86,682,158)	(87,523,681)	(81,698,915)	(72,589,291)	(62,044,614)	(36,932,605)
Total Governmental activities net position	$ (28,092,326)	$ (22,978,838)	$ (19,178,546)	$ (45,812,172)	$ (56,513,797)	$ (55,998,458)	$ (44,612,768)	$ (26,439,689)	$ (2,368,929)	$ 25,562,456
Business-type activities										
Net investment in capital assets	$ 588,948	$ 626,698	$ 725,323	$ 758,463	$ 773,364	$ 790,238	$ 970,176	$ 998,209	$ 943,896	$ 896,620
Unrestricted	973,512	960,258	820,381	453,036	447,289	382,540	19,629	30,999	544,981	709,387
Total business-type activities net position	$ 1,562,460	$ 1,586,956	$ 1,545,704	$ 1,211,499	$ 1,220,653	$ 1,172,778	$ 989,805	$ 1,029,208	$ 1,488,877	$ 1,606,007
Primary government										
Net investment in capital assets	$ 17,854,442	$ 18,877,950	$ 20,365,044	$ 21,915,619	$ 21,888,813	$ 21,457,133	$ 25,391,768	$ 31,222,847	$ 40,079,977	$ 42,568,929
Restricted	7,493,750	7,843,197	28,406,722	42,358,524	9,052,912	10,858,328	12,664,555	15,924,964	20,539,604	20,822,752
Unrestricted	(51,878,058)	(48,113,029)	(66,404,608)	(108,874,816)	(86,234,869)	(87,141,141)	(81,679,286)	(72,558,292)	(61,499,633)	(36,223,218)
Total primary government net position	$ (26,529,866)	$ (21,391,882)	$ (17,632,842)	$ (44,600,673)	$ (55,293,144)	$ (54,825,680)	$ (43,622,963)	$ (25,410,481)	$ (880,052)	$ 27,168,463

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	$ 9,938,237	$ 8,422,884	$ 8,826,883	$ 8,894,682	$ 9,326,907	$ 9,490,623	$ 8,726,328	$ 9,585,064	$ 12,618,145	$ 14,957,925
Public safety	10,081,361	12,805,684	13,457,188	13,533,239	14,035,115	14,870,074	15,946,736	16,380,118	18,180,161	22,326,823
Economic and physical development	1,484,068	1,739,707	2,063,986	1,788,613	2,010,865	4,456,827	5,766,315	3,697,977	4,195,184	2,579,856
Human services	14,391,192	15,076,902	14,880,653	12,943,413	13,445,485	13,783,026	15,092,113	15,290,545	16,566,914	18,073,587
Cultural and recreation	1,863,284	1,978,857	1,985,585	1,591,557	1,978,594	1,952,136	1,850,482	3,067,583	1,236,716	2,935,001
Education	19,247,541	23,083,490	24,612,382	41,564,924	43,259,793	31,420,365	24,751,263	24,369,974	26,065,301	28,013,533
Interest on long-term debt	2,651,952	2,960,290	2,135,487	2,896,297	3,438,331	3,168,140	2,775,980	2,549,037	2,296,608	4,199,414
Total governmental activities expenses	59,657,635	66,067,814	67,962,164	83,212,725	87,495,090	79,141,191	74,909,217	74,940,298	81,159,029	93,086,139
Business-type activities:										
Water & Sewer	-	-	3,069	320,325	5,778	-	-	-	-	-
Solid Waste Management Fund	1,296,841	1,373,422	1,360,857	1,390,842	1,523,046	1,598,278	1,737,406	1,791,437	1,885,875	1,943,222
Total business-type activities	1,296,841	1,373,422	1,363,926	1,711,167	1,528,824	1,598,278	1,737,406	1,791,437	1,885,875	1,943,222
Total primary government expenses	$ 60,954,476	$ 67,441,236	$ 69,326,090	$ 84,923,892	$ 89,023,914	$ 80,739,469	$ 76,646,623	$ 76,731,735	$ 83,044,904	$ 95,029,361
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 602,554	$ 253,368	$ 740,599	$ 649,749	$ 649,571	$ 716,491	$ 871,950	$ 792,768	$ 858,408	$ 1,480,503
Public safety	690,851	646,930	723,670	724,041	851,650	735,315	665,710	664,193	753,079	558,863
Economic and physical development	93,703	83,666	-	-	-	-	-		225,998	(602)
Human services	1,549,894	1,729,018	1,750,098	1,721,992	1,638,014	1,440,109	1,423,580	2,053,467	1,395,378	1,552,329
Culture and recreation	351,984	369,116	353,216	353,290	344,950	204,647	85,655	405,953	517,010	560,398
Operating grants and contributions:										
General government	-	-	-	-	-	702,701	1,958,313	1,494,854	40,615	48,442
Public safety	154,869	131,298	178,151	235,817	120,611	254,866	296,495	287,192	6,478,022	1,396,895
Economic and physical development	30,063	30,064	30,506	30,017	29,326	26,860	26,880	22,893	822,584	774,229
Human services	8,415,978	8,648,718	7,682,817	6,695,999	6,911,656	7,078,693	7,747,474	8,167,528	8,944,951	8,794,180
Culture and recreation	143,948	156,786	112,217	115,634	117,216	111,571	130,700	210,366	1,337,909	161,365
Education	-	-	-	-	-	-	-	-	102,974	-
Capital grants and contributions:										
Economic and physical development	415,278	-	-	-	-	-	-	-	-	60,051
Human services	-	-	4,093	-	3,025	-	-	-	-	255,892
Education	176,571	642,674	862,670	-	278,824	861,276	258,304	34,026	201,515	739,886
Total governmental activities program revenues	12,625,693	12,691,638	12,433,944	10,526,539	10,944,843	12,132,529	13,465,061	14,133,240	21,678,442	16,382,431

Schedule 2
(Continued)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenues (continued)										
Business-type activities (continued)										
Charges for services:										
Solid Waste Management Fund	1,289,725	1,359,065	1,248,521	1,310,715	1,374,588	1,393,854	1,404,193	1,661,829	1,803,950	1,811,707
Capital grants and contributions:										
Solid Waste Management Fund	17,619	34,394	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,307,344	1,393,459	1,248,521	1,310,715	1,374,588	1,393,854	1,404,193	1,661,829	1,803,950	1,811,707
Total primary governmental program revenues	$ 13,933,037	$ 14,085,097	$ 13,682,465	$ 11,837,254	$ 12,319,431	$ 13,526,383	$ 14,869,254	$ 15,795,069	$ 23,482,392	$ 18,194,138
Net (expense)/revenue										
Governmental activities	$ (47,031,942)	$ (53,376,176)	$ (55,528,220)	$ (72,686,186)	$ (76,550,247)	$ (67,008,662)	$ (61,444,156)	$ (60,807,058)	$ (59,480,587)	$ (76,703,708)
Business-type activities	10,503	20,037	(115,405)	(400,452)	(154,236)	(204,424)	(333,213)	(129,608)	(81,925)	(131,515)
Total primary governmental net (expense)/revenue	$ (47,021,439)	$ (53,356,139)	$ (55,643,625)	$ (73,086,638)	$ (76,704,483)	$ (67,213,086)	$ (61,777,369)	$ (60,936,666)	$ (59,562,512)	$ (76,835,223)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	$ 39,031,800	$ 43,247,833	$ 44,219,111	$ 45,297,237	$ 47,644,244	$ 49,694,345	$ 51,742,663	$ 54,411,853	$ 55,448,938	$ 67,091,046
Sales taxes	11,460,940	12,221,875	13,261,165	13,889,956	14,669,199	15,640,364	18,828,209	21,550,777	23,607,831	23,774,640
Other taxes	980,747	1,034,535	1,116,117	1,103,417	1,212,189	1,277,378	1,443,088	1,776,543	1,477,178	1,418,788
Unrestricted grants and contributions	836,002	793,989	749,057	703,051	660,520	614,250	528,582	437,297	366,499	289,020
Investment earnings	51,102	103,555	284,213	608,155	1,218,431	597,489	51,846	106,286	1,589,082	4,395,320
Miscellaneous	918,628	1,083,724	502,139	392,692	444,039	547,987	209,893	697,381	1,061,819	918,230
Special item - loss on disposal of capital asset	(503,028)	-	-	-	-	(847,812)	-	-	-	-
Total governmental activities	52,776,191	58,485,511	60,131,802	61,994,508	65,848,622	67,524,001	72,804,281	78,980,137	83,551,347	97,887,044
Business-type activities:										
Unrestricted grants and contributions	-	-	126,078	140,904	135,588	138,501	148,754	172,294	187,100	198,592
Investment earnings	2,566	4,459	8,373	14,625	27,802	18,048	1,014	1,538	28,394	50,053
Gain (Loss) on disposal of capital assets	-	-	(60,298)	-	-	-	472	(4,821)	(649)	-
Total business-type activities	2,566	4,459	74,153	155,529	163,390	156,549	150,240	169,011	214,845	248,645
Special item - forgiveness of loan	-	-	-	-	-	-	-	-	326,749	-
Total business-type activities & special items	-	-	-	-	-	-	-	-	541,594	248,645
Total primary government	$ 52,778,757	$ 58,489,970	$ 60,205,955	$ 62,150,037	$ 66,012,012	$ 67,680,550	$ 72,954,521	$ 79,149,148	$ 83,766,192	$ 98,135,689
Change in Net Position										
Governmental activities	$ 5,744,249	$ 5,109,335	$ 4,603,582	$ (10,691,678)	$ (10,701,625)	$ 515,339	$ 11,360,125	$ 18,173,079	$ 24,070,760	$ 21,183,336
Business-type activities	13,069	24,496	(41,252)	(244,923)	9,154	(47,875)	(182,973)	39,403	459,669	117,130
Total primary government	$ 5,757,318	$ 5,133,831	$ 4,562,330	$ (10,936,601)	$ (10,692,471)	$ 467,464	$ 11,177,152	$ 18,212,482	$ 24,530,429	$ 21,300,466

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 758	$ 1,623	$ 1,724
Restricted	5,700,629	5,989,554	5,997,230	6,188,113	6,498,555	8,039,228	8,894,561	12,462,965	13,264,084	11,502,676
Committed	195,217	444,308	434,917	811,694	1,132,319	1,043,898	1,071,645	1,353,068	1,425,277	1,440,941
Assigned	1,644,812	1,559,961	1,904,077	1,943,085	1,927,714	2,163,832	2,546,894	4,253,206	3,000,000	6,704,208
Unassigned	9,197,066	9,953,712	11,522,597	11,648,622	13,748,317	15,736,884	18,696,548	18,517,804	24,747,217	29,510,225
Total General Fund	$ 16,737,724	$ 17,947,535	$ 19,858,821	$ 20,591,514	$ 23,306,905	$ 26,983,842	$ 31,209,648	$ 36,587,801	$ 42,438,201	$ 49,159,774
All Other Governmental Funds										
Restricted in special revenue funds	$ 1,784,859	$ 1,850,509	$ 1,815,371	$ 1,790,345	$ 2,055,658	$ 2,217,708	$ 2,495,530	$ 4,085,311	$ 8,807,844	$ 5,454,295
Restricted in capital project funds	8,261	3,134	20,457,476	34,252,611	16,798,685	12,976,734	8,603,438	4,041,953	29,539	29,541,896
Committed in special revenue funds	54,655	88,103	119,235	254,783	208,226	337,216	282,260	583,339	1,103,540	1,903,482
Assigned in capital project funds	2,215,788	3,015,180	3,647,500	4,076,605	3,579,321	3,342,915	4,110,958	5,546,586	8,505,826	11,146,274
Unassigned in special revenue funds	-	-	-	-	-	(33,305)	(9,814)	(1,082,614)	(597,004)	(7,268)
Unassigned in capital project funds	(87,392)	(1,829,638)	(373,851)	-	(2,587,926)	(4,992)	(1,027,681)	(2,939,763)	(3,868,139)	(815,880)
Total all other governmental funds	$ 3,976,171	$ 3,127,288	$ 25,665,731	$ 40,374,344	$ 20,053,964	$ 18,836,276	$ 14,454,691	$ 10,234,812	$ 13,981,606	$ 47,222,799

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

Revenues	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Ad valorem taxes	$ 39,312,777	$ 43,530,742	$ 44,531,098	$ 45,392,897	$ 47,489,597	$ 49,543,851	$ 51,762,806	$ 54,417,034	$ 55,331,881	$ 67,269,865
Local option sales taxes	11,460,940	12,221,875	13,261,165	13,889,956	14,669,199	15,640,364	18,828,209	21,550,777	23,607,831	23,774,640
Other taxes and licenses	980,747	1,034,535	1,116,117	1,103,417	1,212,189	1,277,378	1,443,088	1,776,543	1,477,178	1,418,788
Unrestricted intergovernmental	839,576	798,119	753,187	707,311	664,653	621,653	536,351	444,958	366,499	289,020
Restricted intergovernmental	9,868,897	10,180,104	9,470,808	7,508,256	7,983,598	9,499,920	10,796,088	10,437,248	17,134,203	13,276,323
Permits and fees	245,761	350,004	391,230	263,101	263,144	281,686	352,100	367,332	328,205	322,408
Sales and services	2,732,181	2,919,078	2,664,593	2,859,950	2,801,295	2,437,980	2,413,848	3,387,252	3,771,803	3,821,530
Investment earnings	51,102	103,555	284,213	608,155	1,218,431	597,489	51,846	106,286	1,571,459	4,338,299
Miscellaneous	795,310	422,837	614,589	499,461	483,079	628,410	427,989	785,458	1,059,309	918,232
Total revenues	66,287,291	71,560,849	73,087,000	72,832,504	76,785,185	80,528,731	86,612,325	93,272,888	104,648,368	115,429,105
Expenditures										
General government	7,643,351	8,844,246	8,637,508	10,023,025	9,325,250	10,109,771	11,853,068	18,524,007	13,504,243	13,855,415
Public safety	12,143,555	12,574,255	12,885,626	13,257,555	13,535,005	14,072,484	14,429,522	15,668,518	17,375,937	21,173,233
Economic and physical development	1,238,614	1,259,179	1,773,241	1,295,095	1,719,153	3,784,784	2,258,297	1,700,306	4,110,555	2,493,055
Human services	14,356,332	15,087,385	14,174,122	12,595,757	13,125,412	13,009,121	13,817,492	14,992,018	15,802,025	17,867,673
Education	19,167,781	21,568,559	21,740,841	22,326,644	22,780,722	24,608,041	24,341,859	24,266,864	26,061,815	28,013,533
Cultural and recreational	1,793,665	2,045,494	1,963,491	2,079,370	1,913,977	1,899,968	2,600,628	3,237,450	944,153	2,529,420
Capital outlay	660,198	1,928,066	4,569,932	19,652,680	20,644,775	7,837,064	13,235,114	6,726,184	7,453,795	17,830,851
Debt service										
Principal	5,414,565	5,442,068	5,608,793	6,599,195	7,618,859	7,542,859	8,372,859	8,401,857	9,246,674	10,303,937
Interest and fees	2,774,328	3,529,822	1,975,999	2,774,006	3,727,021	3,455,390	3,188,486	2,829,042	2,532,786	4,120,091
Total expenditures	65,192,389	72,279,074	73,329,553	90,603,327	94,390,174	86,319,482	94,097,325	96,346,246	97,031,983	118,187,208
Excess of revenues over (under) expenditures	1,094,902	(718,225)	(242,553)	(17,770,823)	(17,604,989)	(5,790,751)	(7,485,000)	(3,073,358)	7,616,385	(2,758,103)
Other financing sources (uses)										
Transfers in	2,610,209	1,981,656	2,664,932	1,396,082	2,010,217	151,479	4,590,875	2,336,604	6,111,185	3,093,668
Transfers out	(2,610,209)	(1,981,656)	(2,664,932)	(1,396,082)	(2,010,217)	(151,479)	(4,590,875)	(2,336,604)	(6,111,185)	(3,093,668)
Bonds issued	-	-	23,000,000	-	-	-	-	-	-	25,000,000
Repayment of Installment Purchase Obligations	-	-	-	-	-	-	-	-	(7,220,000)	-
Installment purchase issued	-	-	-	-	-	8,250,000	7,220,000	3,625,000	7,619,000	-
Limited obligation bonds issued	-	-	-	30,095,000	-	-	-	-	-	14,565,000
Original issuance premium	-	-	1,692,282	3,117,129	-	-	-	-	-	2,436,657
Refunding certificates of participation issued	-	22,675,000	-	-	-	-	15,235,000	-	-	-
Payment to refunding escrow agent	-	(21,600,000)	-	-	-	-	(15,151,344)	-	-	-
Lease liabilities issued	-	-	-	-	-	-	-	606,632	9,598	17,840
IT Subscription agreement	-	-	-	-	-	-	-	-	1,572,211	156,065
Sale of county assets	800,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	800,000	1,075,000	24,692,282	33,212,129	-	8,250,000	7,303,656	4,231,632	1,980,809	42,175,562
Net change in fund balances	$ 1,894,902	$ 356,775	$ 24,449,729	$ 15,441,306	$(17,604,989)	$ 2,459,249	$ (181,344)	$ 1,158,274	$ 9,597,194	$ 39,417,459
Debt service as a percentage of noncapital expenditures	12.8%	12.8%	10.7%	10.7%	12.2%	13.2%	14.6%	13.6%	13.0%	14.0%

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

Fiscal Year	Real Property: Residential Property	Real Property: Commercial 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
2015	$ 2,710,869,570	$ 1,046,605,800	$ 1,228,580,482	$112,327,319	$(55,834,498)	$ 5,042,548,673	0.72	$ 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	2,785,933,134	1,133,366,900	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%
2022	3,023,484,574	1,453,045,600	2,033,559,902	145,784,046	(73,995,575)	6,581,878,547	0.760	7,322,962,335	89.88%
2023	3,144,921,131	1,504,990,100	2,204,358,057	148,614,897	(76,392,700)	6,926,491,485	0.730	9,374,058,039	73.89%
2024	4,858,460,741	2,003,416,200	2,473,163,636	163,768,969	(107,227,250)	9,391,582,296	0.650	9,915,099,552	94.72%

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, 2023.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County:										
Lee	$ 0.720	$ 0.795	$ 0.795	$ 0.795	$ 0.795	$ 0.775	$ 0.775	$ 0.760	$ 0.730	$ 0.650
Municipalities:										
Town of Broadway	0.440	0.440	0.490	0.490	0.490	0.490	0.490	0.490	0.530	0.440
City of Sanford	0.600	0.600	0.600	0.600	0.620	0.600	0.600	0.620	0.620	0.535
Fire Districts										
Cape Fear	0.100	0.100	0.100	0.102	0.112	0.112	0.121	0.121	0.121	0.111
Carolina Trace	0.086	0.091	0.097	0.097	0.097	0.104	0.115	0.115	0.115	0.125
Clearwater	0.186	0.187	0.187	0.187	0.187	0.187	0.187	0.121	0.121	0.111
Deep River	0.118	0.125	0.125	0.125	0.125	0.115	0.115	0.115	0.115	0.091
Lemon Springs	0.096	0.096	0.096	0.096	0.096	0.096	0.096	0.096	0.096	0.072
Northview	0.087	0.087	0.087	0.087	0.087	0.080	0.080	0.080	0.080	0.080
Northwest Pocket	0.129	0.129	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.120
Tramway	0.089	0.089	0.089	0.093	0.096	0.080	0.096	0.096	0.096	0.077
Other Districts: (3)										
Central Business District	0.110	0.110	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	0.906	0.982	0.982	0.982	0.982	0.962	0.962	0.905	0.875	0.775
Total Maximum Rate - Municipalities	1.430	1.395	1.395	1.395	1.415	1.375	1.375	1.380	1.350	1.185

Notes:
(1) Property in Lee County is typically reassessed every four years. The last reassessment was on January 1, 2023.
(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, 2024.

Source : Lee County Tax Department.

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

		Fiscal Year 2024			Fiscal Year 2015		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Pfizer	Pharmaceuticals	$ 735,069,273	1	7.8%	$ 193,333,689	1	3.8%
Audentes Therapeutics, Inc.	Pharmaceuticals	179,131,658	2	1.9%	-		
Donald R. Simpson	Real Estate	110,867,778	3	1.2%	70,808,144	4	1.4%
Caterpillar	Manufacturing	101,298,896	4	1.1%	67,093,889	5	1.3%
Bharat Forge	Manufacturing	100,794,504	5	1.1%	-		
Frontier Spinning Mills LLC	Textiles	99,277,810	6	1.1%	78,856,742	3	1.6%
Coty, Inc.	Cosmetics	88,683,580	7	0.9%	102,297,682	2	2.0%
Pilgrims Pride	Chicken producer	85,506,704	8	0.9%	42,807,016	8	0.8%
Duke Energy Progress Inc.	Utility	79,184,183	9	0.8%	46,902,420	6	0.9%
South Park Village LLC	Real Estate	42,060,995	10	0.4%	-	-	-
GKN Automotive Components, Inc.	Automotive Parts			0.0%	-		
Magneti Marelli	Manufacturing	-		0.0%	43,985,722	7	0.9%
Static Control	Manufacturing	-		0.0%	37,481,432	9	0.7%
Moen, Inc.	Plumbing fixtures	-		0.0%	36,855,454	10	0.7%
Totals		$ 1,621,875,381		26.3%	$ 720,422,190		14.1%

Source: Lee County Tax Department

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 36,363,858	$ 35,935,577	98.8%	$ 388,899	$ 36,324,476	99.9%
2016	40,362,332	39,983,957	99.1%	352,414	40,336,371	99.9%
2017	41,240,994	40,895,166	99.2%	298,853	41,194,019	99.9%
2018	42,164,227	41,830,217	99.2%	281,192	42,111,409	99.9%
2019	44,082,416	43,705,689	99.1%	301,362	44,007,051	99.8%
2020	46,274,460	45,683,518	98.7%	514,213	46,197,731	99.8%
2021	47,853,703	47,435,805	99.1%	362,614	47,798,419	99.9%
2022	50,151,696	49,786,804	99.3%	294,369	50,081,173	99.9%
2023	50,697,559	50,330,102	99.3%	255,775	50,585,877	99.8%
2024	61,352,827	60,994,966	99.4%	-	60,994,966	99.4%

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

	Governmental Activities									
Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Certificates of Participation	Limited Obligation Bonds	Installment Loans	Leases	Subscriptions	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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	3.22%	1,423
2022	18,519,212	-	15,169,000	28,088,705	23,356,923	493,634	-	85,627,474	2.72%	1,335
2023	17,284,598	-	11,875,000	34,426,849	12,596,814	351,732	1,031,685	77,566,678	2.33%	1,185
2024	41,049,984	-	10,957,064	49,675,273	6,762,500	178,265	748,204	109,371,290	*	1,631

* 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 2023 personal income not available to calculate fiscal year 2024.

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

Fiscal Year	Gross General Obligation Bonded Debt	Less Debt Payable from Enterprise Fund	Net General Obligation Bonded Debt	Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
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	0.70%	0.32%	309
2022	18,519,212	-	18,519,212	0.59%	0.28%	289
2023	17,284,598	-	17,284,598	0.52%	0.25%	264
2024	34,426,849		34,426,849	*	0.37%	513

* 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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assesses Value of Property	$ 5,042,549	$ 5,084,832	$ 5,182,395	$ 5,292,289	$ 5,540,454	$ 5,936,215	$ 6,169,114	$ 6,581,878	$ 6,926,491	$ 9,391,582
Debt Limit, 8% of Assessed Value Statutory Limitation	403,404	406,787	414,592	423,383	443,236	474,897	493,529	526,550	554,119	751,327
Amount of Debt Applicable to Limit										
Gross debt	57,440	53,073	76,073	93,960	83,341	87,049	86,035	81,371	74,044	103,744
Less: Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	57,440	53,073	76,073	93,960	83,341	87,049	86,035	81,371	74,044	103,744
Legal debt margin	$ 345,964	$ 353,714	$ 338,519	$ 329,423	$ 359,895	$ 387,848	$ 407,494	$ 445,179	$ 480,075	$ 647,583
Total net debt applicable to the limit as a percentage of debt limit	14.24%	13.05%	18.35%	22.19%	18.80%	18.33%	17.43%	15.45%	13.36%	13.81%

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, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Underlying Debt
Direct:			
Lee County	$ 109,371,290	100%	$ 109,371,290
Total direct debt	109,371,290		109,371,290
Underlying Debt:			
City of Sanford	21,091,311	100%	21,091,311
Town of Broadway	636,636	100%	636,636
Total underlying debt	21,727,947		21,727,947
Total direct and overlapping debt	$ 131,099,237		$ 131,099,237

Note:
Percentage of overlap based on assessed property values.

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

Fiscal Year	Population (1,4)	Personal Income (1) (amounts expressed in thousands)	Per Capita Personal Income (1)	Public School Enrollment (2)	Unemployment Rate (3)
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	2,797,802	44,870	9,325	5.50%
2022	64,137	3,151,505	49,136	9,138	4.50%
2023	65,476	3,327,670	50,771	9,040	3.70%
2024	67,059	*	*	9,017	4.50%

* 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. Department of Commerce
(4) US Census Bureau

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

Employer	Fiscal Year 2024 (1) Approximate Number of Employees	Rank	Percentage of Total County Employment	Fiscal Year 2015 Employees	Rank	Percentage of Total County Employment
Caterpillar, Inc.	1000-1500	1	4.52%	500-999	6	3.24%
Pfizer, Inc.	1000-1500	2	4.52%	-		0.00%
Lee County Schools	1000-1500	3	4.52%	1000-1500	1	5.40%
Pilgrims Pride Corporation	1000-1500	4	4.52%	500-999	2	3.24%
County of Lee	500-999	5	2.71%	-		0.00%
Pentair Water Pool & Spa, Inc.	500-999	6	2.71%	500-999	8	3.24%
Central Carolina Community College	500-999	7	2.71%	500-999	9	3.24%
Gildan Yarns (FKA Frontier Spinning)	250-499	8	1.36%	500-999	10	3.24%
Tyson Mexican Original Inc.	250-499	9	1.36%	-		0.00%
Kelly Services Inc.	250-499	10	1.36%	-		0.00%
Wal-Mart Associates, Inc.	250-499		1.36%	-		0.00%
Bear Creek Arsenal	250-499		1.36%	-		0.00%
Coty, LLC.	250-499		1.36%	500-999	5	3.24%
Central Carolina Hospital	250-499		1.36%	500-999	7	3.24%
Static Control Components	-		0.00%	500-999	3	3.24%
Belflex Staffing Network	-		0.00%	500-999	4	3.24%
Total			35.72%			34.56%

Source: NC Department of Commerce

Notes:
(1) Based on NC Department of Commerce

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

	Full-time Equivalent Employees as of June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function										
General government	72	72	72	73	76	76	82	89	102	110
Public safety	110	110	110	111	112	116	118	119	118	129
Economic and physical development	2	2	2	2	2	2	2	2	2	2
Human Services	148	157	157	158	161	160	162	168	156	167
Cultural and recreational	31	31	31	31	31	31	31	31	19	23
Total	363	372	372	375	382	385	395	409	397	431

Source: Lee County Finance Department

Note: The schedule represents the number of approved permanent FTE's as of June 30, 2024

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sheriff										
Civil papers issued	7,053	6,948	6,457	5,976	5,961	5,965	4,454	5,265	5,515	6,089
Criminal papers issued	2,553	2,184	1,735	1,714	1,350	1,339	1,197	1,163	772	2,110
COLTS (County of Lee Transit System)										
Passenger Trips	63,228	59,169	59,057	63,569	64,194	49,268	27,449	45,016	57,997	52,148
Senior Services										
Diners club meals served	17,299	17,390	18,741	17,394	14,997	15,166	16,360	14,154	15,118	11,548
Home delivered meals served	5,861	6,249	6,913	6,269	6,035	6,569	6,667	5,911	5,971	7,796
Unduplicated persons served using										
Senior Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
General Purpose Grant	2,372	494	662	1,467	1,018	1,090	1,544	1,496	1,729	1,628
Library										
Patron visits	138,746	115,109	195,884	143,523	134,345	75,466	15,276	45,629	62,267	74,344
Registered users	54,167	57,630	34,877	46,065	49,284	51,644	23,308	23,372	26,336	25,780
Children participating in library programs	5,621	5,512	6,715	10,440	10,358	6,163	2,594	4,588	12,951	11,297
Materials in collection - physical	123,316	127,278	129,293	121,019	121,287	108,222	119,751	116,924	118,564	119,009
Materials in collection - electronic	214,474	54,187	86,546	94,875	121,918	100,480	202,772	373,650	670,847	602,217
Materials circulation	97,947	119,078	105,590	112,118	128,207	116,795	140,707	133,268	168,420	194,235
Programs offered (all ages)	169	342	291	488	728	386	262	318	469	651
Program participation (all ages)	N/A	N/A	N/A	11,071	14,676	8,117	16,253	7,283	21,947	16,759
Outreach programs (all ages)	N/A	N/A	N/A	158	222	145	-	65	88	234
Outreach program participants (all ages)	N/A	N/A	N/A	3,940	3,591	4,460	-	1,681	4,776	5,575
Summer reading - participation	N/A	133	133	440	626	71	226	707	483	557
Summer reading - minutes read	N/A	16,450	N/A	78,190	214,795	19,110	82,871	484,720	562,374	891,049
Parks and Recreation										
Youth recreation:										
Sports teams	117	114	117	91	89	45	31	212	190	188
Participants	1,513	1,621	1,604	1,121	1,046	478	343	1,269	2,003	2,024
Adult recreation:										
Sports teams	6	6	-	-	-	-	17	17	15	12
Participants	72	75	-	-	-	-	282	282	335	300
Gymnastics:										
Participants	2,055	2,021	1,809	1,637	1,423	935	252	1,581	2,146	2,687
San-Lee Park Summer Camps:										
Participants	161	158	197	255	298	86	93	288	299	298
Solid Waste:										
Waste collected (tons)	6,634	5,354	7,238	8,848	7,867	8,164	9,971	8,317	7,699	7,878
Ratio of recyclable to total waste received	23%	25%	24%	35%	22%	20%	32%	23%	26%	26%

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									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Function										
Sheriff Protection:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	21	21	21	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	13	13	13	13	13	13
Park acreage	343	343	343	343	335	335	335	350	350	350
Swimming pools	2	2	2	2	2	2	2	2	2	2
Libraries (branches)	2	2	2	2	2	2	2	2	2	2
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	17	17	17	17	17
Teachers	613	621	631	640	635	627	626	630	610	594
Students	10,062	10,054	10,022	9,936	9,868	9,833	9,325	9,138	9,040	9,017

Sources: Various County departments. Lee County Board of Education

COMPLIANCE SECTION

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

Independent Auditors' Report

To the Board of County Commissioners
Lee County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lee County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises Lee County's basic financial statements, and have issued our report thereon dated December 5, 2024.

<u>Report on Internal Control Over Financial Reporting</u>

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 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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items [2024-001, 2024-002] that we consider to be significant deficiencies.

Members
American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Lee County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lee County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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
December 5, 2024

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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

Opinion on Each Major Federal Program

We have audited Lee County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Lee County's major federal programs for the year ended June 30, 2024. Lee County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Lee County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lee County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lee County’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Lee County’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lee County’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor’s Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2024-003, 2024-004, 2024-005, 2024-006] to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Lee County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Lee County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Lee County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Lee County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 5, 2024

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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

Opinion on Each Major State Program

We have audited the Lee County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Lee County's major State programs for the year ended June 30, 2024. Lee County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Lee County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Lee County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lee County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circum- stances.
- obtain an understanding of Lee County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lee County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2024-003, 2024-004, 2024-005, 2024-006, and 2024-007] to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Lee County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Lee County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Lee County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Lee County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 5, 2024

LEE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? ____ yes _X_ no

• Significant deficiency(ies) identified that are not considered to be material weaknesses _X_ yes ____ none reported

Noncompliance material to financial statements noted ____ yes _X_ no

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified? ____ yes _X_ no

• Significant deficiency(ies) identified that are not considered to be material weaknesses _X_ yes ___ none reported

Noncompliance material to federal awards ____ yes _X_ no

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

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

Identification of major federal programs:

Assistance Listing #	Program Name
21.027	Coronavirus State and Local Fiscal Recovery Fund
93.563	Child Support Enforcement
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? _X_ yes __ no

State Awards

Internal control over major State programs:

• Material weakness(es) identified? ____ yes _X_ no

• Significant deficiency(ies) identified that are not considered to be material weaknesses _X_ yes ___ none reported

Noncompliance material to State awards ____ yes _X_ no

Section I - Summary of Auditors' Results (continued)

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

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

Identification of major State programs:

Program Name
Medical Assistance Program
Office of State Budget and Management - Special Appropriation
Public School Building Capital Fund - Lottery Fund

Dollar threshold used to determine a State major program — $ 500,000

Auditee qualified as a State low-risk auditee? — X yes __ no

Section II - Financial Statement Findings

Finding: 2024-001 **Budget Violation**

NONCOMPLIANCE / SIGNIFICANT DEFICIENCY

Criteria:	In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.
Condition:	For the fiscal year ended June 30, 2024, the following departments' expenditures exceeded amount approved in the budget ordinance and subsequent amendments: Debt Service $183,361.
Effect:	Moneys were spent that had not been obligated and appropriated.
Cause:	The budget violations in Debt Service were a result of reclassification of debt service payments from departmental expenses to debt service for both lease and subscription principal payments.
Recommendation:	The finance office should closely monitor the budget going forward to ensure budget is available.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

Section II - Financial Statement Findings (continued)

Finding: 2024-002 **Correction of an Error in Previously Issued Financial Statements**

SIGNIFICANT DEFICIENCY

Criteria:	Management should have a system in place to verify that transactions are recorded in the correct fund, thereby reducing the likelihood of errors in financial reporting.
Condition:	The County identified Subscriptions that were not included in prior year schedules that should have been, and changed the terms of other agreements. Additionally, a building lease was terminated in 2023 that was not removed from the lease schedules. These changes resulted in a net decrease in net position of governmental activities in the government-wide statements of $152,038.
Effect:	The County's management and other users of the financial statements do not have accurate information for decisions-making and monitoring of the County's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.
Cause:	Financial records were not reconciled accurately.
Recommendation:	The County should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely and correctly during the year.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

Section III - Federal Award Findings and Questioned Costs

US Department of Health and Human Services
Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2024-003 **Inaccurate Information Entry**

SIGNIFICANT DEFICIENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were 3 errors discovered during our procedures that inaccurate information was entered when determining eligibility.
Questioned Costs:	There was no known effect to eligibility and there were no known questioned costs.

Section III - Federal Award Findings and Questioned Costs (continued)

Context:	We examined 60 cases from a total of 708,144 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2023-001.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

US Department of Health and Human Services
Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2024-004 **Inaccurate Resources Information Entry**

SIGNIFICANT DEFICIENCY

Eligibility

Criteria:	In accordance with Medicaid Manual MA-2230, Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or noncountable resources and explained within the documentation.
Condition:	There were 1 errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.

Section III. Federal Award Findings and Questioned Costs (continued)

Questioned Costs:	There was no known effect to eligibility and there were no known questioned costs.
Context:	We examined 60 cases from a total of 708,144 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2023-002.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

US Department of Health and Human Services
Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2024-005 **Inadequate Request for Information**

SIGNIFICANT DEFICIENCY

<u>Eligibility</u>

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.
Condition:	There were 5 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.
Questioned Costs:	There was no known effect to eligibility and there were no known questioned costs.

Section III. Federal Award Findings and Questioned Costs (continued)

Context:	We examined 60 cases from a total of 708,144 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and applicants could have been approved for benefits for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2023-003.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources and income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

US Department of Health and Human Services
Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2024-006 **Untimely Review of SSI Terminations**

SIGNIFICANT DEFICIENCY

<u>Eligibility</u>

Criteria:	In accordance with the Medicaid Manual MA-3120, the State sends notification to the County when a participant is no longer eligible under a SSI determination. The County has a certain time period to initiate an ex-parte review to determine whether the recipient qualifies for Medicaid under any other coverage group, such as Family and Children's Medicaid, North Carolina Health Choice for Children, Work First Family Assistance, or Medicaid for the Aged, Blind and Disabled.
Condition:	There were 1 applicants/beneficiaries not reviewed timely and determined to be eligible for Medicaid when their SSI benefits were terminated.
Questioned Costs:	There was no known effect to eligibility and there were no known questioned costs.

Section III. Federal Award Findings and Questioned Costs (continued)

Context:	We examined 60 cases from a total of 708,144 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	The County did not initiate ex-parte review timely, therefore, no eligibility review was completed in the required time period. The lack of follow up and certification lead to applicants receiving Medicaid benefits for which they were not eligible.
Cause:	Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needed to conduct an ex-parte review. This information was not shared with other departments in DSS from which the recipient was also receiving benefits.
Recommendation:	Any State communications related to applicants/beneficiaries should be shared with all areas from which the participant receives benefits. State files should be reviewed internally to ensure all actions have been properly closed and the corrective action has been taken. Workers should be retrained on what process needs to be followed when State communications are received.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

Section IV - State Award Findings and Question Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL # 93.778

SIGNIFICANT DEFICIENCY: Finding 2024-003, 2024-004, 2024-005, 2024-006 also apply to State requirements and State Awards.

N.C. Office of State Budget and Management
Program Name: Office of State Budget and Management - Special Appropriation

Finding: 2024-007 **Funds Management**

SIGNIFICANT DEFICIENCY

Cash Management

Criteria:	In accordance with North Carolina General Statute (G.S.) 143C-6-23 and the grant contract with North Carolina Office of State Budget and Management, the grant funds should be accounted for in a separate fund and accounting structure within the recipient's central accounting and/or grant management system.
Condition:	The grant funds were accounted for in County General Fund instead of a separate fund.

Section IV - State Award Findings and Question Costs (continued)

Effect:	Grant funds were not properly managed as required.
Cause:	Requirement was overlooked when establishing the budget.
Recommendation:	Account each source of fund separately in County accounting system.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. See Corrective Action Plan in the following section.

LEE COUNTY GOVERNMENT
NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2024

Section II - Financial Statement Findings

Finding 2024-001

Name of contact person: Candace Iceman, Finance Director

Corrective Action: Budget amendments will be prepared to properly account for lease and subscription principal payments and required reporting. In addition, the budget will be closely monitored going forward to ensure budget availability.

Proposed completion date: 6/30/2025

Finding 2024-002

Name of contact person: Candace Iceman, Finance Director

Corrective Action: A full review of the existing lease and subscription agreements will be done to ensure accurate data is being tracked and terminations are being removed from all reporting schedules in a timely manner. Additionally, any existing agreements that have a change of terms will be terminated instead of modified to provide accurate and transparent information. Reviews of these documents will be conducted quarterly to make timely adjustments and corrections.

Proposed completion date: 6/30/2025

Section III - Federal Award Findings and Questioned Costs

Finding 2024-003 **Inaccurate Information Entry**

Name of contact person: Sabrina Magedanz, Medicaid Program Manager

Corrective Action: Training has been conducted on the Inaccurate Information Entry topic with staff specifically concerning the finding areas and ensuring all verified information is appropriately updated in the NC FAST evidence. Second party reviews will be enhanced to ensure those conducting the review verify that proper procedures are being followed with regard to these policies.

Proposed completion date: 10/9/2024

LEE COUNTY GOVERNMENT
NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs (continued)

Finding 2024-004 **Inaccurate Resources Entry**

Name of contact person: Sabrina Magedanz, Medicaid Program Manager

Corrective Action: Training has been conducted on the Inaccurate Resource topic with staff specifically concerning the finding areas and ensuring all verified resources are appropriately updated in the NC FAST evidence. Second party reviews will be enhanced to ensure those conducting the review ensure that proper procedures are being followed with regard to these policies.

Proposed completion date: 10/17/2024

Finding 2024-005 **Inadequate Request for Information**

Name of contact person: Sabrina Magedanz, Medicaid Program Manager

Corrective Action: Training has been conducted on the Inadequate Request for Information topic with staff specifically concerning the finding areas and ensuring all required requests for information are sent via 5097/20020 where applicable. Second party reviews will be enhanced to ensure those conducting the review ensure that proper procedures are being followed with regard to these policies.

Proposed completion date: 10/09/2024 and 10/17/2024

Finding 2024-006 **Untimely Review of SSI Terminations**

Name of contact person: Sabrina Magedanz, Medicaid Program Manager

Corrective Action: Training has been conducted on the Untimely Review of SSI Terminations topic with staff specifically concerning the finding areas and ensuring all timeframes are adhered to when processing actions. Second party reviews will be enhanced to ensure those conducting the review ensure that proper procedures are being followed with regard to these policies.

Proposed completion date: 10/17/2024

LEE COUNTY GOVERNMENT

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2024

Section IV - State Award Findings and Questioned Costs

Corrective Actions for Finding 2024-003, 2024-004, 2024-005, and 2024-006 also apply to State Award Findings.

Finding 2024-007

Name of contact person:	Candace Iceman, Finance Director
Corrective Action:	Grant funds will be transferred to their own fund within the central accounting system. Additionally, any future grant funds received will be held in accordance with their respective grant contracts for compliance, transparency and accuracy of reporting.
Proposed completion date:	12/31/2024

LEE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2024

Finding:	2023-001
Status	Repeated as finding 2024-003
Finding:	2023-002
Status	Repeated as finding 2024-004
Finding:	2023-003
Status	Repeated as finding 2024-005
Finding:	2023-004
Status	Corrected for FY 2024

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Federal Awards:					
U.S. Dept. of Agriculture					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
SNAP Cluster					
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		$ 21,523	$ -	$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		867,347	-	-
Total SNAP Cluster			888,870	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		315,229	-	-
Total U.S. Department of Agriculture			1,204,099	-	-
U.S. Dept. of Interior					
Passed-through N.C. Department of Natural and Cultural Resources					
Emergency Supplemental Historic Preservation Fund	15.957		60,051	-	-
Total U.S. Dept. of Interior			60,051	-	-
U.S. Dept. of Transportation					
Passed-through the N.C. Department of Transportation:					
Formula Grants for Rural Areas and Tribal Transit Program					
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	DOT-11 36233.65.25.1	78,943	5,367	-
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	DOT-11 36233.65.24.1	48,067	3,004	-
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program - Operating	20.509	50371.20.1.2	107,210	-	-
Total Formula Grants for Rural Areas and Tribal Transit Program			234,220	8,371	-
Federal Transit Administration Capital Program	20.526	DOT-14 44637.53.2.3	72,986	12,425	-
Total U.S. Dept. of Transportation			234,220	8,371	-
U.S. Dept. of Treasury					
Direct Grant					
Passed through N.C. Office of State Budget and Management					
Coronavirus State and Local Fiscal Recovery Fund	21.027		1,055,430	-	-
Passed through N.C. Dept. of Health and Human Services					
Division of Public Health					
Coronavirus State and Local Fiscal Recovery Fund	21.027		6,535	-	-
Total U.S. Dept. of Treasury			1,055,430	-	-
Institute of Museum and Library Services					
Passed-through N.C. Dept. of Cultural and Natural Resources					
Division of State Library					
Leap Into Science Grants	45.310		200	-	-
Total Institute of Museum and Library Services			200	-	-
U.S. Dept. of Health & Human Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069		34,610	-	-
Maternal and Child Health Federal Consolidated Programs	93.110		2,000	-	-

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116		50	-	-
Family Planning Services	93.217		49,314	-	-
COVID-19 Immunization Cooperation Agreements	93.268		3,221	-	-
Immunization Cooperation Agreements	93.268		17,314	-	-
Total Immunization Cooperation Agreements			20,535	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		4,637		
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436		270	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		2,930	-	-
HIV Care Formula Grants - Ryan White Care Act	93.917		1,548	-	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		117,875	-	-
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977		100	-	-
Preventive Health and Health Services Block Grant	93.991		30,431	-	-
Maternal and Child Health Services Block Grant	93.994		180,857	3,450	-
Division of Social Services:					
TANF - Work First	93.558		430,656	-	-
Division of Public Health					
TANF - Work First	93.558		9,146	-	-
Total TANF Cluster			439,802	-	-
Division of Social Services:					
Foster Care and Adoption Cluster (Note 4)					
Foster Care - Title IV-E	93.658		197,470	25,449	-
Foster Care - Title IV-E - Benefit Payments	93.658		36,194	11,875	-
Adoption Assistance	93.659		11,399	-	-
Total Foster Care and Adoption Cluster (Note 4)			245,063	37,324	-
Child Support Enforcement	93.563		735,618	-	-
Refugee and Entrant Assistance State / Replacement Designee Administered Programs	93.566		5,108	-	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556		5,547	-	-
Low-Income Home Energy Assistance:					
Crisis Intervention Program	93.568		(460)	-	-
Weatherization Assistance and Heating and Air Repair	93.568		57,948	-	-
COVID - 19 Weatherization Assistance and Heating and Air Repair	93.568		318	-	-
Total Low-Income Home Energy Assistance			57,806	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645		12,495	6,463	-
Chafee Foster Care Independence Program	93.674		8,203	2,051	-
Social Service Block Grant - Other Service and Training	93.667		212,734	-	-
Division of Social Services:					
Social Services Block Grant					
State In Home Service Fund	93.667		48,813	-	-
State Adult Day Care	93.667		678	7,929	-
State Child Protective Services	93.667		30,607	-	-
Total Social Service Block Grant (SSBG)			292,831	7,929	-

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Division of Child Development and Early Education:					
Subsidized Child Care					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Mandatory and Matching Funds-Administration (Note 5)	93.596		151,511	-	-
Total Subsidized Child Care			151,511	-	-
Passed-through Traingle J Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers	93.044		136,845	8,050	-
ARPA Special Programs for the Aging - Title III B	93.044		39,360	6,946	-
Special Programs for the Aging - Title III C					
Nutrition Services	93.045		101,549	5,973	-
ARPA Special Programs for the Aging - Title III C	93.045		18,590	3,281	-
Nutrition Services Incentive Program	93.053		14,476	-	-
Total Aging Cluster			310,820	24,250	-
Passed-through the N.C. Dept. of Insurance:					
SHIIP Division					
CDAP State Health Insurance Asst Program	93.324	90SAPG0099-03-00	22,516	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778		2,045,194	82,094	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767		253,029	4,979	-
Total U.S. Dept. of Health and Human Services			5,030,700	168,540	-
U. S. Department of Homeland Security					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management:					
Disaster Grant - Public Assistance	97.036				-
Emergency Management Performance	97.042		77,303	-	-
Total U. S. Department of Homeland Security			77,303	-	-
Total Federal Awards			$ 7,741,524	$ 189,336	$ -
State Awards:					
N.C. Department of Justice					
Safe Roads Act			$ -	$ 3,294	$ -
N.C. Department of Justice			-	3,294	-
N.C. Dept. of Administration					
Veterans Service			-	2,174	-
Total N.C. Dept. of Administration			-	2,174	-
N.C. Department of Cultural and Natural Resources					
State Aid for Public Libraries			-	145,117	-
Total N.C. Dept. of Administration			-	145,117	-
N.C. Dept. of Health and Human Services					
Passed-through Triangle J Council of Governments:					
Division of Aging and Adult Services					
State Appropriation - Access			-	86,308	-
State Appropriation - In-Home Services			-	122,402	-

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Total Division of Aging and Adult Services			-	208,710	-
Division of Social Services					
Administration					
State Child Welfare - State Protective Services			-	52,357	-
Direct Benefit Payments					
State Foster Home			-	34,458	-
State Foster Home Fund (SFHF) Maximization			-	1,955	-
Extended Foster Care Maximization Non IV-E programs			-	7,178	-
Total Division of Social Service			-	95,949	-
Division of Public Health					
Food and Lodging Fees			-	6,649	-
DPH Aid-to-Counties			-	88,990	-
General Communicable Disease Control			-	3,464	-
Child Health			-	4,917	-
HIV/STD STATE			-	458	-
Healthy Community Activities			-	3,747	-
Breast and Cervical Cancer Control			-	2,375	-
School Nursing Funding Initiative			-	150,000	-
Family Planning - State			-	31,450	-
Maternal Health			-	20,393	-
State Fiscal Recovery Funds			-	38,795	-
Women's Health Service Fund			-	1,488	-
TB Control			-	10,038	-
Total Division of Public Health			-	362,764	-
Total N. C. Department of Health and Human Services			-	667,423	-
N.C. Dept of Transportation					
ROAP Cluster					
ROAP RGP		DOT-16CL 36228.22.12.1	-	110,577	-
ROAP EDTAP		DOT-16CL 36220.10.12.1	-	80,159	-
ROAP EMPLOYMENT		DOT-16CL 36236.11.11.1	-	19,438	-
Total ROAP Cluster				210,174	
Total N.C. Dept of Transportation			-	210,174	-
N.C. Dept. of Public Safety					
Juvenile Crime Prevention Programs			-	202,290	-
Total N. C. Department of Public Safety			-	202,290	-
Office of State Budget and Management					
Special Appropriation		20362, 20363	-	721,323	-
State Capital Infrastructure Fund				80,000	
Total Office of State Budget and Management			-	721,323	-
N.C. Department of Public Instruction					
Public School Building Capital Fund			-		-
Lottery Fund				739,886	
Total N.C. Department of Public Instruction			-	739,886	-
Total State Awards			-	2,771,681	-
Total Federal and State Awards			$ 7,741,524	$ 2,961,016	$ -

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Lee County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Lee County, it is not intended to and does not present the financial position, changes in net position or cash flows of Lee County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Lee County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

Note 5: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	**CFDA No.**	**Federal**	**State**
Supplemental Nutrition Assistance Program	10.551	$ 16,366,702	$ -
Special Supplemental Nutrition Program for Women Infant and Children	10.557	1,948,736	-
Temporary Assistance for Needy Families	93.558	124,909	
Refugee Assistance Payment	93.566	12,528	
Adoption Assistance	93.659	298,968	64,015
Medical Assistance Program	93.778	101,518,096	40,625,338
Energy Assistance Private Grants	N/A		10,875
Child Welfare Services Adoption	N/A	-	41,310
State / County Special Assistance program	N/A	-	189,933

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