

**MONTGOMERY COUNTY  
NORTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**MARTIN ♦ STARNES  
& ASSOCIATES, CPAs, P.A.**

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*"A Professional Association of Certified Public Accountants and Management Consultants"*



# MONTGOMERY COUNTY, NORTH CAROLINA

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organization's* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated February 11, 2015, on our consideration of Montgomery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that 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 the 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 Montgomery County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
February 11, 2015

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## **Management's Discussion and Analysis**

As management of Montgomery County, North Carolina, we offer readers of Montgomery County's financial statements this narrative overview and analysis of the financial activities of Montgomery County for the fiscal year ended June 30, 2014. 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.

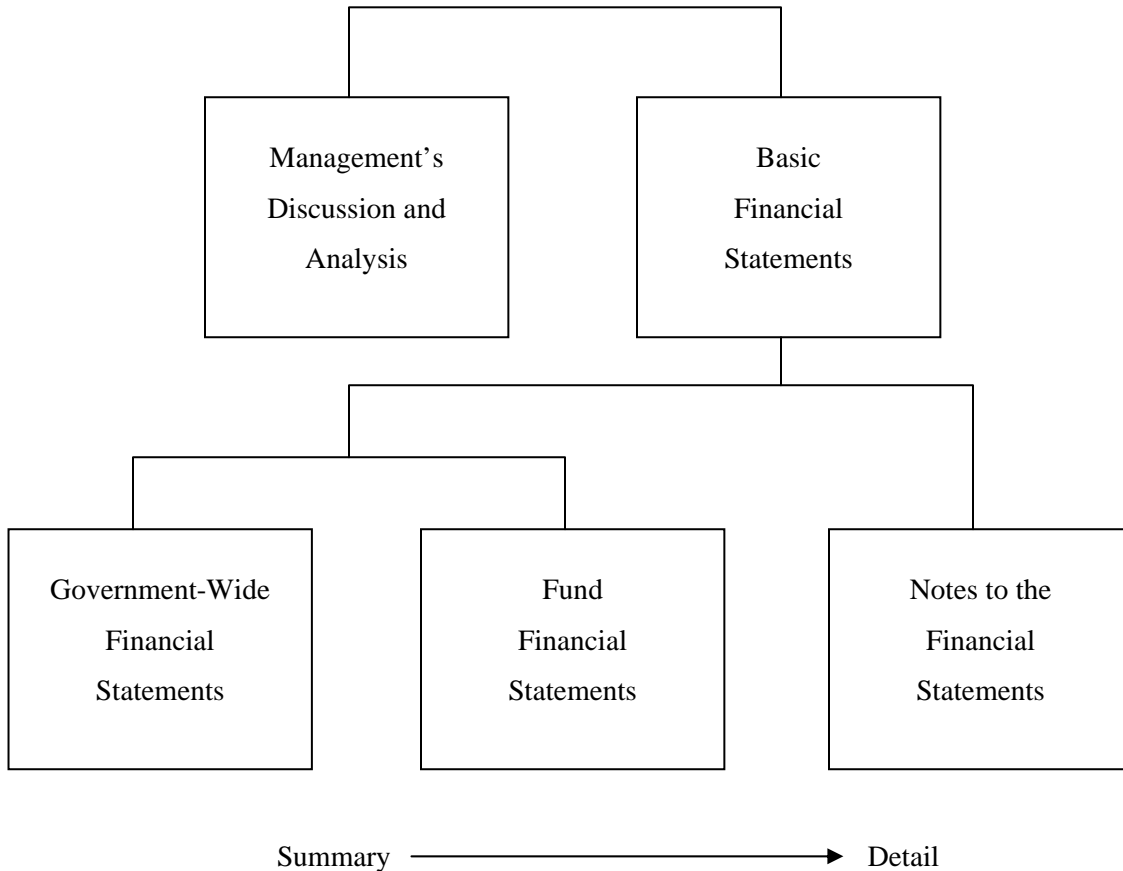
### **Financial Highlights**

- The assets of Montgomery County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$43,266,059 (*net position*).
- The County's total net position increased by \$6,684,123.
- As of the close of the current fiscal year, Montgomery County's governmental funds reported combined ending fund balances of \$15,881,105, an increase of \$1,421,786, in comparison with the prior year. Approximately 57.8 percent of this total amount, or \$9,183,051, is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,435,284, or 35.7 percent, of total General Fund expenditures and transfers out for the fiscal year.
- Montgomery County's total installment debt decreased by \$1,496,544, during the current fiscal year.

### **Overview of the Financial Statements**

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

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



**Basic Financial Statements**

The first two statements (Exhibits A and B) 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 C through J) 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. The various parts to the fund financial statements are: 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 to the Financial Statements**. The notes 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 individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-Wide Financial Statements**

The government-wide 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 they have changed. Net position is the difference between the County's total 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.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, and general government. The business-type activities are those that the County charges customers to provide. These include water and sewer services offered by the County. The final category is the component unit.

The government-wide financial statements are on Exhibits A and B 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. Montgomery 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 Montgomery County can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) 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 in 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is described in a reconciliation that is a part of the fund financial statements.

Montgomery 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 legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Montgomery County has four fiduciary funds all of which are agency funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin after the exhibits of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Montgomery County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes to the financial statements.



**Government-Wide Financial Analysis  
Montgomery County's Net Position**

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Assets:</b>						
Current and other assets	\$ 17,713,147	\$ 15,199,511	\$ 2,484,725	\$ 1,751,378	\$ 20,197,872	\$ 16,950,889
Capital assets	32,034,153	31,801,544	29,044,872	26,517,998	61,079,025	58,319,542
Total assets	<u>49,747,300</u>	<u>47,001,055</u>	<u>31,529,597</u>	<u>28,269,376</u>	<u>81,276,897</u>	<u>75,270,431</u>
<b>Liabilities:</b>						
Long-term liabilities	25,084,997	24,723,546	11,032,871	10,971,332	36,117,868	35,694,878
Other liabilities	5,327,606	4,658,542	811,442	414,264	6,139,048	5,072,806
Total liabilities	<u>30,412,603</u>	<u>29,382,088</u>	<u>11,844,313</u>	<u>11,385,596</u>	<u>42,256,916</u>	<u>40,767,684</u>
<b>Net Position:</b>						
Net investment in capital assets	10,423,023	8,561,776	18,102,989	15,644,651	28,526,012	24,206,427
Stabilization by State Statute	2,468,248	1,729,429	-	-	2,468,248	1,729,429
Other restrictions	1,056,738	1,016,208	-	-	1,056,738	1,016,208
Unrestricted	9,632,766	10,183,124	1,582,295	1,239,129	11,215,061	11,422,253
Total net position	<u>\$ 23,580,775</u>	<u>\$ 21,490,537</u>	<u>\$ 19,685,284</u>	<u>\$ 16,883,780</u>	<u>\$ 43,266,059</u>	<u>\$ 38,374,317</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Montgomery County exceeded liabilities by \$43,266,059 as of June 30, 2014. The County's net position increased by \$6,684,123 for the fiscal year ended June 30, 2014. Although Montgomery County's net investment in capital assets is net of 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. Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.2 percent has positively influenced the total unrestricted governmental net position.

## Montgomery County's Changes in Net Position

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,542,992	\$ 3,887,632	\$ 4,065,877	\$ 4,241,553	\$ 7,608,869	\$ 8,129,185
Operating grants and contributions	6,929,922	6,684,674	-	-	6,929,922	6,684,674
Capital grants and contributions	481,635	-	1,377,639	27,815	1,859,274	27,815
General revenues:						
Property taxes	16,971,680	16,292,449	-	-	16,971,680	16,292,449
Other taxes	4,383,951	3,788,916	-	-	4,383,951	3,788,916
Other	6,565	7,958	1,035	1,642	7,600	9,600
Total revenues	<u>32,316,745</u>	<u>30,661,629</u>	<u>5,444,551</u>	<u>4,271,010</u>	<u>37,761,296</u>	<u>34,932,639</u>
<b>Expenses:</b>						
General government	5,974,139	4,181,930	-	-	5,974,139	4,181,930
Public safety	4,324,593	5,015,094	-	-	4,324,593	5,015,094
Transportation	21,267	39,453	-	-	21,267	39,453
Environmental protection	32,799	64,807	-	-	32,799	64,807
Economic and physical development	2,801,137	400,156	-	-	2,801,137	400,156
Human services	7,380,811	7,260,493	-	-	7,380,811	7,260,493
Culture and recreation	267,134	359,565	-	-	267,134	359,565
Intergovernmental education	5,545,628	8,334,696	-	-	5,545,628	8,334,696
Interest and fees	1,462,530	980,113	-	-	1,462,530	980,113
Water distribution system	-	-	3,267,135	4,025,006	3,267,135	4,025,006
Total expenses	<u>27,810,038</u>	<u>26,636,307</u>	<u>3,267,135</u>	<u>4,025,006</u>	<u>31,077,173</u>	<u>30,661,313</u>
Increase (decrease) in net position before transfers	4,506,707	4,025,322	2,177,416	246,004	6,684,123	4,271,326
Transfers, net	<u>(484,839)</u>	<u>299,242</u>	<u>484,839</u>	<u>(299,242)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>4,021,868</u>	<u>4,324,564</u>	<u>2,662,255</u>	<u>(53,238)</u>	<u>6,684,123</u>	<u>4,271,326</u>
<b>Net Position:</b>						
Beginning of year - July 1	21,490,537	17,165,973	16,883,780	17,404,078	38,374,317	34,570,051
Prior period adjustment	<u>(1,931,630)</u>	<u>-</u>	<u>139,249</u>	<u>(467,060)</u>	<u>(1,792,381)</u>	<u>(467,060)</u>
Beginning of year - restated	<u>19,558,907</u>	<u>17,165,973</u>	<u>17,023,029</u>	<u>16,937,018</u>	<u>36,581,936</u>	<u>34,102,991</u>
End of year - June 30	<u>\$ 23,580,775</u>	<u>\$ 21,490,537</u>	<u>\$ 19,685,284</u>	<u>\$ 16,883,780</u>	<u>\$ 43,266,059</u>	<u>\$ 38,374,317</u>

**Governmental Activities.** Governmental activities increased Montgomery County's net position by \$4,021,868. Key financial elements of this increase are as follows:

Monitoring budgets to ensure departments didn't overspend.

- Increased grant funding
- A tax collection rate of 97.2 percent
- Increase motor vehicle tax collections due to implementation of tax and tag
- Increased local option sales tax

**Business-Type Activities.** Business-type activities increased Montgomery County's net position by \$2,662,255. Key financial elements of this increase are as follows:

- New water line installation projects and treatment plant capital projects
- Decrease in repairs and maintenance
- Transfers from the County General Fund to the Enterprise Fund for administrative costs

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

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

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

As of the end of the current fiscal year, Montgomery County's governmental funds reported combined ending fund balances of \$15,881,105, an increase of \$1,421,786 over the prior year. Of this total amount, \$9,183,051 constitutes unassigned fund balance. The remainder of fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of Montgomery County. At the end of the current fiscal year, available fund balance of the General Fund was \$10,230,472 while total fund balance was \$12,687,165. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 38.7 percent of the total General Fund expenditures and transfers out, while total fund balance represents 48.0 percent of that same amount. The fund balance of Montgomery County's General Fund increased by \$3,253,950 during the current fiscal year.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, 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 increased revenues by \$306,087 and expenditures by \$314,467. This excess revenue increase over expenditures of \$8,380 was allocated toward increasing the County's fund balance.

**Proprietary Funds.** Montgomery County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

## Capital Asset and Debt Administration

**Capital Assets.** Montgomery County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totals \$61,079,025 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Grant-funded equipment purchased for a local business
- Improvements at Water Treatment Plant
- Vehicle purchases, including two fire trucks

### Montgomery County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 819,015	\$ 819,015	\$ 88,467	\$ 88,467	\$ 907,482	\$ 907,482
Buildings and system	27,215,463	28,282,996	25,462,112	26,297,829	52,677,575	54,580,825
Machinery and equipment	218,905	256,648	223,915	238,902	442,820	495,550
Vehicles and motorized equipment	1,552,574	737,623	-	-	1,552,574	737,623
Construction in progress	2,228,196	2,800	3,270,378	313,803	5,498,574	316,603
Capital assets, net	<u>\$ 32,034,153</u>	<u>\$ 30,099,082</u>	<u>\$ 29,044,872</u>	<u>\$ 26,939,001</u>	<u>\$ 61,079,025</u>	<u>\$ 57,038,083</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

**Long-Term Debt.** As of June 30, 2014, Montgomery County had a total installment debt outstanding of \$26,855,993. The debt of \$26,855,993 is debt backed by the full-faith credit of the County.

### Montgomery County's Outstanding Other Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
QSCB	\$ 2,923,702	\$ 3,132,538	\$ -	\$ -	\$ 2,923,702	\$ -
Installment purchases	20,578,825	21,655,202	6,277,168	6,697,335	26,855,993	28,352,537
Capitalized leases	12,521	37,429	4,664,715	4,976,013	4,677,236	5,013,442
Compensated absences	502,763	537,514	35,817	29,934	538,580	567,448
Deferred amounts	259,589	275,817	-	-	259,589	275,817
Special separation allowance	153,446	160,134	-	-	153,446	160,134
Other post-employment benefits	679,288	551,256	55,171	68,051	734,459	619,307
Total governmental activities	<u>\$ 25,110,134</u>	<u>\$ 26,349,890</u>	<u>\$ 11,032,871</u>	<u>\$ 11,771,333</u>	<u>\$ 36,143,005</u>	<u>\$ 34,988,685</u>

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.

Additional information regarding Montgomery County's long-term debt can be found in the notes of the audited financial report.

### **Economic Factors for 2014 and Next Year's Budgets and Rates**

The following key indicators reflect the economic status of Montgomery County:

- Continued spending of the \$3,500,000 grant from the Golden LEAF Foundation to purchase equipment for a local business that is projected to product 500 new jobs at pay rates above the current County average and to add \$50,000,000 to the County's property tax base.
- Expanded spending on major repairs to facilities and on technology
- Major business development projects include a railway expansion and a foundry expansion

### **Budget Highlights for the Fiscal Year Ending June 30, 2015**

**Governmental Activities.** The tax collection rate has been consistent for the past several years. New disclosures stemming from the FY12 revaluation added value to the base. The County still has several large appeals with the State Property Tax Commission which could potentially have a minor impact on revenue. Landfill revenues are suffering due to the fierce competition across the state as new facilities are added and prices charged for disposal decreased.

**Business-Type Activities.** The County increased water rates at the end of FY13 in order to facilitate major repairs to the treatment and distribution systems. Water sales have stabilized. New plant improvements will lower operational costs. Grant funding and low interest loans facilitated improvements.

### **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, Montgomery County, P.O. Box 425, Troy, North Carolina 27371.

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## MONTGOMERY COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Tourism Development Authority
<b>Assets:</b>				
Cash and investments	\$ 12,268,287	\$ 1,109,031	\$ 13,377,318	\$ 61,066
Taxes receivable, net	866,344	-	866,344	4,124
Accounts receivable, net	1,947,712	813,488	2,761,200	-
Due from other governments	187,306	66,863	254,169	-
Inventories	34,108	259,769	293,877	-
Prepaid expense	146,416	-	146,416	-
Restricted cash and investments	2,262,974	235,574	2,498,548	-
Capital assets:				
Non-depreciable assets	3,047,211	3,358,845	6,406,056	-
Depreciable assets, net	28,986,942	25,686,027	54,672,969	-
Total capital assets	32,034,153	29,044,872	61,079,025	-
Total assets	49,747,300	31,529,597	81,276,897	65,190
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,023,132	575,868	1,599,000	-
Prepaid fees	1,500	-	1,500	-
Current portion of compensated absences	25,137	1,886	27,023	-
Current portion of long-term liabilities	1,614,034	701,630	2,315,664	-
Payable from restricted assets	-	235,574	235,574	-
Total current liabilities	2,663,803	1,514,958	4,178,761	-
Long-term liabilities:				
Due in more than one year	23,470,963	10,329,355	33,800,318	-
Total liabilities	26,134,766	11,844,313	37,979,079	-
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	31,759	-	31,759	-
<b>Net Position:</b>				
Net investment in capital assets	10,423,023	18,102,989	28,526,012	-
Restricted for:				
Stabilization by State statute	2,468,248	-	2,468,248	-
Public safety	945,765	-	945,765	-
Human services	98,070	-	98,070	-
Economic development	12,903	-	12,903	-
Tourism promotion	-	-	-	65,190
Unrestricted	9,632,766	1,582,295	11,215,061	-
Total net position	\$ 23,580,775	\$ 19,685,284	\$ 43,266,059	\$ 65,190

The accompanying notes are an integral part of the financial statements.

# MONTGOMERY COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,974,139	\$ 2,948,202	\$ 131,010	\$ 300,000
Public safety	4,324,593	304,562	136,501	-
Transportation	21,267	3,865	132,484	59,251
Environmental protection	32,799	-	-	-
Economic and physical development	2,801,137	30,869	1,731,346	122,384
Human services	7,380,811	223,962	4,798,581	-
Cultural and recreational	267,134	31,532	-	-
Intergovernmental education	5,545,628	-	-	-
Interest on long-term debt	1,462,530	-	-	-
Total governmental activities	<u>27,810,038</u>	<u>3,542,992</u>	<u>6,929,922</u>	<u>481,635</u>
<b>Business-Type Activities:</b>				
Water distribution system	<u>3,267,135</u>	<u>4,065,877</u>	<u>-</u>	<u>1,377,639</u>
Total primary government	<u>\$ 31,077,173</u>	<u>\$ 7,608,869</u>	<u>\$ 6,929,922</u>	<u>\$ 1,859,274</u>
<b>Component Unit:</b>				
Tourism Development Authority	<u>\$ 12,910</u>	<u>-</u>	<u>-</u>	<u>-</u>

### General Revenues:

#### Taxes:

Property taxes, levied for general purpose

Local option sales tax

Occupancy tax

Other taxes and licenses

Investment earnings, unrestricted

Total general revenues, excluding transfers

Transfers

Total general revenues and transfers

Change in net position

### Net Position:

Beginning of year - July 1

Prior period adjustment

Beginning of year restated

End of year - June 30

The accompanying notes are an integral part of the financial statements.



**Exhibit B**

<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Unit</b>
<b>Primary Government</b>			<b>Tourism Development Authority</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$ (2,594,927)	\$ -	\$ (2,594,927)	\$ -
(3,883,530)	-	(3,883,530)	-
174,333	-	174,333	-
(32,799)	-	(32,799)	-
(916,538)	-	(916,538)	-
(2,358,268)	-	(2,358,268)	-
(235,602)	-	(235,602)	-
(5,545,628)	-	(5,545,628)	-
(1,462,530)	-	(1,462,530)	-
(16,855,489)	-	(16,855,489)	-
-	2,176,381	2,176,381	-
(16,855,489)	2,176,381	(14,679,108)	-
-	-	-	(12,910)
16,971,680	-	16,971,680	-
3,335,190	-	3,335,190	-
-	-	-	27,952
1,048,761	-	1,048,761	-
6,565	1,035	7,600	-
21,362,196	1,035	21,363,231	27,952
(484,839)	484,839	-	-
20,877,357	485,874	21,363,231	27,952
4,021,868	2,662,255	6,684,123	15,042
21,490,537	16,883,780	38,374,317	-
(1,931,630)	139,249	(1,792,381)	50,148
19,558,907	17,023,029	36,581,936	50,148
\$ 23,580,775	\$ 19,685,284	\$ 43,266,059	\$ 65,190

*The accompanying notes are an integral part of the financial statements.*

**MONTGOMERY COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 10,578,033	\$ 1,690,254	\$ 12,268,287
Taxes receivable	842,139	24,205	866,344
Accounts receivable, net	1,800,860	146,852	1,947,712
Due from other governments	142,079	45,227	187,306
Due from other funds	635,817	-	635,817
Inventory	34,108	-	34,108
Prepaid expense	146,416	-	146,416
Restricted cash and investments	<u>281,540</u>	<u>1,981,434</u>	<u>2,262,974</u>
 Total assets	 <u>\$ 14,460,992</u>	 <u>\$ 3,887,972</u>	 <u>\$ 18,348,964</u>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 597,342	\$ 32,510	\$ 629,852
Prepaid fees	-	1,500	1,500
Due to other funds	-	635,817	635,817
Total liabilities	<u>597,342</u>	<u>669,827</u>	<u>1,267,169</u>
 <b>Deferred Inflows of Resources:</b>			
Property taxes receivable	842,139	24,205	866,344
Prepaid taxes	31,759	-	31,759
Other receivables	<u>302,587</u>	<u>-</u>	<u>302,587</u>
Total deferred inflows of resources	<u>1,176,485</u>	<u>24,205</u>	<u>1,200,690</u>
 <b>Fund Balances:</b>			
Non-spendable:			
Inventories	34,108	-	34,108
Prepays	146,416	-	146,416
Restricted:			
Stabilization by State statute	2,276,169	192,079	2,468,248
Other	476,538	2,743,707	3,220,245
Committed	121,823	510,387	632,210
Assigned	196,827	-	196,827
Unassigned	<u>9,435,284</u>	<u>(252,233)</u>	<u>9,183,051</u>
Total fund balances	<u>12,687,165</u>	<u>3,193,940</u>	<u>15,881,105</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 14,460,992</u>	 <u>\$ 3,887,972</u>	

*The accompanying notes are an integral part of the financial statements.*

**MONTGOMERY COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

**Total  
Governmental  
Funds**  

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

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

32,034,153

Accrued interest on debt is not due and payable in the current period and, therefore, is not reported in the funds.

(393,280)

Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.

(25,110,134)

Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.

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1,168,931

Net position of governmental activities per Exhibit A

\$ 23,580,775

*The accompanying notes are an integral part of the financial statements.*

## MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 16,616,440	\$ 577,374	\$ 17,193,814
Local option sales tax	3,335,190	-	3,335,190
Other taxes and licenses	136,004	597,895	733,899
Unrestricted intergovernmental	274,193	-	274,193
Restricted intergovernmental	5,597,476	2,071,634	7,669,110
Permits and fees	374,816	-	374,816
Sales and services	2,690,548	-	2,690,548
Investment earnings	3,747	2,818	6,565
Miscellaneous	185,341	34,734	220,075
Total revenues	<u>29,213,755</u>	<u>3,284,455</u>	<u>32,498,210</u>
<b>Expenditures:</b>			
Current:			
General government	5,748,126	59,320	5,807,446
Public safety	3,848,935	1,135,241	4,984,176
Transportation	21,267	-	21,267
Environmental protection	32,799	-	32,799
Economic and physical development	441,859	2,342,931	2,784,790
Human services	7,309,987	33,047	7,343,034
Cultural and recreational	358,570	-	358,570
Intergovernmental education	5,886,365	993,767	6,880,132
Debt service:			
Principal retirement	1,356,215	208,836	1,565,051
Interest and fees	937,350	131,900	1,069,250
Total expenditures	<u>25,941,473</u>	<u>4,905,042</u>	<u>30,846,515</u>
Revenues over (under) expenditures	<u>3,272,282</u>	<u>(1,620,587)</u>	<u>1,651,695</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	228,244	(15,008)	213,236
Transfers (to) other funds	(501,506)	(196,569)	(698,075)
Installment debt	254,930	-	254,930
Total other financing sources (uses)	<u>(18,332)</u>	<u>(211,577)</u>	<u>(229,909)</u>
Net change in fund balances	<u>3,253,950</u>	<u>(1,832,164)</u>	<u>1,421,786</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	9,646,267	4,992,072	14,638,339
Prior period adjustment	(213,052)	34,032	(179,020)
Beginning of year, restated	<u>9,433,215</u>	<u>5,026,104</u>	<u>14,459,319</u>
End of year - June 30	<u>\$ 12,687,165</u>	<u>\$ 3,193,940</u>	<u>\$ 15,881,105</u>

The accompanying notes are an integral part of the financial statements.

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 1,421,786
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Exhibit D reports revenues using a current financial resources basis which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property tax	(222,134)
Other receivables	40,669

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	3,405,275
--	-----------

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,470,204)
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Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,565,051
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Amortization of debt premiums is a reduction of expenses on the Statement of Activities.	16,228
--	--------

The issuance of long-term debt provides current financial resources to governmental funds but does not affect net position.	(254,930)
---	-----------

Increases in other post-employment benefits accrued liability are reported as expenses in the in the entity-wide financial statements. However, it is not an expenditure in the governmental funds statement.	(128,032)
---	-----------

Increases in accrued interest on long-term obligations	(393,280)
--	-----------

Expenses related to compensated absences and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	41,439
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Total	<u>\$ 4,021,868</u>
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*The accompanying notes are an integral part of the financial statements.*

## MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Budget Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over/Under</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 16,004,000	\$ 16,004,000	\$ 16,616,440	\$ 612,440
Local option sales tax	2,916,224	2,916,222	3,335,190	418,968
Other taxes and licenses	58,000	58,000	136,004	78,004
Unrestricted intergovernmental	107,000	107,000	274,193	167,193
Restricted intergovernmental	5,501,095	5,552,254	5,597,476	45,222
Permits and fees	243,650	243,650	374,816	131,166
Sales and services	2,771,193	2,771,193	2,690,548	(80,645)
Investment earnings	5,000	5,000	3,742	(1,258)
Miscellaneous	140,600	140,600	185,341	44,741
Total revenues	27,746,762	27,797,919	29,213,750	1,415,831
<b>Expenditures:</b>				
Current:				
General government	5,587,156	5,812,084	5,618,072	194,012
Public safety	4,129,824	4,129,824	3,848,935	280,889
Transportation	25,000	25,000	21,267	3,733
Environmental protection	-	-	32,799	(32,799)
Economic and physical development	403,843	403,843	441,859	(38,016)
Human services	7,831,800	7,882,959	7,309,987	572,972
Cultural and recreational	393,500	393,500	358,570	34,930
Intergovernmental education	5,844,416	5,882,796	5,886,365	(3,569)
Debt service:				
Principal retirement	1,332,661	1,357,569	1,356,215	1,354
Interest and fees	962,258	937,350	937,350	-
Total expenditures	26,510,458	26,824,925	25,811,419	1,013,506
Revenues over (under) expenditures	1,236,304	972,994	3,402,331	2,429,337
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	-	-	228,244	228,244
Transfers to other funds	(985,304)	(985,304)	(621,506)	363,798
Installment debt	-	254,930	254,930	-
Appropriated fund balance (contingency)	(251,000)	(242,620)	-	242,620
Total other financing sources (uses)	(1,236,304)	(972,994)	(138,332)	834,662
Net change in fund balance	\$ -	\$ -	3,263,999	\$ 3,263,999
<b>Fund Balance:</b>				
Beginning of year - July 1			9,526,231	
Prior period adjustment			(213,052)	
Beginning, restated			9,313,179	
End of year - June 30			\$ 12,577,178	

The accompanying notes are an integral part of the financial statements.

## MONTGOMERY COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

JUNE 30, 2014

	<b>Water System Fund</b>
<b>Assets:</b>	
Current assets:	
Cash and investments	\$ 1,109,031
Accounts receivable, net	813,488
Due from other governments	66,863
Inventories	259,769
Restricted cash and investments	235,574
Total current assets	<u>2,484,725</u>
Land, improvements, and construction in progress	3,358,845
Other capital assets, net of depreciation	25,686,027
Total non-current assets	<u>29,044,872</u>
Total assets	<u>31,529,597</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable and accrued liabilities	575,868
Compensated absences, current	1,886
Long-term debt, due within one year	701,630
Liabilities payable from restricted assets:	
Customer deposits	235,574
Total current liabilities	<u>1,514,958</u>
Non-current liabilities:	
Long-term debt due in more than one year	<u>10,329,355</u>
Total liabilities	<u>11,844,313</u>
<b>Net Position:</b>	
Net investment in capital assets	18,102,989
Unrestricted	1,582,295
Total net position	<u>\$ 19,685,284</u>

*The accompanying notes are an integral part of the financial statements.*

## MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION- PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<b>Water System Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 4,065,877
<b>Operating Expenses:</b>	
Salaries and employee benefits	919,712
Operating expenditures	627,564
Repairs and maintenance	165,524
Depreciation	892,808
Contractual services	399,591
Other operating expenses	3,667
Total operating expenses	3,008,866
Operating income (loss)	1,057,011
<b>Non-Operating Revenues (Expenses):</b>	
Interest earned	1,035
Interest on long-term debt	(258,269)
Total non-operating revenue (expense)	(257,234)
Income (loss) before transfers and capital contributions	799,777
Capital contributions	1,377,639
Transfers from other funds	484,839
Total transfers and capital contributions	1,862,478
Change in net position	2,662,255
<b>Net Position:</b>	
Beginning of year - July 1	16,883,780
Prior period adjustment	139,249
Beginning of year, restated	17,023,029
End of year - June 30	\$ 19,685,284

*The accompanying notes are an integral part of the financial statements.*



# MONTGOMERY COUNTY, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	<b>Water System Fund</b>
	<hr/>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 3,492,438
Cash paid for goods and services	(949,301)
Cash paid to employees for services	(911,499)
Net cash provided (used) by operating activities	<hr/> 1,631,638 <hr/>
 <b>Cash Flows from Non-Capital Financing Activities:</b>	
Due to (from) other funds	(252,146)
Transfers in	484,839
Net cash provided (used) by non-capital financing activities	<hr/> 232,693 <hr/>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	(2,998,679)
Principal paid on debt	(731,465)
Interest paid on debt	(228,127)
Capital contributions - Federal and State grants	1,377,639
Net cash provided (used) by capital and related financing activities	<hr/> (2,580,632) <hr/>
 <b>Cash Flows from Investing Activities:</b>	
Interest on investments	<hr/> 1,035 <hr/>
 Net increase (decrease) in cash and cash equivalents	(715,266)
 <b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	<hr/> 2,059,871 <hr/>
 End of year - June 30	 <hr/> \$ 1,344,605 <hr/>

*The accompanying notes are an integral part of the financial statements.*

**MONTGOMERY COUNTY, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Water System Fund</b>
	<hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
<b>by Operating Activities:</b>	
Operating income (loss)	\$ 1,057,011
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	892,808
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(569,319)
(Increase) decrease in inventory and accrued liabilities	(103,018)
Increase (decrease) in accounts payable	351,826
Increase (decrease) in customer deposits	15,210
Increase (decrease) in OPEB payable	(12,880)
Total adjustments	<hr/> 574,627 <hr/>
Net cash provided (used) by operating activities	<hr/> \$ 1,631,638 <hr/>

*The accompanying notes are an integral part of the financial statements.*

## MONTGOMERY COUNTY, NORTH CAROLINA

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

JUNE 30, 2014

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 83,071
Taxes receivable	<u>305,375</u>
Total assets	<u>\$ 388,446</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 83,071
Intergovernmental payables	<u>305,375</u>
Total liabilities	<u>\$ 388,446</u>

*The accompanying notes are an integral part of the financial statements.*

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# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **1. Summary of Significant Accounting Policies**

The accounting policies of Montgomery County, North Carolina (the “County”), conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

#### **A. Reporting Entity**

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. One of the two component units of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. The blended component units, although they are legally separate entities, are in substance, part of the County’s operations.

#### **Discretely Presented Component Unit**

##### **Montgomery County Industrial Facilities and Pollution Control Financing Authority**

Montgomery County Industrial Facilities and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of who are appointed by the County Commissioners. The County can remove any Commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

##### **Montgomery County Tourism Development Authority**

Montgomery County Tourism Development Authority (the “TDA”) is a corporate body with powers outlined by the North Carolina General Statutes. The TDA’s Board is appointed by the County Commissioners. The TDA is fiscally dependent on the County due to the County providing the administrative and finance functions relating to the TDA’s operations. The TDA is funded via occupancy tax levied pursuant to session law of the North Carolina General Assembly. The TDA is authorized to expend these funds to promote tourism in the County.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government (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.

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 unit. 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.** The General Fund is the primary operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB No. 54, it is consolidated in the General Fund.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County reports the following nonmajor governmental funds:

**Special Revenue Funds.** Special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. The County reports the following special revenue funds: 911 Emergency Telephone Fund, Badin Lake Fire District Fund, Lake Tillery Fire District Fund, Drug Forfeiture Fund, DSS Restricted Child Support Fund, 2-Cent Fire Tax Restricted VFD Fund, 2008 CDBG Scattered Housing Fund, Montgomery County EMPG Fund, CDBG Urgent Repair Fund, and the Golden LEAF – Aseptia Fund.

**Capital Projects Funds.** Capital projects funds account for financial resources to be used for the construction of capital projects. The County reports the following nonmajor capital project funds: Airport Block Grant Fund, Green Ridge Elementary School Fund, Jail Project Fund, 2013 QSCB School Rehab Fund, and the DSS Building Project Fund.

The County reports the following major enterprise funds:

**Water System Fund.** This fund is used to account for the operation of the water system of the County. The Phase II Waterline Extension Capital Project Fund and the Water Plant Improvements Capital Project Fund are consolidated with the Water System Fund for reporting purposes.

The County reports the following fund types:

**Agency Funds.** Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County maintains six agency funds:

- Social Services Fund, which accounts for monies deposited with the Social Services Department for the benefit of certain individuals.
- Fines and Forfeitures Fund, which accounts for collections to be remitted to the schools.
- Motor Vehicle Property Tax Fund, which accounts for real property and registered motor vehicle taxes which were levied on behalf of municipalities within the County.
- Inmate Trust Fund, which accounts for monies deposited with the Sheriff's Department for the benefit of certain inmates of the County Jail.
- Soil and Water Conservation Board, which accounts for the receipt and use of State matching funds to the Montgomery County District.
- Agriculture Advisory Board, which accounts for monies deposited for the benefit of the County's agriculture community.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### C. Measurement Focus and Basis of Accounting

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, 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's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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



# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

### **D. Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, special revenue funds (except for multi-year funds), and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds, multi-year special revenue funds, and the enterprise capital projects funds which are consolidated with the enterprise operating funds for reporting purposes. 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 object level for multi-year funds. Transfers of appropriations between funds may be made only by the Board. The County Manager is authorized to transfer appropriations within a fund; however, the governing board must approve any revisions that alter total expenditures of any department or fund. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. 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.

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **E. Assets, Liabilities, and Fund Equity**

#### **Deposits and Investments**

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as 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 County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating, interest earning investment contracts are reported at cost.

#### **Cash and Cash Equivalents**

The County pools money from several funds, except the Water System Fund, the Drug Forfeiture Fund, the Inmate Trust Fund, Social Services Fund, Soil and Water Conservation Board Trust Fund, and the Agricultural Advisory Board Trust Fund 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**

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the tax revaluation fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. The unexpended proceeds of the County's financing in the General Fund and capital project funds are restricted for the purpose it was borrowed.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Montgomery County Restricted Cash

#### **Governmental Activities:**

General Fund	Unexpended bond proceeds	\$ 182,073
General Fund	Tax revaluation	99,467
2013 QSCB School Rehab Fund	Unexpended bond proceeds	669,560
Green Ridge Elementary School	Unexpended bond proceeds	960,201
Jail Project Fund	Unexpended bond proceeds	<u>351,673</u>
Total governmental activities		<u>2,262,974</u>

#### **Business-Type Activities:**

Water Fund	Customer deposits	<u>235,574</u>
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Total restricted cash	<u>\$ 2,498,548</u>
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### **Ad Valorem Taxes Receivable**

In accordance with State laws [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 September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

### **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.

### **Inventories and Prepaid Items**

Inventory of the County is valued at cost (first-in, first-out), which approximates market. The County's inventory consists of chemicals and supplies held for consumption or resale. The cost is recorded as an expense when the inventory is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Capital Assets

Purchased or constructed assets are reported at historical cost. Donated capital assets are recorded at estimated fair market value on the date donated. Minimum capitalization costs are \$5,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Montgomery County Board of Education properties that have not been 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 give the Board of Education 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 once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Montgomery County Board of Education.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	39 years
Water and sewer lines	50 years
Plant and distribution system	50 years
Equipment	5-15 years
Vehicles and motorized equipment	5-15 years
Furniture and equipment	3 years

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no items meeting this criterion. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only three items that meet the criterion for this category – property taxes receivable, prepaid taxes, and other receivables.

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **Long-Term Obligations**

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

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

### **Compensated Absences**

The vacation policies of the County provide for the accumulation of up to thirty (30) 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 County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a currently liability in the government-wide financial statements.

The County's sick leave policy provides 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 the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Net Position/Fund Balances

#### Net Position

Net position in government-wide and proprietary fund financial statements are 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, laws or regulations of other governments, or imposed by law through State statute.

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

*Prepays* – portion of fund balance that is not an available resource because it represents the year-end balance in prepaid expenses, which are not spendable resources.

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

*Restricted for Stabilization of State Statute* - portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred inflows.

*Restricted for Human Services* – portion of fund balance available for appropriation but legally segregated for Health Department expenditures. It represents the balance of the total unexpended Health Department grants and related fees.

*Restricted for General Government* – portion of fund balance restricted by revenue source for court facilities.

*Restricted for Economic Development* – portion of fund balance restricted by grantor for economic development.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

*Restricted for Education* – portion of fund balance that is restricted by revenue (unspent debt proceeds and/or grants) source for education.

*Restricted for Public Safety* – portion of fund balance that is restricted by revenue source for public safety activities such as fire protection, police, and E911 expenditures.

Restricted fund balance at June 30, 2014, is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Restricted, All Other:</b>			
Human services	\$ 2,256	\$ 98,070	\$ 100,326
General government	183,235	-	183,235
Economic development	-	12,903	12,903
Education	-	1,629,761	1,629,761
Public safety	291,047	1,002,973	1,294,020
Total	<u>\$ 476,538</u>	<u>\$ 2,743,707</u>	<u>\$ 3,220,245</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$2,163,507 as of June 30, 2014.

**Committed Fund Balance.** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing body is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for General Government* – portion of fund balance that can only be used for the tax revaluation in the General Fund and airport improvements in the Airport Block Grant Capital Project Fund.

*Committed for Community Development* – portion of fund balance committed by the governing board for community buildings.

*Committed for Cultural and Recreation* – portion of fund balance committed by the governing board for the Haltiwanger Retreat.

*Committed for Education* – portion of fund balance committed by the governing board for educational expenditures.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

*Committed for Public Safety* – portion of fund balance committed by the governing board for the Drug Prevention and Jail Construction Project.

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Committed:</b>			
General government	\$ 87,365	\$ 38,660	\$ 126,025
Community development	23,804	-	23,804
Cultural and recreation	10,654	-	10,654
Education	-	16,799	16,799
Public safety	-	454,941	454,941
Total	<u>\$ 121,823</u>	<u>\$ 510,400</u>	<u>\$ 632,223</u>

**Assigned Fund Balance.** Assigned fund balance is the portion of fund balance that Montgomery County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited 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. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Director to make certain modifications without requiring Board approval.

**Unassigned Fund Balance.** Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

Montgomery County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, Federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County has also 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 15 percent of audited expenditures for the previous fiscal year. Any portion of the General Fund balance in excess of 15 percent of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget. This policy is revaluated and readopted each fiscal year during the budget process.

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	\$ 12,687,165
<b>Less:</b>	
Inventories	34,108
Prepays	146,416
Stabilization by State statute	<u>2,276,169</u>
Total available fund balance	<u>\$ 10,230,472</u>

A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending - General Fund (Exhibit F)	<u>\$ 12,577,178</u>
<b>School Fund:</b>	
Revenues:	
Investment earnings	5
Beginning of year - July 1	<u>22,617</u>
End of year, June 30	<u>22,622</u>
<b>Revaluation Fund:</b>	
Expenditures:	
General government	121,520
Transfers in	120,000
Fund Balance:	
Beginning of year - July 1	<u>97,419</u>
End of year, June 30	<u>87,365</u>
Total ending fund balance (Exhibit D)	<u>\$ 12,687,165</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 2. Stewardship, Compliance, and Accountability

#### A. Excess of Expenditures Over Appropriations

For the year ended June 30, 2014, the expenditures exceeded authorized appropriations as follows:

<b>Fund</b>	<b>Amount</b>
<b>General Fund:</b>	
Governing board	\$ 115,062
Finance	1,419
Information technology	4,123
Register of Deeds	3,589
Non-discretionary	32,799
Economic development incentives	55,032
Family planning	5,728
Programs for the Aging	266,369
County gym projects	1,530
Education	3,569
Water Fund transfer out	484,839
Airport Grant Fund Transfer Out	1,667
Revaluation Fund transfer out	60,000
<b>Revaluation Fund:</b>	
Total expenditures	1,511
<b>Special Revenue Funds:</b>	
E911 Emergency Telephone - transfers out	3,357
CDBG Urgent Repair - transfers out	(4,978)
<b>Capital Project Funds:</b>	
DSS Building Fund - transfers out	196,569
Airport Block Grant - total expenditures	1,526,356
2013 QSCB School Rehab - total expenditures	1,685,570
<b>Enterprise Funds:</b>	
<b>Water System Fund:</b>	
Total expenditures	26,537
<b>Phase II Waterline Project:</b>	
Total expenditures	139,344

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

Management will more closely monitor budget reports to ensure compliance in future years.

### **B. Deficit Fund Balance or Net Position of Individual Funds**

For the fiscal year ended June 30, 2014, the Water Plant Improvements Enterprise Fund Capital Project Fund and Golden LEAF – Aseptia Fund had deficit fund equity in the amounts of \$691,567 and \$531,605 respectively.

Management monitors projects regularly. With regard to the capital project sub-fund of the Water System Fund, the County is awaiting loan proceeds of \$2,300,313 to reimburse the County for funds that were advanced to avoid stoppage on the project. The loan was approved prior to the expenditures, yet proceeds are delayed until May 2015. With regard to the Golden LEAF-Aseptia Fund, the County is awaiting reimbursement from Golden LEAF grant proceeds for funds that were advanced to avoid stoppage on the project.

### **3. Detail Notes on All Funds**

#### **A. Assets**

##### **Deposits**

All of the County's and Tourism Development Authority's (the TDA's) 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 securities held by the County's and TDA's agent in the County'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 and TDA's agent in the County's and TDA's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and TDA rely on the State Treasurer to monitor those financial institutions. The County and TDA analyze the financial soundness of any other financial institution used by the County. The County and TDA comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and TDA have no policy regarding custodial credit risk for deposits.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, the County's deposits had a carrying amount of \$6,276,702 and a bank balance of \$6,793,640. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$5,793,640 by collateral held under the Pooling Method. At June 30, 2014, the County had \$1,875 cash on hand.

At June 30, 2014, the Tourism Development Authority's deposits had a carrying amount of \$61,066 and a bank balance of \$61,066. All of the bank balance was covered by the federal depository insurance.

### Investments

At June 30, 2014, the County's investments consisted of \$9,680,360 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

*Credit Risk.* It is the policy of the County to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow requirements of the County and conforming to all State statutes governing the investment of idle funds. As of June 30, 2014, the County's investments in NC Capital Management Trust Cash portfolio carried a credit rating of AAAM by Standard & Poor's.

### Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at 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 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.

<b>Year Ended</b>			
<b>June 30</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 71,915	\$ 23,593	\$ 95,508
2012	74,205	17,652	91,857
2013	509,972	75,226	537,022
2014	574,558	23,593	537,022
Total	<u>\$ 1,230,650</u>	<u>\$ 140,064</u>	<u>\$ 1,261,409</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Receivables

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 2,086,059	\$ 1,350,013	\$ 3,436,072
Other governmental	<u>146,852</u>	<u>24,205</u>	<u>171,057</u>
Total receivables	2,232,911	1,374,218	3,607,129
Allowance for doubtful accounts	<u>(285,199)</u>	<u>(507,874)</u>	<u>(793,073)</u>
Total governmental activities	<u>\$ 1,947,712</u>	<u>\$ 866,344</u>	<u>\$ 2,814,056</u>
<b>Business-Type Activities:</b>			
Water System	\$ 1,083,497	\$ -	\$ 1,083,497
Allowance for doubtful accounts	<u>(270,009)</u>	<u>-</u>	<u>(270,009)</u>
Total business-type activities	<u>\$ 813,488</u>	<u>\$ -</u>	<u>\$ 813,488</u>

<u>Type of Receivable</u>			
<b>Due from other Governments:</b>		<b>Other</b>	
	<b>General</b>	<b>Governmental</b>	
	<b>Fund</b>	<b>Funds</b>	<b>Total</b>
<b>Governmental Activities:</b>			
Sales tax refund	\$ 43,603	\$ 45,227	\$ 88,830
Motor vehicle taxes	<u>98,476</u>	<u>-</u>	<u>98,476</u>
Total governmental activities	<u>\$ 142,079</u>	<u>\$ 45,227</u>	<u>\$ 187,306</u>
<b>Business-Type Activities</b>	<b>Water</b>		
	<b>System</b>		
	<b>Fund</b>		
Sales tax refund	<u>\$ 66,863</u>		

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Capital Assets

#### Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2014, was as follows:

	<u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 819,015	\$ -	\$ -	\$ 819,015
Construction in progress	2,800	2,225,396	-	2,228,196
Total non-depreciable capital assets	<u>821,815</u>	<u>2,225,396</u>	<u>-</u>	<u>3,047,211</u>
<b>Depreciable Capital Assets:</b>				
Buildings and improvements	35,528,539	101,616	-	35,630,155
Equipment	1,567,681	18,300	-	1,585,981
Vehicles and motorized equipment	5,294,277	1,059,963	(77,699)	6,276,541
Total depreciable capital assets	<u>42,390,497</u>	<u>1,179,879</u>	<u>(77,699)</u>	<u>43,492,677</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	7,245,543	1,169,149	-	8,414,692
Equipment	1,311,033	56,043	-	1,367,076
Vehicles and motorized equipment	4,556,654	245,012	(77,699)	4,723,967
Total accumulated depreciation	<u>13,113,230</u>	<u>\$ 1,470,204</u>	<u>\$ (77,699)</u>	<u>14,505,735</u>
Total depreciable capital assets, net	<u>29,277,267</u>			<u>28,986,942</u>
Governmental activity capital assets, net	<u>\$ 30,099,082</u>			<u>\$ 32,034,153</u>

Beginning assets were decreased by \$1,702,462.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

General government	\$ 885,522
Public safety	539,343
Economic and physical development	3,195
Human services	33,177
Cultural and recreational	8,967
Total	<u>\$ 1,470,204</u>

The following is a summary of the County's business-type activities:

	<u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Business-Type Activities:</b>					
<b>Water System Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 88,467	\$ -	\$ -	\$ -	\$ 88,467
Construction in progress	<u>313,803</u>	<u>2,956,575</u>	<u>-</u>	<u>-</u>	<u>3,270,378</u>
Total non-depreciable capital assets	<u>402,270</u>	<u>2,956,575</u>	<u>-</u>	<u>-</u>	<u>3,358,845</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	21,873,675	-	-	10,402,181	32,275,856
Plant and distribution system	16,915,897	-	-	(10,402,181)	6,513,716
Equipment	1,015,295	42,104	-	-	1,057,399
Other fixed assets	<u>6,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,750</u>
Total depreciable capital assets	<u>39,811,617</u>	<u>42,104</u>	<u>-</u>	<u>-</u>	<u>39,853,721</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	6,557,497	703,163	-	2,367,493	9,628,153
Plant and distribution system	5,934,246	132,554	-	(2,367,493)	3,699,307
Equipment	776,393	57,091	-	-	833,484
Other capital assets	<u>6,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,750</u>
Total accumulated depreciation	<u>13,274,886</u>	<u>\$ 892,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>14,167,694</u>
Total depreciable capital assets, net	<u>26,536,731</u>				<u>25,686,027</u>
Water System Fund capital assets, net	<u>\$ 26,939,001</u>				<u>\$ 29,044,872</u>

Beginning assets were increased by \$421,003.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2014 were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 429,474	\$ 393,280	\$ 167,868	\$ 990,622
Other governmental	32,510	-	-	32,510
Total governmental activities	<u>\$ 461,984</u>	<u>\$ 393,280</u>	<u>\$ 167,868</u>	<u>\$ 1,023,132</u>
<b>Business-Type Activities:</b>				
Water system	<u>\$ 530,955</u>	<u>\$ 30,142</u>	<u>\$ 14,771</u>	<u>\$ 575,868</u>

#### Pension Plan Obligations

##### Local Government Employees' Retirement System

**Plan Description.** The County contributes to the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute 6 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07 and 7.28 percent, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$503,084, \$477,835, and \$501,763 respectively. The contributions made by the County equaled the required contributions for each year.



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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. The Separation Allowance is equal to .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 December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>31</u>
Total	<u>39</u>

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The annual required contribution for the current year ended June 30, 2014, was determined as part of the December 31, 2011, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 percent investment rate of return and (b) projected salary increases ranging from 4.25 to 7.85 percent per year. Both (a) and (b) included an inflation component of 3 percent. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis. The remaining amortization period at December 31, 2011, was 19 years.

**Annual Pension Cost and Net Pension Obligation.** The County's annual pension cost and net pension obligation of the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 59,090
Interest on net pension obligation	8,059
Adjustment to annual required contribution	<u>(13,132)</u>
Annual pension cost	54,017
Contributions made	<u>61,757</u>
Increase (decrease) in net pension obligation	(7,740)
Net pension obligation:	
Beginning of year - July 1	<u>161,186</u>
End of year - June 30	<u>\$ 153,446</u>

### Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 54,017	114.33%	\$ 153,446
2013	57,061	108.23%	161,186
2012	56,009	105.31%	165,882

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The Actuarial Accrued Liability for benefits and the Unfunded Actuarial Accrued Liability (UAAL) was \$579,346. The covered payroll (annual payroll of active employees covered by the plan) was \$1,017,921, and the ratio of the UAAL to the covered payroll was 56.91 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5 percent of each employee’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, 2014, were \$70,761, which consisted of \$49,119 from the County and \$21,642 from the law enforcement officers.

### **Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits 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.

The County has complied with changes in the laws which govern the County’s deferred compensation plan, requiring all assets of the plan to 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 Section 457 Deferred Compensation Plan*, the County’s deferred compensation plan is not reported within the County’s agency funds.

### **Register of Deeds’ Supplemental Pension Fund**

**Plan Description.** The County also contributes to the Register of Deeds’ Supplemental Pension Fund (the “Fund”), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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 provision to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

State's CAFR includes financial statements and required supplementary information for the 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.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$2,170.

### Other Post-Employment Benefits – Healthcare Benefits

**Plan Description.** The County (by local ordinance) provides post-employment healthcare benefits through a single-employer defined benefit plan, to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least 30 or more years of creditable service, with the last 12 years with the County, or had 12 years of service with the County and attain age 62, are eligible to participate in County's Health and Medical Group Insurance Plan upon retirement. The County pays 100 percent of the cost of coverage for these benefits through private insurers until the retiree reaches age 65. At age 65, eligible retirees will receive \$125 monthly to be applied toward their Medicare Supplement. The County's retirees cannot purchase coverage for their dependents. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	35	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	176	29
Total	211	29

**Funding Policy.** The County pays 100 percent of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The current ARC rate is 3.84 percent of annual covered payroll. For the current year, the County contributed \$145,729, or 2.16 percent, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

**Summary of Significant Accounting Policies.** Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Annual OPEB Cost and Net OPEB Obligation.** The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 259,774
Interest on net OPEB obligation	24,772
Adjustments to annual required contribution	<u>(23,665)</u>
Annual OPEB cost (expense)	260,881
Contributions made	<u>(145,729)</u>
Increase (decrease) in net OPEB obligation	115,152
Net OPEB obligation:	
Beginning of year - July 1	<u>619,307</u>
End of year - June 30	<u><u>\$ 734,459</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 260,881	55.86%	\$ 734,459
2013	227,034	52.15%	619,307
2012	224,866	74.10%	510,678

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Funding Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The Actuarial Accrued Liability for benefits and, thus, the Unfunded Actuarial Accrued Liability (UAAL) was \$2,907,857. The covered payroll (annual payroll of active employees covered by the plan) was \$6,755,056, and the ratio of the UAAL to the covered payroll was 43 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5 percent annually. Both rates included a 3 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

As of June 30, 2014, management had decided to continue funding the liability on a pay-as-you-go basis going into the next fiscal year.

### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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. Because all death benefit payments are made from 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.

### Closure and Post-Closure Care Costs

In 1992, the County entered into a 20-year franchise agreement with Addington Environmental, Inc. (Addington) for the operation of the County's two solid waste landfill facilities. Thereafter, Addington assigned its rights under the agreement to Uwharrie Environmental, Inc. (Uwharrie). In September 1998, the County and Uwharrie entered into an amended and restated franchise agreement. Under the amended and restated franchise agreement, Uwharrie is liable for the closure and post-closure costs of both the old landfill and the new landfill. Uwharrie has posted an indemnity bond in favor of the County in the amount of \$5,000,000 to guarantee its liability for closure and post-closure costs of the old landfill. It has also posted an indemnity bond in favor of the State of North Carolina Division of Solid Waste Management in the amount of \$6,627,274, its liability for closure and post-closure costs of the new landfill. The County is contingently liable for costs in excess of the bonded amounts should the operator fail to meet their financial responsibility. Since the estimated costs for closure and post-closure activities for the two landfills are less than the amount of indemnity bonds, the County has not reflected any liability in these financial statements.

### Deferred Outflows and Inflows of Resources

The balance in deferred inflows of resources in the governmental fund statements at year-end is composed of the following elements:

	<b>Unavailable Revenues</b>	<b>Unearned Revenues</b>	<b>Total</b>
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 31,759	\$ 31,759
Health fees receivable (General Fund)	302,587	-	302,587
Taxes receivable, net (General Fund)	842,139	-	842,139
Taxes receivable, net (Special Revenue Fund)	24,205	-	24,205
Total	<u>\$ 1,168,931</u>	<u>\$ 31,759</u>	<u>\$ 1,200,690</u>

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **Risk Management**

The County is exposed to various risks of losses 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. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence; general, auto, professional, and employment practices 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. 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 a \$500,000 retention up to a \$2 million limit for liability coverage and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provide by Dogwood Insurance Company (DIC). Claims are administered and paid directly from the plan by DIC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125 percent with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

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

The County carries flood insurance through the pool. Flood and earthquake are included for property outside of a 100-year flood plain.

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 a commercial surety bond. The Director of Finance and the Tax Collector are each individually bonded for \$148,500 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The Finance Officer for the Tourism Development Authority is individually bonded for \$50,000.



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Contingent Liabilities

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### Long-Term Obligations

#### Capital Leases

The County has entered into a lease agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the dates of its inception.

The County entered into a lease agreement that was executed in August 2011 to lease four (4) Sheriff vehicles and requires monthly payments of \$1,800, including interest at 2 percent for three years.

At June 30, 2014, the County leased equipment valued at:

<u>Class of Property</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Value</u>
Equipment	\$ 762,229	\$ (749,708)	\$ 12,521

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 12,605
Total minimum lease payments	12,605
Less amounts representing interest	(84)
Present value of the minimum lease payments	\$ 12,521

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Installment Purchases

#### Serviced by the General Fund:

\$15,790,000 2007 Public Facilities Project COPS Services debt, due in annual installments of \$210,000 to \$800,000 through 2030; interest at 4% to 5% \$ 12,570,000

\$10,000,000 2007 Certificates of Participation, Series 2007B, due in annual installments of \$455,000 to \$450,000 through 2030; interest at 4% to 5% 7,270,000

\$2,592,709 1995 Wachovia Learning Center debt, due in annual installments of \$103,458 through 2015; interest at 2.45% 258,389

\$100,000 installment debt, due in annual installments of \$21,015 through 2018; interest at 1.6% 80,658

\$180,000 installment debt, due in annual installments of \$38,163 through 2018; interest at 1.65% 144,848

\$254,930 installment debt due in annual installments of \$38,163 through 2018; interest at 1.65% 254,930

Total serviced by General Fund 20,578,825

#### Serviced by the Water System Fund:

\$800,000 of installment debt issued during 2013 for High Service Pump Station; annual payments of \$168,060 through 2017; interest at 1.67% 645,300

\$5,831,300 of installment debt issued during 2013 to refund pieces of USDA debt; annual payments of \$411,338 through 2033; interest at 3.47% 5,631,868

Total serviced by business-type activities 6,277,168

Total installment purchases \$ 26,855,993

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The future minimum payments of the installment purchases as of June 30, 2014, are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 1,376,449	\$ 917,871	\$ 373,609	\$ 206,203	\$ 1,750,058	\$ 1,124,074
2016	1,323,118	867,715	383,376	196,069	1,706,494	1,063,784
2017	1,368,240	810,636	393,180	185,644	1,761,420	996,280
2018	1,368,326	748,837	404,732	174,697	1,773,058	923,534
2019	1,312,692	692,395	247,785	163,862	1,560,477	856,257
2020-2024	6,300,000	2,673,326	1,363,993	684,788	7,663,993	3,358,114
2025-2029	6,275,000	1,188,225	1,614,093	431,453	7,889,093	1,619,678
2030-2033	1,255,000	125,000	1,496,400	131,871	2,751,400	256,871
Total	<u>\$20,578,825</u>	<u>\$ 8,024,005</u>	<u>\$ 6,277,168</u>	<u>\$ 2,174,587</u>	<u>\$26,855,993</u>	<u>\$10,198,592</u>

### State Revolving Loans

The long-term debt of the County's enterprise funds includes State revolving loan funds that are serviced by the Water System Fund where the County pledges income derived from anticipated revenues created by the Phase II project. During the year ended June 30, 2007, the County entered into a Drinking Water Revolving Fund loan agreement with the North Carolina Department of Environment and Natural Resources for the construction of the Phase II Waterline Extension Capital Project. The financing agreement requires thirty-four (34) semi-annual payments of interest at 2.265% and seventeen (17) annual payments of principal beginning November 1, 2011. During the year ending June 30, 2011, the County entered into a Drinking Water Revolving Fund loan agreement with the North Carolina Department of Environment and Natural Resources. The financing agreement requires thirty-three (33) semi-annual payments of interest at a rate of 2.455 percent and seventeen (17) annual payments of principal beginning May 1, 2013.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The future minimum payments of the state revolving loans as of June 30, 2014 are as follows:

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 328,021	\$ -
2016	328,021	107,718
2017	328,021	100,150
2018	328,021	86,361
2019	328,021	83,238
2020-2024	1,640,105	252,408
2025-2029	1,384,505	63,823
Total	<u>\$ 4,664,715</u>	<u>\$ 693,698</u>

### Installment Purchase – Qualified School Construction Bonds

On September 1 2012, the County issued \$3,132,538 of Qualified School Construction Bonds. The bonds are secured by the real estate and require the County to make annual contributions of \$340,715 to a Bond Sinking Fund which is held in trust by a bank. The bonds mature in 2032, at which time the Sinking Fund balance is designed to be sufficient to retire the bonds based on the accumulation of the annual contributions and the earnings of the Sinking Fund. As of June 30, 2014, the outstanding balance was \$2,923,702.

Annual debt service requirements (in the form of sinking fund contributions) to maturity for the County's Qualified School Construction Bonds are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 208,836	\$ 123,088
2016	208,836	114,296
2017	208,836	105,504
2018	208,836	96,712
2019	208,836	87,919
2020-2024	1,044,180	276,381
2025-2029	835,342	47,456
Total	<u>\$ 2,923,702</u>	<u>\$ 851,356</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Changes in General Long-Term Obligations

The following is a summary of changes in the County's long-term obligations as of June 30, 2014:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due in</u> <u>Less than</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Installment purchases	\$ 21,655,202	\$ 254,930	\$ (1,331,307)	\$ 20,578,825	\$ 1,376,449
Capitalized leases	37,429	-	(24,908)	12,521	12,521
QSCB	3,132,538	-	(208,836)	2,923,702	208,836
Unamortized bond premium	275,817	-	(16,228)	259,589	16,228
Compensated absences	537,514	248,784	(283,535)	502,763	25,137
Other post-employment benefits	551,256	241,284	(113,252)	679,288	-
Special separation allowance	160,134	55,069	(61,757)	153,446	-
Total governmental activities	<u>\$ 26,349,890</u>	<u>\$ 800,067</u>	<u>\$ (2,039,823)</u>	<u>\$ 25,110,134</u>	<u>\$ 1,639,171</u>

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due in</u> <u>Less than</u> <u>One Year</u>
<b>Business-Type Activities:</b>					
State revolving loans	\$ 4,976,013	\$ -	\$ (311,298)	\$ 4,664,715	\$ 328,021
Installment purchases	6,697,335	-	(420,167)	6,277,168	373,609
Other post-employment benefits	68,051	19,597	(32,477)	55,171	-
Compensated absences	29,934	34,755	(28,872)	35,817	1,886
Total business-type activities	<u>\$ 11,771,333</u>	<u>\$ 54,352</u>	<u>\$ (792,814)</u>	<u>\$ 11,032,871</u>	<u>\$ 703,516</u>

Beginning installment debt was restated by \$800,000.

Compensated absences, net pension obligation, and other post-employment benefits typically have been liquidated in the General Fund and are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2014, Montgomery County had a legal debt margin of approximately \$205,200,000.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2014, is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 32,034,153	\$ 29,044,872
Less capital debt:		
Gross debt	23,774,637	10,941,883
Less:		
Unexpended proceeds	<u>2,163,507</u>	<u>-</u>
Net capital debt	<u>21,611,130</u>	<u>10,941,883</u>
Net investment in capital assets	<u><u>\$ 10,423,023</u></u>	<u><u>\$ 18,102,989</u></u>

### Interfund Balances and Activity

Transfers to/from funds for the year ended June 30, 2014, were as follows:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 501,506	\$ 228,244	
911 Emergency Telephone	3,357	-	To reimburse General Fund for approved expenditures in prior years
Airport Grant Fund	-	16,667	To accumulate resources for airport projects
Drug Forfeiture Fund	28,318	-	Purchase of law enforcement vehicles
DSS Building Fund	196,569	-	To close project
Water Fund	-	484,839	Personnel costs for supporting fund activities
2008 CDBG Scattered Site	-	5,022	
CDBG Urgent Repair	<u>5,022</u>	<u>-</u>	Transfer County funds to separate CDBG project
Total	<u><u>\$ 734,772</u></u>	<u><u>\$ 734,772</u></u>	

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Internal Balances

Due to/from other funds as of June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>	<u>Description</u>
General Fund	\$ 635,817	\$ -	
DSS Urgent Repair	-	37,500	Funds used temporarily to begin grant funded projects prior to grant reimbursement
CDBG Scattered Site	-	46,268	Funds used temporarily to begin grant funded projects prior to grant reimbursement
Golden LEAF - Aseptia Fund	-	552,049	Cash shortage
Total	<u>\$ 635,817</u>	<u>\$ 635,817</u>	

### 4. Joint Ventures

#### Montgomery Community College

The County, in conjunction with the State of North Carolina and the Montgomery County Board of Education, participates in a joint venture to operate the Montgomery County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio non-voting member of the Community College's Board of Trustees.

The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues long-term debt to provide financing for new and restructured facilities. Of the last long-term debt issued for this purpose, \$258,390 in debt is still outstanding. 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 \$784,000 and \$30,000 to the Community College for operating purposes and capital outlay, respectively, during the fiscal year ended June 30, 2014. In addition, the County made debt service payments of \$206,916 during the fiscal year on long-term debt obligations for Community College capital facilities. 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 at June 30, 2014. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Troy, North Carolina 27371.

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **Montgomery Economic Development Corporation**

The County appoints three members of the thirteen directors of the Montgomery Economic Development Corporation (“Corporation”). The remaining members are either appointed by the Chamber of Commerce, elected by the members of the Corporation, or appointed by various towns that participate. The County provides an annual appropriation to the Corporation, which represents a significant portion of their budget; however, the Corporation is not accountable to the County for its fiscal matters beyond this allocation. The County does not significantly influence the operations of the Corporation and had no authority to designate its management. For the year ended June 30, 2014, the County’s appropriation to the Corporation was \$82,800. The County does not have any equity interest in the Corporation; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2014. Complete financial statements for the Montgomery Economic Development Corporation can be obtained from their administrative offices at Troy, North Carolina 27371.

### **Sandhill Regional Library System**

The County participates in a joint venture to operate the Sandhill Regional Library System (“Library System”) with four other County governments (Anson, Hoke, Moore, and Richmond). Each participating government appoints three Board members to the 15-member Board of the Library System. The County has an ongoing financial responsibility for the joint venture because the Library System’s continued existence depends on the participating governments’ continued funding. None of the participating governments have an equity interest in the Library System, so no equity interest has been reflected in the financial statements of the County at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$284,116 to the Library System to supplement its activities. Complete financial statements for the Library System can be obtained from the Library System’s office at 412 East Franklin Street, Montgomery, North Carolina 28379.

### **Sandhills Center for Mental Health, Developmental Disabilities, and Substance Abuse Services**

The Sandhills Center (“Center”) is a regional authority that was organized to provide the named services to a five-County area that consists of Montgomery, Moore, Hoke, Richmond, and Anson Counties. Each participating government appoints members to the Center’s governing board, with Montgomery County appointing two. The County has an ongoing financial responsibility for the joint venture, because the Center’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$60,775 to the Center to supplement its activities. Complete financial statements for the Center can be obtained from the Center’s office in West End, North Carolina 27376.



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 5. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 24,428,701	\$ 13,269,461
Health Choice	786,137	245,353
Women, Infants, and Children	1,115,113	-
Temporary Assistance to Needy Families	531,556	-
Low Income Energy Assistance	313,315	-
Title IV-E, Foster Care	57,928	41,981
State/County Special Assistance for Adults	-	330,321
Total	<u>\$ 27,232,750</u>	<u>\$ 13,887,116</u>

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

### 7. Prior Period Restatements

In the current period, errors relating to capital asset and debt balances previously reported in the Water Fund and governmental activities were discovered. Beginning net position of governmental activities was restated (decreased) by \$1,702,462. Beginning net position of business-type activities was restated (increased) by \$139,249.

In prior periods, errors relating to beginning General Fund, 2013 QSCB School Rehab Fund, and Water Plant Improvements Project Fund balances were discovered. Beginning fund balances were restated by \$(213,052), \$34,032, and \$513,316, respectively.

In prior periods, the County accounted for the Montgomery County Tourism Development Authority as a special revenue fund of the County. Upon closer examination, it was determined that the Authority should be presented as a discretely presented component unit. Beginning net position of the governmental activities was restated (reduced) by \$50,138 to correct the error.

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## MONTGOMERY COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ( (b-a) /c)
12/31/2006	\$ -	\$ 276,739	\$ 276,739	0.00%	\$ 989,060	27.98%
12/31/2007	-	400,396	400,396	0.00%	998,910	40.08%
12/31/2008	-	424,664	424,664	0.00%	1,106,063	38.39%
12/31/2009	-	584,070	584,070	0.00%	1,109,700	52.63%
12/31/2010	-	591,428	591,428	0.00%	1,160,195	50.98%
12/31/2011	-	586,725	586,725	0.00%	1,105,953	53.05%
12/31/2012	-	586,725	586,725	0.00%	1,105,953	53.05%
12/31/2013	-	579,346	579,346	0.00%	1,017,921	56.91%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions (ARC)	Percentage of ARC Contributed
2012	\$ 57,639	102.33%
2013	57,639	93.33%
2014	59,090	104.51%

**Notes to the Required Schedules:**

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortized method	Level percent of pay closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	4.25%-7.85 %
Includes inflation at	3%
Cost-of-living adjustments	N/A

## MONTGOMERY COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2014

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ( (b-a) /c)
12/31/2011	\$ -	\$ 2,939,338	\$ 2,939,338	0.00%	\$ 7,244,528	40.57%
12/31/2012	-	2,939,338	2,939,338	0.00%	7,244,528	40.57%
12/31/2013	-	2,907,857	2,907,857	0.00%	6,755,056	43.05%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions (ARC)	Percentage of ARC Contributed
2012	\$ 224,058	74.38%
2013	224,058	52.85%
2014	259,774	56.10%

## Notes to the Required Schedules:

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4%
Medical cost trend rate	7.75%-5%
Year of ultimate trend rate	2019
* Includes inflation at 3%	

## MONTGOMERY COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	School Fund	Revaluation Fund	Consolidation	Total General Fund
<b>Revenues:</b>					
Ad valorem taxes	\$ 16,616,440	\$ -	\$ -	\$ -	\$ 16,616,440
Local option sales tax	3,335,190	-	-	-	3,335,190
Other taxes and licenses	136,004	-	-	-	136,004
Unrestricted intergovernmental	274,193	-	-	-	274,193
Restricted intergovernmental	5,597,476	-	-	-	5,597,476
Permits and fees	374,816	-	-	-	374,816
Sales and services	2,690,548	-	-	-	2,690,548
Investment earnings	3,742	5	-	-	3,747
Miscellaneous	185,341	-	-	-	185,341
Total revenues	<u>29,213,750</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>29,213,755</u>
<b>Expenditures:</b>					
Current:					
General government	5,618,072	-	130,054	-	5,748,126
Public safety	3,848,935	-	-	-	3,848,935
Transportation	21,267	-	-	-	21,267
Environmental protection	32,799	-	-	-	32,799
Economic and physical development	441,859	-	-	-	441,859
Human services	7,309,987	-	-	-	7,309,987
Cultural and recreational	358,570	-	-	-	358,570
Intergovernmental education	5,886,365	-	-	-	5,886,365
Debt service:				-	-
Principal retirement	1,356,215	-	-	-	1,356,215
Interest and fees	937,350	-	-	-	937,350
Total expenditures	<u>25,811,419</u>	<u>-</u>	<u>130,054</u>	<u>-</u>	<u>25,941,473</u>
Revenues over (under) expenditures	<u>3,402,331</u>	<u>5</u>	<u>(130,054)</u>	<u>-</u>	<u>3,272,282</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	228,244	-	120,000	(120,000)	228,244
Transfers to other funds	(621,506)	-	-	120,000	(501,506)
Capital lease issuance	254,930	-	-	-	254,930
Total other financing sources (uses)	<u>(138,332)</u>	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>(18,332)</u>
Net change in fund balance	<u>3,263,999</u>	<u>5</u>	<u>(10,054)</u>	<u>-</u>	<u>3,253,950</u>
<b>Fund Balance:</b>					
Beginning as previously reported	9,526,231	22,617	97,419	-	9,646,267
Prior period adjustment	(213,052)	-	-	-	(213,052)
Beginning restated	<u>9,313,179</u>	<u>22,617</u>	<u>97,419</u>	<u>-</u>	<u>9,433,215</u>
End of year - June 30	<u>\$ 12,577,178</u>	<u>\$ 22,622</u>	<u>\$ 87,365</u>	<u>\$ -</u>	<u>\$ 12,687,165</u>

The accompanying notes are an integral part of the financial statements.

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 16,004,000	\$ 16,447,358	\$ 443,358	\$ 16,002,401
Penalties and interest	-	169,082	169,082	126,033
Total	16,004,000	16,616,440	612,440	16,128,434
<b>Local Option Sales Tax:</b>				
Article 39 and 44	1,020,250	1,121,118	100,868	859,194
Article 40	1,222,583	1,370,789	148,206	1,212,977
Article 42	673,389	752,163	78,774	674,345
Medicaid hold-harmless payment	-	91,120	91,120	157,039
Total	2,916,222	3,335,190	418,968	2,903,555
<b>Other Taxes and Licenses:</b>				
Franchise fees	-	64,865	64,865	5,086
Gross receipts tax - rental vehicles	-	464	464	538
Scrap tire disposal fee	26,000	42,765	16,765	34,862
White good disposal tax	5,000	10,736	5,736	8,606
Privilege license	-	280	280	730
Video program distribution	15,000	-	(15,000)	-
Solid waste disposal tax	12,000	16,894	4,894	15,102
Total	58,000	136,004	78,004	64,924
<b>Unrestricted Intergovernmental:</b>				
Payment in lieu of taxes	95,000	184,510	89,510	15,805
Beer and wine tax	-	87,945	87,945	81,225
Funds from ABC Board	12,000	1,738	(10,262)	12,044
Total	107,000	274,193	167,193	109,074
<b>Restricted Intergovernmental:</b>				
Federal and State grants	5,132,254	5,153,088	20,834	4,905,357
Lottery proceeds	300,000	300,000	-	-
Court facilities fees	87,500	103,463	15,963	103,124
ABC bottles tax	4,500	5,220	720	18,033
Concealed weapon fees	28,000	35,705	7,705	33,000
Total	5,552,254	5,597,476	45,222	5,059,514
<b>Permits and Fees:</b>				
Building permits, zoning, and inspection fees	93,650	192,295	98,645	98,802
Register of Deeds	150,000	182,521	32,521	190,544
Total	243,650	374,816	131,166	289,346

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Sales and Services:</b>				
Rents, concession, and fees	142,750	168,610	25,860	154,586
Jail fees	244,400	228,789	(15,611)	360,546
Animal control	1,000	2,372	1,372	2,256
Landfill, other revenues	2,383,043	2,287,282	(95,761)	2,686,090
Vehicle tax collection fee	-	3,495	3,495	2,603
Total	<u>2,771,193</u>	<u>2,690,548</u>	<u>(80,645)</u>	<u>3,206,081</u>
<b>Investment Earnings</b>	<u>5,000</u>	<u>3,742</u>	<u>(1,258)</u>	<u>7,149</u>
<b>Miscellaneous:</b>				
Library contribution fees	29,800	31,532	1,732	30,783
Other	110,800	153,809	43,009	42,742
Total	<u>140,600</u>	<u>185,341</u>	<u>44,741</u>	<u>73,525</u>
Total revenues	<u>27,797,919</u>	<u>29,213,750</u>	<u>1,415,831</u>	<u>27,841,602</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Board:</b>				
Salaries and employee benefits	579,434	361,346	218,088	434,572
Operating expenditures	2,029,680	2,362,830	(333,150)	1,889,669
Insurance other than property	-	-	-	2,155
Total	<u>2,609,114</u>	<u>2,724,176</u>	<u>(115,062)</u>	<u>2,326,396</u>
<b>Board of Elections:</b>				
Salaries and employee benefits	107,338	104,681	2,657	110,343
Operating expenditures	<u>88,120</u>	<u>56,082</u>	<u>32,038</u>	<u>50,434</u>
Total	<u>195,458</u>	<u>160,763</u>	<u>34,695</u>	<u>160,777</u>
<b>Administration:</b>				
Salaries and employee benefits	173,313	156,325	16,988	153,701
Operating expenditures	93,083	83,501	9,582	63,284
Capital outlay	-	2,288	(2,288)	-
Total	<u>266,396</u>	<u>242,114</u>	<u>24,282</u>	<u>216,985</u>
<b>Finance:</b>				
Salaries and employee benefits	222,318	220,306	2,012	224,577
Operating expenditures	<u>15,000</u>	<u>18,431</u>	<u>(3,431)</u>	<u>9,421</u>
Total	<u>237,318</u>	<u>238,737</u>	<u>(1,419)</u>	<u>233,998</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Information Technology:</b>				
Salaries and employee benefits	110,755	105,418	5,337	86,906
Operating expenditures	80,000	97,209	(17,209)	101,231
Capital outlay	40,000	32,251	7,749	42,024
Total	230,755	234,878	(4,123)	230,161
<b>Human Resources:</b>				
Salaries and employee benefits	231,150	174,249	56,901	400,325
Operating expenditures	23,800	17,658	6,142	22,089
Total	254,950	191,907	63,043	422,414
<b>Taxes:</b>				
Salaries and employee benefits	356,091	348,819	7,272	330,248
Operating expenditures	55,310	57,110	(1,800)	63,934
Total	411,401	405,929	5,472	394,182
<b>Register of Deeds:</b>				
Salaries and employee benefits	143,038	147,991	(4,953)	141,330
Operating expenditures	33,000	31,636	1,364	54,555
Total	176,038	179,627	(3,589)	195,885
<b>Public Buildings:</b>				
Salaries and employee benefits	107,000	85,885	21,115	44,765
Operating expenditures	865,500	867,967	(2,467)	1,045,218
Capital outlay	290,000	124,244	165,756	-
Total	1,262,500	1,078,096	184,404	1,089,983
<b>Court Facilities:</b>				
Operating expenditures	12,000	10,641	1,359	36,965
Capital outlay	-	-	-	2,067
Total	12,000	10,641	1,359	39,032
<b>Housekeeping:</b>				
Salaries and employee benefits	131,154	130,534	620	132,220
Operating expenditures	25,000	20,670	4,330	19,105
Capital outlay	-	-	-	180,000
Total	156,154	151,204	4,950	331,325
Total general government	5,812,084	5,618,072	194,012	5,641,138



**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Public Safety:</b>				
<b>Sheriff's Department:</b>				
Salaries and employee benefits	1,567,142	1,545,483	21,659	1,559,434
Operating expenditures	414,000	296,048	117,952	354,975
Capital outlay	3,000	4,596	(1,596)	-
Total	1,984,142	1,846,127	138,015	1,914,409
<b>Jail:</b>				
Salaries and employee benefits	842,469	776,860	65,609	842,460
Operating expenditures	380,000	374,312	5,688	421,062
Total	1,222,469	1,151,172	71,297	1,263,522
<b>NC Forestry Service</b>				
County appropriation	93,200	92,200	1,000	105,200
<b>Inspections:</b>				
Salaries and employee benefits	190,000	173,470	16,530	189,032
Operating expenditures	22,000	16,348	5,652	15,171
Total	212,000	189,818	22,182	204,203
<b>Rescue Squads:</b>				
Operating expenditures	14,000	10,331	3,669	26,588
<b>Animal Control:</b>				
Salaries and employee benefits	85,267	82,913	2,354	75,931
Operating expenditures	28,718	17,820	10,898	23,698
Total	113,985	100,733	13,252	99,629
<b>Community-Based Correction Program:</b>				
Salaries and employee benefits	-	-	-	15,097
Operating expenditures	-	-	-	19,636
Total	-	-	-	34,733
<b>Emergency Management Operations:</b>				
Salaries and employee benefits	422,528	405,208	17,320	412,731
Operating expenditures	67,500	53,346	14,154	33,849
Total	490,028	458,554	31,474	446,580
Total public safety	4,129,824	3,848,935	280,889	4,094,864

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Transportation:</b>				
Airport	25,000	21,267	3,733	25,000
Total transportation	25,000	21,267	3,733	25,000
<b>Non-Discretionary:</b>				
Operating expenditures	-	32,799	(32,799)	17,201
Total non-discretionary	-	32,799	(32,799)	17,201
<b>Economic and Physical Development:</b>				
<b>Agricultural Extension:</b>				
Capital outlay	5,000	640	4,360	-
Operating expenditures	169,439	164,872	4,567	169,394
Total	174,439	165,512	8,927	169,394
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits	75,660	73,053	2,607	75,846
Operating expenditures	4,300	3,065	1,235	3,222
Total	79,960	76,118	3,842	79,068
<b>Planning and Zoning:</b>				
Salaries and employee benefits	55,144	54,507	637	35,596
Operating expenditures	11,500	7,890	3,610	5,864
Total	66,644	62,397	4,247	41,460
<b>Economic Development:</b>				
Company Incentives	-	55,841	(55,841)	-
Operating expenditures	82,800	81,991	809	69,919
Total	82,800	137,832	(55,032)	69,919
Total economic and physical development	403,843	441,859	(38,016)	359,841
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration and Clinical Services:</b>				
Salaries and employee benefits	204,171	204,779	(608)	227,569
Operating expenditures	166,005	162,927	3,078	189,703
Total	370,176	367,706	2,470	417,272
<b>Health Promotion:</b>				
Salaries and employee benefits	40,812	27,902	12,910	21,194
Operating expenditures	12,983	11,618	1,365	12,043
Total	53,795	39,520	14,275	33,237

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Communicable Diseases:</b>				
Salaries and employee benefits	105,976	82,610	23,366	63,946
Operating expenditures	17,178	17,249	(71)	16,133
Total	123,154	99,859	23,295	80,079
<b>Public Health/Emergency Planning:</b>				
Salaries and employee benefits	2,800	2,574	226	2,266
Operating expenses	34,719	25,516	9,203	10,655
Total	37,519	28,090	9,429	12,921
<b>Family Planning:</b>				
Salaries and employee benefits	177,979	173,366	4,613	167,579
Operating expenditures	70,858	81,199	(10,341)	63,847
Total	248,837	254,565	(5,728)	231,426
<b>Teen Outreach:</b>				
Salaries and employee benefits	-	-	-	31,283
Operating expenditures	-	-	-	6,676
Total	-	-	-	37,959
<b>Adult Health:</b>				
Salaries and employee benefits	56,228	53,318	2,910	47,491
Operating expenditures	24,687	23,950	737	13,939
Total	80,915	77,268	3,647	61,430
<b>Childcare Coordination:</b>				
Salaries and employee benefits	52,911	41,010	11,901	50,561
Operating expenditures	28,416	25,112	3,304	24,881
Total	81,327	66,122	15,205	75,442
<b>Pregnancy Care Management:</b>				
Salaries and employee benefits	53,782	42,250	11,532	59,299
Operating expenditures	17,700	11,644	6,056	2,156
Total	71,482	53,894	17,588	61,455
<b>Maternal and Child Health:</b>				
Salaries and employee benefits	409,594	401,799	7,795	414,850
Operating expenditures	79,774	79,084	690	68,005
Total	489,368	480,883	8,485	482,855

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	217,628	212,764	4,864	214,251
Operating expenditures	15,292	11,220	4,072	4,583
Total	232,920	223,984	8,936	218,834
<b>Environmental Health:</b>				
Salaries and employee benefits	146,878	144,501	2,377	118,274
Operating expenditures	19,916	12,697	7,219	17,014
Total	166,794	157,198	9,596	135,288
<b>Mental Health</b>				
Operating expenditures	60,775	60,775	-	60,775
Total health	2,017,062	1,909,864	107,198	1,908,973
<b>Social Services:</b>				
<b>Administrative and Services:</b>				
Salaries and employee benefits	2,917,000	2,642,785	274,215	2,721,606
Operating expenditures	265,169	210,325	54,844	116,707
Capital outlay	18,500	15,902	2,598	35,418
Total	3,200,669	2,869,012	331,657	2,873,731
<b>AFDC Program:</b>				
Assistance payments	60,000	48,874	11,126	52,853
<b>Medicaid:</b>				
Assistance payments	1,751,034	1,458,507	292,527	1,622,205
<b>DSS County Match:</b>				
Operating	451,797	363,242	88,555	384,812
Total social services	5,463,500	4,739,635	723,865	4,933,601
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	44,926	45,860	(934)	45,366
Operating expenditures	3,500	2,362	1,138	2,661
Total	48,426	48,222	204	48,027
<b>NYPUM Program:</b>				
Salaries and employee benefits	23,086	22,695	391	21,111
Operating expenditures	10,985	10,974	11	13,241
Total	34,071	33,669	402	34,352

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Randolph Juvenile Day Reporting Center:</b>				
Operating expenditures	84,416	76,744	7,672	162,087
<b>Programs for the Aging:</b>				
County participation only	235,484	501,853	(266,369)	214,141
Total human services	7,882,959	7,309,987	(258,091)	7,301,181
<b>Cultural and Recreational:</b>				
<b>Libraries:</b>				
Salaries and employee benefits	214,500	206,120	8,380	211,883
Operating expenditures	63,667	43,249	20,418	45,765
Books and magazines	21,333	33,716	(12,383)	16,161
Total	299,500	283,085	16,415	273,809
<b>Summer Recreational Program:</b>				
Operating expenditures	1,000	1,000	-	60
<b>Recreation Outreach Program</b>	86,000	65,955	20,045	87,071
<b>County Gym Projects</b>	7,000	8,530	(1,530)	4,406
Total cultural and recreational	393,500	358,570	34,930	365,346
<b>Education:</b>				
Public schools - current expenditures	5,068,796	5,072,365	(3,569)	5,953,731
Community college - current expenditures	784,000	784,000	-	759,434
Community college - capital outlay	30,000	30,000	-	10,000
Total	5,882,796	5,886,365	(3,569)	6,723,165
Total education	5,882,796	5,886,365	(3,569)	6,723,165
<b>Debt Service:</b>				
Principal	1,357,569	1,356,215	1,354	1,313,687
Interest	937,350	937,350	-	980,113
Total	2,294,919	2,293,565	1,354	2,293,800
Total debt service	2,294,919	2,293,565	1,354	2,293,800
Total expenditures	26,824,925	25,811,419	1,013,506	26,821,536

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
Revenues over (under) expenditures	972,994	3,402,331	2,429,337	1,020,066
<b>Other Financing Sources (Uses):</b>				
Transfers in (out):				
2013 QSCB School Rehab Fund	(334,000)	-	334,000	-
2-Cent Fire Tax Restricted VFD Fund	(576,304)	-	576,304	-
Airport Grant Fund	(15,000)	(16,667)	(1,667)	-
911 Fund	-	3,357	3,357	-
Water Fund	-	(484,839)	(484,839)	299,242
Drug Forfeiture Fund	-	28,318	28,318	-
DSS Building Fund	-	196,569	196,569	-
Revaluation Fund	(60,000)	(120,000)	(60,000)	(10,000)
Installment debt	254,930	254,930	-	280,000
Appropriated fund balance (contingency)	(242,620)	-	242,620	-
Total other financing sources (uses)	(972,994)	(138,332)	834,662	569,242
Net change in fund balance	\$ -	3,263,999	\$ 3,263,999	1,589,308
<b>Fund Balance:</b>				
Beginning, as previously reported		9,526,231		7,936,923
Prior period adjustment		(213,052)		-
Beginning, restated		9,313,179		7,936,923
End of year - June 30		\$ 12,577,178		\$ 9,526,231

## MONTGOMERY COUNTY, NORTH CAROLINA

## SCHOOL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Investment earnings	\$ 10	\$ 5	\$ (5)	\$ 11
<b>Other Financing Sources (Uses):</b>				
Transfers in (out):				
General Fund	(10)	-	10	-
Net change in fund balance	<u>\$ -</u>	5	<u>\$ 5</u>	11
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>22,617</u>		<u>22,606</u>
End of year - June 30		<u>\$ 22,622</u>		<u>\$ 22,617</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## REVALUATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ -	\$ -	\$ -	\$ 193
<b>Expenditures:</b>				
General government:				
Salaries and employee benefits	7,067	7,067	-	6,881
Supplies and advertising	120	120	-	4,179
Travel	1,347	1,347	-	544
Professional and legal services	120,009	121,520	(1,511)	65,472
Total expenditures	128,543	130,054	(1,511)	77,076
Revenues over (under) expenditures	(128,543)	(130,054)	(1,511)	(76,883)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	60,000	120,000	60,000	10,000
Appropriated fund balance	68,543	-	(68,543)	-
Total other financing sources (uses)	128,543	120,000	(8,543)	10,000
Net change in fund balance	\$ -	(10,054)	\$ (10,054)	(66,883)
<b>Fund Balance:</b>				
Beginning of year - July 1		97,419		164,302
End of year - June 30		\$ 87,365		\$ 97,419



## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Total
<b>Assets:</b>			
Cash and investments	\$ 934,842	\$ 755,412	\$ 1,690,254
Taxes receivable	24,205	-	24,205
Accounts receivable, net	20,431	126,421	146,852
Due from other governments	26,885	18,342	45,227
Restricted cash and investments	-	1,981,434	1,981,434
Total assets	<u>\$ 1,006,363</u>	<u>\$ 2,881,609</u>	<u>\$ 3,887,972</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 11,792	\$ 20,718	\$ 32,510
Prepaid fees	-	1,500	1,500
Due to other funds	635,817	-	635,817
Total liabilities	<u>647,609</u>	<u>22,218</u>	<u>669,827</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	<u>24,205</u>	<u>-</u>	<u>24,205</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	47,316	144,763	192,079
Other	762,273	1,981,434	2,743,707
Committed	78,905	431,482	510,387
Total fund balances	<u>334,549</u>	<u>2,859,391</u>	<u>3,193,940</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,006,363</u>	<u>\$ 2,881,609</u>	<u>\$ 3,887,972</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Total
<b>Revenues:</b>			
Ad valorem taxes	\$ 577,374	\$ -	\$ 577,374
Other taxes and licenses	220,713	377,182	597,895
Restricted intergovernmental	1,889,999	181,635	2,071,634
Investment earnings	394	2,424	2,818
Miscellaneous	30,869	3,865	34,734
Total revenues	<u>2,719,349</u>	<u>565,106</u>	<u>3,284,455</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	-	59,320	59,320
Public safety	1,135,241	-	1,135,241
Human services	33,047	-	33,047
Economic and physical development	2,342,931	-	2,342,931
Intergovernmental education	-	1,334,503	1,334,503
Total expenditures	<u>3,511,219</u>	<u>1,393,823</u>	<u>4,905,042</u>
Revenues over (under) expenditures	<u>(791,870)</u>	<u>(828,717)</u>	<u>(1,620,587)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	(31,675)	16,667	(15,008)
Transfers to other funds	-	(196,569)	(196,569)
Total other financing sources (uses)	<u>(31,675)</u>	<u>(179,902)</u>	<u>(211,577)</u>
Net change in fund balances	<u>(823,545)</u>	<u>(1,008,619)</u>	<u>(1,832,164)</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	1,158,094	3,833,978	4,992,072
Prior period adjustment	-	34,032	34,032
Beginning of year, restated	<u>1,158,094</u>	<u>3,868,010</u>	<u>5,026,104</u>
End of year - June 30	<u>\$ 334,549</u>	<u>\$ 2,859,391</u>	<u>\$ 3,193,940</u>

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# MONTGOMERY COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2014

	<b>911 Emergency Telephone Fund</b>	<b>Badin Lake Fire District Fund</b>	<b>Lake Tillery Fire District Fund</b>	<b>Drug Forfeiture Fund</b>
<b>Assets:</b>				
Cash and investments	\$ 235,701	\$ 2,144	\$ 1,043	\$ 78,905
Taxes receivable	-	15,670	8,535	-
Accounts receivable, net	18,393	-	-	-
Due from other governments	<u>683</u>	<u>1,331</u>	<u>565</u>	<u>709</u>
Total assets	<u>\$ 254,777</u>	<u>\$ 19,145</u>	<u>\$ 10,143</u>	<u>\$ 79,614</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 4,936	\$ 3,475	\$ 1,608	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,936</u>	<u>3,475</u>	<u>1,608</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	<u>-</u>	<u>15,670</u>	<u>8,535</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	19,076	1,331	565	709
Other	230,765	-	-	-
Committed	-	-	-	78,905
Unassigned	<u>-</u>	<u>(1,331)</u>	<u>(565)</u>	<u>-</u>
Total fund balances	<u>249,841</u>	<u>-</u>	<u>-</u>	<u>79,614</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 254,777</u>	<u>\$ 19,145</u>	<u>\$ 10,143</u>	<u>\$ 79,614</u>

<b>DSS Restricted Child Support Incentive Fund</b>	<b>2-Cent Fire Tax Restricted VFD Fund</b>	<b>2008 CDBG Scattered Housing Fund</b>	<b>Montgomery County EMPG Fund</b>	<b>Montgomery County CDBG Urgent Repair Fund</b>	<b>Golden LEAF - Aseptia Fund</b>	<b>Total</b>
\$ 98,526	\$ 346,216	\$ 59,171	\$ 75,614	\$ 37,522	\$ -	\$ 934,842
-	-	-	-	-	-	24,205
2,016	-	22	-	-	-	20,431
197	2,283	-	673	-	20,444	26,885
<u>\$ 100,739</u>	<u>\$ 348,499</u>	<u>\$ 59,193</u>	<u>\$ 76,287</u>	<u>\$ 37,522</u>	<u>\$ 20,444</u>	<u>\$ 1,006,363</u>
\$ 456	\$ 1,076	\$ -	\$ 219	\$ 22	\$ -	\$ 11,792
-	-	46,268	-	37,500	552,049	635,817
456	1,076	46,268	219	37,522	552,049	647,609
-	-	-	-	-	-	24,205
2,213	2,283	22	673	-	20,444	47,316
98,070	345,140	12,903	75,395	-	-	762,273
-	-	-	-	-	-	78,905
-	-	-	-	-	(552,049)	(553,945)
100,283	347,423	12,925	76,068	-	(531,605)	334,549
<u>\$ 100,739</u>	<u>\$ 348,499</u>	<u>\$ 59,193</u>	<u>\$ 76,287</u>	<u>\$ 37,522</u>	<u>\$ 20,444</u>	<u>\$ 1,006,363</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	911 Emergency Telephone Fund	Badin Lake Fire District Fund	Lake Tillery Fire District Fund	Drug Forfeiture Fund
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	220,713	-	-	-
Restricted intergovernmental	-	-	-	26,932
Investment earnings	272	-	-	72
Miscellaneous	-	-	-	-
Total revenues	<u>220,985</u>	<u>-</u>	<u>-</u>	<u>27,004</u>
<b>Expenditures:</b>				
Current:				
Public safety	154,988	18,094	22,079	20,413
Human services	-	-	-	-
Economic and physical development	-	-	-	-
Total expenditures	<u>154,988</u>	<u>18,094</u>	<u>22,079</u>	<u>20,413</u>
Revenues over (under) expenditures	65,997	(18,094)	(22,079)	6,591
<b>Other Financing Sources (Uses):</b>				
Transfers (to) from other funds	<u>(3,357)</u>	<u>-</u>	<u>-</u>	<u>(28,318)</u>
Net change in fund balances	62,640	(18,094)	(22,079)	(21,727)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>187,201</u>	<u>18,094</u>	<u>22,079</u>	<u>101,341</u>
End of year - June 30	<u>\$ 249,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,614</u>

<b>DSS Restricted Child Support Incentive Fund</b>	<b>2-Cent Fire Tax Restricted VFD Fund</b>	<b>2008 CDBG Scattered Housing Fund</b>	<b>Montgomery County EMPG Fund</b>	<b>Montgomery County CDBG Urgent Repair Fund</b>	<b>Golden LEAF - Aseptia Fund</b>	<b>Total</b>
\$ -	\$ 577,374	\$ -	\$ -	\$ -	\$ -	\$ 577,374
-	-	-	-	-	-	220,713
94,221	-	246,968	35,317	37,500	1,449,061	1,889,999
-	-	-	-	50	-	394
-	-	-	-	-	30,869	30,869
<u>94,221</u>	<u>577,374</u>	<u>246,968</u>	<u>35,317</u>	<u>37,550</u>	<u>1,479,930</u>	<u>2,719,349</u>
-	882,424	-	37,243	-	-	1,135,241
33,047	-	-	-	-	-	33,047
-	-	251,368	-	80,028	2,011,535	2,342,931
<u>33,047</u>	<u>882,424</u>	<u>251,368</u>	<u>37,243</u>	<u>80,028</u>	<u>2,011,535</u>	<u>3,511,219</u>
61,174	(305,050)	(4,400)	(1,926)	(42,478)	(531,605)	(791,870)
-	-	5,022	-	(5,022)	-	(31,675)
61,174	(305,050)	622	(1,926)	(47,500)	(531,605)	(823,545)
<u>39,109</u>	<u>652,473</u>	<u>12,303</u>	<u>77,994</u>	<u>47,500</u>	<u>-</u>	<u>1,158,094</u>
<u>\$ 100,283</u>	<u>\$ 347,423</u>	<u>\$ 12,925</u>	<u>\$ 76,068</u>	<u>\$ -</u>	<u>\$ (531,605)</u>	<u>\$ 334,549</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**911 EMERGENCY TELEPHONE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Other taxes and licenses:				
911 system subscriber fees	\$ 220,713	\$ 220,713	\$ -	\$ 241,693
Restricted intergovernmental	-	-	-	13,109
Investment earnings	-	272	272	-
Total revenues	<u>220,713</u>	<u>220,985</u>	<u>272</u>	<u>254,802</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
911 system subscriber fees:				
Salaries and employee benefits	52,790	54,594	(1,804)	52,258
Operating expenditures	<u>167,923</u>	<u>100,394</u>	<u>67,529</u>	<u>80,366</u>
Total expenditures	<u>220,713</u>	<u>154,988</u>	<u>65,725</u>	<u>132,624</u>
Revenues over (under) expenditures	-	65,997	65,997	122,178
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	-	(3,357)	(3,357)	-
Net change in fund balance	<u>\$ -</u>	<u>62,640</u>	<u>\$ 62,640</u>	<u>122,178</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>187,201</u>		<u>65,023</u>
End of year - June 30		<u><u>\$ 249,841</u></u>		<u><u>\$ 187,201</u></u>



## MONTGOMERY COUNTY, NORTH CAROLINA

## BADIN LAKE FIRE DISTRICT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Property taxes	\$ 426,066	\$ -	\$ (426,066)	\$ -
<b>Expenditures:</b>				
Current:				
Public safety:				
Operating expenditures	<u>426,066</u>	<u>18,094</u>	<u>407,972</u>	<u>2,762</u>
Net change in fund balance	<u>\$ -</u>	<u>(18,094)</u>	<u>\$ (18,094)</u>	<u>(2,762)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>18,094</u>		<u>20,856</u>
End of year - June 30		<u>\$ -</u>		<u>\$ 18,094</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## LAKE TILLERY FIRE DISTRICT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE -BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Property taxes	\$ 182,961	\$ -	\$ (182,961)	\$ -
<b>Expenditures:</b>				
Current:				
Public safety:				
Operating expenditures	182,961	22,079	160,882	-
Net change in fund balance	<u>\$ -</u>	(22,079)	<u>\$ (22,079)</u>	-
<b>Fund Balance:</b>				
Beginning of year - July 1		22,079		22,079
End of year - June 30		<u>\$ -</u>		<u>\$ 22,079</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## DRUG FORFEITURE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE -BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 1,856
State controlled substance tax	30,000	26,932	(3,068)	61,399
Investment earnings	-	72	72	145
Total revenues	<u>30,000</u>	<u>27,004</u>	<u>(2,996)</u>	<u>63,400</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Operating expenditures	<u>41,000</u>	<u>20,413</u>	<u>20,587</u>	<u>76,453</u>
Revenues over (under) expenditures	<u>(11,000)</u>	<u>6,591</u>	<u>17,591</u>	<u>(13,053)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	(28,883)	(28,318)	565	-
Appropriated fund balance	<u>39,883</u>	<u>-</u>	<u>(39,883)</u>	<u>-</u>
Total other financing sources (Uses)	<u>11,000</u>	<u>(28,318)</u>	<u>(39,318)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(21,727)</u>	<u>\$ (21,727)</u>	<u>(13,053)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>101,341</u>		<u>114,394</u>
End of year - June 30		<u>\$ 79,614</u>		<u>\$ 101,341</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**DSS RESTRICTED CHILD SUPPORT INCENTIVE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE -BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental				
Child Support Enforcement	\$ 71,332	\$ 94,221	\$ 22,889	\$ 24,490
<b>Expenditures:</b>				
Current:				
Human services:				
Operating expenditures	71,332	33,047	38,285	23,128
Net change in fund balance	<u>\$ -</u>	61,174	<u>\$ 61,174</u>	1,362
<b>Fund Balance:</b>				
Beginning of year - July 1		39,109		37,747
End of year - June 30		<u>\$ 100,283</u>		<u>\$ 39,109</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## 2-CENT FIRE TAX RESTRICTED VFD

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental				
State controlled substance tax	\$ 576,000	\$ 577,374	\$ 1,374	\$ 558,063
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	916,000	882,424	33,576	39,979
Revenues over (under) expenditures	(340,000)	(305,050)	34,950	518,084
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	340,000	-	(340,000)	-
Net change in fund balance	\$ -	(305,050)	\$ (305,050)	518,084
<b>Fund Balance:</b>				
Beginning of year - July 1		652,473		134,389
End of year - June 30		\$ 347,423		\$ 652,473

## MONTGOMERY COUNTY, NORTH CAROLINA

**2008 CDBG SCATTERED HOUSING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Project</b>	<b>Actual</b>			<b>Variance</b>
	<b>Authorization</b>	<b>Prior</b>	<b>Current</b>	<b>Total to</b>	<b>Over/Under</b>
		<b>Years</b>	<b>Year</b>	<b>Date</b>	
<b>Revenues:</b>					
Restricted intergovernmental:					
CDBG funds - 2012 Scattered Site	\$ 400,000	\$ -	\$ 246,968	\$ 246,968	\$ (153,032)
<b>Expenditures:</b>					
2012 Scattered Site:					
Rehabilitation, relocation, demolition	400,000	8,800	251,368	260,168	139,832
Revenues over (under) expenditures	-	(8,800)	(4,400)	(13,200)	(13,200)
<b>Other Financing Sources (Uses):</b>					
Transfers from/(to) other funds	-	21,103	5,022	26,125	26,125
Net change in fund balance	\$ -	\$ 12,303	622	\$ 12,925	\$ 12,925
<b>Fund Balance:</b>					
Beginning of year - July 1			12,303		
End of year - June 30			\$ 12,925		

## MONTGOMERY COUNTY, NORTH CAROLINA

## MONTGOMERY COUNTY EMPG FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental:				
EMPG Funds	\$ 32,822	\$ 35,317	\$ 2,495	\$ 76,208
<b>Expenditures:</b>				
Economic development:				
Operating expenditures	45,000	37,243	7,757	46,244
Revenues over (under) expenditures	(12,178)	(1,926)	10,252	29,964
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	12,178	-	(12,178)	-
Net change in fund balance	\$ -	(1,926)	\$ (1,926)	29,964
<b>Fund Balance:</b>				
Beginning of year - July 1		77,994		48,030
End of year - June 30		\$ 76,068		\$ 77,994

## MONTGOMERY COUNTY, NORTH CAROLINA

**MONTGOMERY COUNTY CDBG URGENT REPAIR  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
CDBG Funds	\$ 80,000	\$ 37,500	\$ 37,500	\$ 75,000	\$ (5,000)
Investment earnings	-	-	50	50	50
Total revenues	<u>80,000</u>	<u>37,500</u>	<u>37,550</u>	<u>75,050</u>	<u>(4,950)</u>
<b>Expenditures:</b>					
Economic development:					
Operating expenditures	<u>80,000</u>	<u>-</u>	<u>80,028</u>	<u>80,028</u>	<u>(28)</u>
Revenues over (under) expenditures	-	37,500	(42,478)	(4,978)	(4,978)
<b>Other Financing Sources (Uses):</b>					
Transfers in/(out)	<u>-</u>	<u>10,000</u>	<u>(5,022)</u>	<u>4,978</u>	<u>4,978</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 47,500</u>	<u>(47,500)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>47,500</u>		
End of year - June 30			<u>\$ -</u>		



## MONTGOMERY COUNTY, NORTH CAROLINA

**GOLDEN LEAF - ASEPTIA FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Restricted intergovernmental:					
Golden leaf	\$ 3,500,000	\$ -	\$ 1,449,061	\$ 1,449,061	\$ (2,050,939)
Lease payment	-	-	30,869	30,869	30,869
Total revenues	<u>3,500,000</u>	<u>-</u>	<u>1,479,930</u>	<u>1,479,930</u>	<u>(2,020,070)</u>
<b>Expenditures:</b>					
Economic development:					
Operating expenditures	<u>3,500,000</u>	<u>-</u>	<u>2,011,535</u>	<u>2,011,535</u>	<u>1,488,465</u>
Revenues over (under) expenditures	-	-	(531,605)	(531,605)	(531,605)
<b>Other Financing Sources (Uses):</b>					
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(531,605)</u>	<u>\$ (531,605)</u>	<u>\$ (531,605)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (531,605)</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2014

	Airport Block Grant Capital Project Fund	Green Ridge Elementary School	Jail Capital Project Fund	DSS Building Project Fund	2013 QSCB School Rehab Fund	Total
<b>Assets:</b>						
Cash and investments	\$ 41,065	\$ 16,799	\$ 376,036	\$ -	\$ 321,512	\$ 755,412
Accounts receivable	29,754	-	-	-	96,667	126,421
Due from other governments	13	-	-	-	18,329	18,342
Restricted cash and investments	-	960,201	351,673	-	669,560	1,981,434
Total assets	<u>\$ 70,832</u>	<u>\$ 977,000</u>	<u>\$ 727,709</u>	<u>\$ -</u>	<u>\$ 1,106,068</u>	<u>\$ 2,881,609</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 918	\$ -	\$ -	\$ -	\$ 19,800	\$ 20,718
Prepaid fees	1,500	-	-	-	-	1,500
Total liabilities	<u>2,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,800</u>	<u>22,218</u>
<b>Fund Balances:</b>						
Non-spendable						
Restricted						
Stabilization by State Statute	29,767	-	-	-	114,996	144,763
Other	-	960,201	351,673	-	669,560	1,981,434
Committed	38,647	16,799	376,036	-	-	431,482
Unassigned	-	-	-	-	301,712	301,712
Total fund balances	<u>68,414</u>	<u>977,000</u>	<u>727,709</u>	<u>-</u>	<u>1,086,268</u>	<u>2,859,391</u>
Total liabilities and fund balances	<u>\$ 70,832</u>	<u>\$ 977,000</u>	<u>\$ 727,709</u>	<u>\$ -</u>	<u>\$ 1,106,068</u>	<u>\$ 2,881,609</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Airport Block Grant Capital Project Fund	Green Ridge Elementary School	Jail Capital Project Fund	DSS Building Project Fund	2013 QSCB School Rehab Fund	Total
<b>Revenues:</b>						
Restricted intergovernmental	\$ 59,251	\$ -	\$ -	\$ -	\$ 122,384	\$ 181,635
Sales tax	-	-	-	-	377,182	377,182
Miscellaneous	3,865	-	-	-	-	3,865
Investment earnings	-	599	220	-	1,605	2,424
Total revenues	<u>63,116</u>	<u>599</u>	<u>220</u>	<u>-</u>	<u>501,171</u>	<u>565,106</u>
<b>Expenditures:</b>						
Current:						
Transportation	59,320	-	-	-	-	59,320
Education	-	-	-	-	1,334,503	1,334,503
Total expenditures	<u>59,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,334,503</u>	<u>1,393,823</u>
Revenues over (under) expenditures	<u>3,796</u>	<u>599</u>	<u>220</u>	<u>-</u>	<u>(833,332)</u>	<u>(828,717)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers to other funds	-	-	-	(196,569)	-	(196,569)
Transfers from other funds	16,667	-	-	-	-	16,667
Total other financing sources (uses)	<u>16,667</u>	<u>-</u>	<u>-</u>	<u>(196,569)</u>	<u>-</u>	<u>(179,902)</u>
Net change in fund balances	<u>20,463</u>	<u>599</u>	<u>220</u>	<u>(196,569)</u>	<u>(833,332)</u>	<u>(1,008,619)</u>
<b>Fund Balance:</b>						
Beginning, as previously reported	47,951	976,401	727,489	196,569	1,885,568	3,833,978
Prior period adjustment	-	-	-	-	34,032	34,032
Beginning, as restated	<u>47,951</u>	<u>976,401</u>	<u>727,489</u>	<u>196,569</u>	<u>1,919,600</u>	<u>3,868,010</u>
End of year - June 30	<u>\$ 68,414</u>	<u>\$ 977,000</u>	<u>\$ 727,709</u>	<u>\$ -</u>	<u>\$ 1,086,268</u>	<u>\$ 2,859,391</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**AIRPORT BLOCK GRANT CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Restricted intergovernmental:					
Airport Block Grant	\$ 2,210,804	\$ 3,413,496	\$ 59,251	\$ 3,472,747	\$ 1,261,943
Miscellaneous revenue	-	16,500	3,865	20,365	20,365
Total revenues	<u>2,210,804</u>	<u>3,429,996</u>	<u>63,116</u>	<u>3,493,112</u>	<u>1,282,308</u>
<b>Expenditures:</b>					
Transportation:					
Construction	1,859,804	2,904,137	27,701	2,931,838	(1,072,034)
Engineering	-	146,963	29,207	176,170	(176,170)
Inspection	-	7,000	-	7,000	(7,000)
Land acquisitions	351,000	617,500	-	617,500	(266,500)
Administration	-	2,240	2,412	4,652	(4,652)
Total expenditures	<u>2,210,804</u>	<u>3,677,840</u>	<u>59,320</u>	<u>3,737,160</u>	<u>(1,526,356)</u>
Revenues over (under) expenditures	-	(247,844)	3,796	(244,048)	(244,048)
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	295,795	16,667	312,462	312,462
Net change in fund balance	<u>\$ -</u>	<u>\$ 47,951</u>	20,463	<u>\$ 68,414</u>	<u>\$ 68,414</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>47,951</u>		
End of year - June 30			<u>\$ 68,414</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

**GREEN RIDGE ELEMENTARY SCHOOL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Investment earnings	\$ 679,195	\$ 682,798	\$ 599	\$ 683,397	\$ 4,202
Miscellaneous revenue	100,000	-	-	-	(100,000)
Total revenues	779,195	682,798	599	683,397	(95,798)
<b>Expenditures:</b>					
Capital outlay:					
Interest expense	8,978	8,978	-	8,978	-
Professional services	271,584	129,275	-	129,275	142,309
Engineering design	264,464	287,182	-	287,182	(22,718)
Advertising	14,173	1,538	-	1,538	12,635
Administration	1,791,067	308,609	-	308,609	1,482,458
Construction	13,468,929	13,393,183	-	13,393,183	75,746
Furniture, fixtures, and equipment	-	1,467,632	-	1,467,632	(1,467,632)
Contingency	750,000	-	-	-	750,000
Total expenditures	16,569,195	15,596,397	-	15,596,397	972,798
Revenues over (under) expenditures	(15,790,000)	(14,913,599)	599	(14,913,000)	877,000
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	100,000	-	100,000	100,000
COPs issued	15,790,000	15,790,000	-	15,790,000	-
Total other financing sources (uses)	15,790,000	15,890,000	-	15,890,000	100,000
Net change in fund balance	\$ -	\$ 976,401	599	\$ 977,000	\$ 977,000
<b>Fund Balance:</b>					
Beginning of year - July 1			976,401		
End of year - June 30			\$ 977,000		

## MONTGOMERY COUNTY, NORTH CAROLINA

**JAIL CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Interest revenue	\$ 421,223	\$ 421,484	\$ 220	\$ 421,704	\$ 481
<b>Expenditures:</b>					
General government:					
Construction	8,884,741	9,625,206	-	9,625,206	(740,465)
Administration	348,847	42,359	-	42,359	306,488
Design	221,405	221,405	-	221,405	-
Contingency	412,690	-	-	-	412,690
Bid	38,350	-	-	-	38,350
Total expenditures	9,906,033	9,888,970	-	9,888,970	17,063
Revenues over (under) expenditures	(9,484,810)	(9,467,486)	220	(9,467,266)	17,544
<b>Other Financing Sources (Uses):</b>					
COPs issued	9,467,000	9,937,024	-	9,937,024	470,024
Transfers from other funds	340,810	580,951	-	580,951	240,141
Transfer to other funds	(323,000)	(323,000)	-	(323,000)	-
Total other financing sources (uses)	9,484,810	10,194,975	-	10,194,975	710,165
Net change in fund balance	\$ -	\$ 727,489	220	\$ 727,709	\$ 727,709
<b>Fund Balance:</b>					
Beginning of year - July 1			727,489		
End of year - June 30			\$ 727,709		

## MONTGOMERY COUNTY, NORTH CAROLINA

**DSS BUILDING PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<b>Actual</b>			
	<b><u>Project</u></b>	<b><u>Prior</u></b>	<b><u>Current</u></b>	<b><u>Total to</u></b>	<b><u>Variance</u></b>
	<b><u>Authorization</u></b>	<b><u>Years</u></b>	<b><u>Year</u></b>	<b><u>Date</u></b>	<b><u>Over/Under</u></b>
<b>Expenditures:</b>					
General government:					
Schematic design	\$ 57,500	\$ 31,521	\$ -	\$ 31,521	\$ 25,979
Administration	57,500	3,801	-	3,801	53,699
Design development	57,500	40,354	-	40,354	17,146
Construction documents	115,000	15,255	-	15,255	99,745
Total expenditures	<u>287,500</u>	<u>90,931</u>	<u>-</u>	<u>90,931</u>	<u>196,569</u>
Revenues over (under) expenditures	<u>(287,500)</u>	<u>(90,931)</u>	<u>-</u>	<u>(90,931)</u>	<u>196,569</u>
<b>Other Financing Sources (Uses):</b>					
Transfer to General Fund	-	-	(196,569)	(196,569)	(196,569)
Transfer from General Fund	<u>287,500</u>	<u>287,500</u>	<u>-</u>	<u>287,500</u>	<u>-</u>
Total other financing sources (uses)	<u>287,500</u>	<u>287,500</u>	<u>(196,569)</u>	<u>90,931</u>	<u>(196,569)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 196,569</u>	<u>(196,569)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>196,569</u>		
End of year - June 30			<u>\$ -</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

## ENTERPRISE FUND - WATER SYSTEM FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services:				
Water sales	\$ 3,561,803	\$ 3,960,143	\$ 398,340	\$ 2,987,523
Other	56,700	105,734	49,034	121,467
Total operating revenues	3,618,503	4,065,877	447,374	3,108,990
<b>Non-Operating Revenues:</b>				
Interest earned on investments	1,450	751	(699)	1,315
Total revenues	3,619,953	4,066,628	446,675	3,110,305
<b>Operating Expenditures:</b>				
Salaries and employee benefits	812,705	926,709	(114,004)	783,928
Repairs and maintenance	180,000	165,524	14,476	255,229
Contractual services	350,000	399,591	(49,591)	355,975
Other operating expenses	742,250	627,564	114,686	714,577
Capital outlay	50,000	42,104	7,896	65,448
Total operating expenditures	2,134,955	2,161,492	(26,537)	2,175,157
<b>Debt Service:</b>				
Debt principal	731,465	731,465	-	6,488,096
Interest	368,989	228,127	140,862	236,760
Total debt service	1,100,454	959,592	140,862	6,724,856
Total expenditures	3,235,409	3,121,084	114,325	8,900,013
Revenues over (under) expenditures	384,544	945,544	561,000	(5,789,708)
<b>Other Financing Sources (Uses):</b>				
Transfers in from General Fund	-	484,839	484,839	-
Transfers out to EFCPF	(384,544)	(501,620)	(117,076)	-
Refunding debt issued	-	-	-	5,831,300
Total other financing sources (uses)	(384,544)	(16,781)	367,763	5,831,300



**MONTGOMERY COUNTY, NORTH CAROLINA****ENTERPRISE FUND - WATER SYSTEM FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2014****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	928,763	\$ 928,763	41,592
<b>Reconciliation from Modified Accrual to Full Accrual Basis:</b>				
Reconciling items:				
Payment of debt principal		731,465		6,488,096
Capital outlay		42,104		65,448
Depreciation		(892,808)		(893,169)
Capital contribution from water districts		-		11,960,473
Accrued interest		(30,142)		-
Transfer to projects		501,620		-
Capital outlay not capitalized from projects		(3,667)		-
Change in other post-employment benefits		12,880		-
Change in accrued vacation		(5,883)		-
Phase II Waterline Extension Project Fund		123,400		65,575
Water Plant Improvements Fund		1,254,239		-
Interest earned on investments		284		-
Proceeds from issuance of debt		-		(5,831,300)
Total reconciling items		<u>1,733,492</u>		<u>11,855,123</u>
Change in net position		<u>\$ 2,662,255</u>		<u>\$ 11,896,715</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## PHASE II WATERLINE EXTENSION CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Water fees	\$ 20,000	\$ 16,078	\$ -	\$ 16,078	\$ (3,922)
Restricted intergovernmental	-	366,836	123,400	490,236	490,236
Interest income	-	520	-	520	520
Miscellaneous	-	267	-	267	267
Total revenues	<u>20,000</u>	<u>383,701</u>	<u>123,400</u>	<u>507,101</u>	<u>487,101</u>
<b>Expenditures:</b>					
Professional services	553,520	437,803	248,911	686,714	(133,194)
Other professional services	200,000	170,683	-	170,683	29,317
Construction	<u>5,408,187</u>	<u>5,443,654</u>	<u>-</u>	<u>5,443,654</u>	<u>(35,467)</u>
Total expenditures	<u>6,161,707</u>	<u>6,052,140</u>	<u>248,911</u>	<u>6,301,051</u>	<u>(139,344)</u>
Revenues over (under) expenditures	<u>(6,141,707)</u>	<u>(5,668,439)</u>	<u>(125,511)</u>	<u>(5,793,950)</u>	<u>347,757</u>
<b>Other Financing Sources (Uses):</b>					
Rural Center Grant	4,376,535	4,345,162	-	4,345,162	(31,373)
SRF loan proceeds	1,515,477	1,514,476	-	1,514,476	(1,001)
Transfer in	<u>249,695</u>	<u>-</u>	<u>249,695</u>	<u>249,695</u>	<u>-</u>
Total other financing sources (uses)	<u>6,141,707</u>	<u>5,859,638</u>	<u>249,695</u>	<u>6,109,333</u>	<u>(32,374)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 191,199</u>	<u>\$ 124,184</u>	<u>\$ 315,383</u>	<u>\$ 315,383</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## WATER PLANT IMPROVEMENTS FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Budget	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Restricted intergovernmental:					
Golden leaf	\$ 498,750	\$ -	\$ 257,526	\$ 257,526	\$ (241,224)
NCRC Grant	500,000	-	-	-	(500,000)
EPA Stag Grant	485,000	-	440,893	440,893	(44,107)
Commerce IDF	721,020	-	539,431	539,431	(181,589)
Investment earnings	-	-	284	284	284
Miscellaneous	-	-	16,389	16,389	16,389
Total revenues	<u>2,204,770</u>	<u>-</u>	<u>1,254,523</u>	<u>1,254,523</u>	<u>(950,247)</u>
<b>Expenditures:</b>					
Construction	<u>5,557,008</u>	<u>286,684</u>	<u>2,711,331</u>	<u>2,998,015</u>	<u>2,558,993</u>
Revenues over (under) expenditures	<u>(3,352,238)</u>	<u>(286,684)</u>	<u>(1,456,808)</u>	<u>(1,743,492)</u>	<u>1,608,746</u>
<b>Other Financing Sources (uses):</b>					
Transfers in	251,925	-	251,925	251,925	-
Debt proceeds	<u>3,100,313</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>(2,300,313)</u>
Total other financing sources (uses)	<u>3,352,238</u>	<u>800,000</u>	<u>251,925</u>	<u>1,051,925</u>	<u>(2,300,313)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 513,316</u>	<u>\$ (1,204,883)</u>	<u>\$ (691,567)</u>	<u>\$ (691,567)</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

### AGENCY FUNDS

JUNE 30, 2014

	SSA Representative Payee Conserved Trust Fund	Fines and Forfeitures Fund	Property Tax District Agency Fund	Inmates Trust Fund
<b>Assets:</b>				
Cash and investments	\$ 18,105	\$ -	\$ 39,748	\$ 5,847
Taxes receivable	-	-	305,375	-
Total assets	<u>\$ 18,105</u>	<u>\$ -</u>	<u>\$ 345,123</u>	<u>\$ 5,847</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 18,105	\$ -	\$ 39,748	\$ 5,847
Intergovernmental payables	-	-	305,375	-
Total liabilities	<u>\$ 18,105</u>	<u>\$ -</u>	<u>\$ 345,123</u>	<u>\$ 5,847</u>

# **Schedule G-1**

<b>Soil and Water Conservation Board</b>	<b>Agriculture Advisory Board</b>	<b>Total</b>
\$ 13,515	\$ 5,856	\$ 83,071
-	-	305,375
<u>\$ 13,515</u>	<u>\$ 5,856</u>	<u>\$ 388,446</u>

\$ 13,515	\$ 5,856	\$ 83,071
-	-	305,375
<u>\$ 13,515</u>	<u>\$ 5,856</u>	<u>\$ 388,446</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<b>SSA Representative Payee Conserved Trust Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 13,946	\$ 152,558	\$ 148,399	\$ 18,105
Total assets	<u>\$ 13,946</u>	<u>\$ 152,558</u>	<u>\$ 148,399</u>	<u>\$ 18,105</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 13,946	\$ 152,558	\$ 148,399	\$ 18,105
Total liabilities	<u>\$ 13,946</u>	<u>\$ 152,558</u>	<u>\$ 148,399</u>	<u>\$ 18,105</u>
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Accounts receivable	\$ 13,791	\$ 202,831	\$ 216,622	\$ -
Total assets	<u>\$ 13,791</u>	<u>\$ 202,831</u>	<u>\$ 216,622</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 13,791	\$ 202,831	\$ 216,622	\$ -
Total liabilities	<u>\$ 13,791</u>	<u>\$ 202,831</u>	<u>\$ 216,622</u>	<u>\$ -</u>
<b>Property Tax District Agency Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 11,898	\$ 2,073,121	\$ 2,045,271	\$ 39,748
Taxes receivable	284,032	313,670	292,327	305,375
Total assets	<u>\$ 295,930</u>	<u>\$ 2,386,791</u>	<u>\$ 2,337,598</u>	<u>\$ 345,123</u>
<b>Liabilities:</b>				
Accounts payable	\$ 11,898	\$ 2,040,353	\$ 2,012,503	\$ 39,748
Intergovernmental payables	284,032	313,670	292,327	305,375
Total liabilities	<u>\$ 295,930</u>	<u>\$ 2,354,023</u>	<u>\$ 2,304,830</u>	<u>\$ 345,123</u>
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 8,440	\$ 118,244	\$ 120,837	\$ 5,847
Total assets	<u>\$ 8,440</u>	<u>\$ 118,244</u>	<u>\$ 120,837</u>	<u>\$ 5,847</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 8,440	\$ 118,244	\$ 120,837	\$ 5,847
Total liabilities	<u>\$ 8,440</u>	<u>\$ 118,244</u>	<u>\$ 120,837</u>	<u>\$ 5,847</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<b>Soil and Water Conservation Board</b>				
<b>Assets:</b>				
Cash	\$ 9,745	\$ 5,845	\$ 2,075	\$ 13,515
Total assets	<u>\$ 9,745</u>	<u>\$ 5,845</u>	<u>\$ 2,075</u>	<u>\$ 13,515</u>
<b>Liabilities:</b>				
Accounts payable	\$ 9,745	\$ 5,845	\$ 2,075	\$ 13,515
Total liabilities	<u>\$ 9,745</u>	<u>\$ 5,845</u>	<u>\$ 2,075</u>	<u>\$ 13,515</u>
<b>Agriculture Advisory Board</b>				
<b>Assets:</b>				
Cash	\$ 3,661	\$ 3,750	\$ 1,555	\$ 5,856
Total assets	<u>\$ 3,661</u>	<u>\$ 3,750</u>	<u>\$ 1,555</u>	<u>\$ 5,856</u>
<b>Liabilities:</b>				
Accounts payable	\$ 3,661	\$ 3,750	\$ 1,555	\$ 5,856
Total liabilities	<u>\$ 3,661</u>	<u>\$ 3,750</u>	<u>\$ 1,555</u>	<u>\$ 5,856</u>
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 47,690	\$ 2,353,518	\$ 2,318,137	\$ 83,071
Accounts receivable	13,791	202,831	216,622	-
Taxes receivable	<u>284,032</u>	<u>313,670</u>	<u>292,327</u>	<u>305,375</u>
Total assets	<u>\$ 345,513</u>	<u>\$ 2,870,019</u>	<u>\$ 2,827,086</u>	<u>\$ 388,446</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 61,481	\$ 2,523,581	\$ 2,501,991	\$ 83,071
Intergovernmental payables	<u>284,032</u>	<u>313,670</u>	<u>292,327</u>	<u>305,375</u>
Total liabilities	<u>\$ 345,513</u>	<u>\$ 2,837,251</u>	<u>\$ 2,794,318</u>	<u>\$ 388,446</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2014

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2013</b>	<b>Additions and Adjustments</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2014</b>
2013-2014	\$ -	\$ 17,093,081	\$ 16,616,877	\$ 476,204
2012-2013	639,901	-	386,619	253,282
2011-2012	232,106	-	67,279	164,827
2010-2011	131,817	-	19,372	112,445
2009-2010	84,607	-	4,844	79,763
2008-2009	68,574	-	3,365	65,209
2007-2008	66,813	-	397	66,416
2006-2007	45,181	-	228	44,953
2005-2006	44,813	-	335	44,478
2004-2005	42,685	-	249	42,436
2003-2004	42,313	-	42,313	-
<b>Total</b>	<b>\$ 1,398,810</b>	<b>\$ 17,093,081</b>	<b>\$ 17,141,878</b>	<b>1,350,013</b>
Less: Allowance for doubtful accounts				<u>(507,874)</u>
Ad valorem taxes receivable - General Fund				<u>\$ 842,139</u>
<b>Reconciliation of Collections and Credits with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 16,616,440
Reconciling items:				
Interest collected				(169,082)
Releases, prior years				16,859
Taxes written off - statutory				42,313
Volunteer fire department taxes collected				577,374
Other adjustments				57,974
Total collections and credits				<u>\$ 17,141,878</u>



## MONTGOMERY COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>County-Wide Total Levy</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 2,912,575,789	0.57	\$ 16,601,682	\$ 15,151,516	\$ 1,450,166
Property taxed at prior year's rate	42,836	0.67	287	-	287
Penalties	1,347,313	0.57	9,027	9,027	-
Total	<u>2,913,965,939</u>		<u>16,610,996</u>	<u>15,160,543</u>	<u>1,450,453</u>
<b>Discoveries:</b>					
Current year taxes	86,154,912		491,083	491,083	-
Penalties	778,070		4,435	4,435	-
Deferred tax due	601,053		3,426	3,426	-
Total	<u>87,534,035</u>		<u>498,944</u>	<u>498,944</u>	<u>-</u>
<b>Abatements</b>	<u>(2,957,719)</u>		<u>(16,859)</u>	<u>(4,351)</u>	<u>(12,508)</u>
Total property valuation	<u>\$ 2,998,542,255</u>		17,093,081	15,655,136	1,437,945
Less uncollected tax at June 30, 2014			<u>476,204</u>	<u>378,732</u>	<u>97,472</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 16,616,877</u>	<u>\$ 15,276,404</u>	<u>\$ 1,340,473</u>
<b>Current Levy Collection Percentage</b>			<u>97.21%</u>	<u>97.58%</u>	<u>93.22%</u>

**MONTGOMERY COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF MONTGOMERY COUNTY, NORTH CAROLINA)**

**BALANCE SHEET**  
**JUNE 30, 2014**

**Assets:**

Cash and cash equivalents	\$ 61,066
Taxes receivable	<u>4,124</u>
Total assets	<u>\$ 65,190</u>

**Fund Balance:**

Restricted:	
Tourism promotion	<u>\$ 65,190</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

(A DISCRETELY PRESENTED COMPONENT UNIT OF MONTGOMERY COUNTY, NORTH CAROLINA)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2014****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Occupancy taxes on overnight lodging facilities	\$ 25,000	\$ 27,952	\$ 2,952	\$ 27,975
<b>Expenditures:</b>				
Current:				
Economic development:				
Operating expenditures	25,000	12,910	12,090	40,315
Net change in fund balance	\$ -	15,042	\$ 15,042	(12,340)
<b>Fund Balance:</b>				
Beginning of year - July 1		50,148		62,488
End of year - June 30		\$ 65,190		\$ 50,148

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **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 Auditor's Report**

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the government activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Montgomery County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 11, 2015.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies, 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, and 2014-007 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-006.

## **Montgomery County's Responses to Findings**

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## **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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
February 11, 2015

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

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

We have audited Montgomery County's compliance with the types of compliance requirements described in *OMB Circular A-133 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 Montgomery County's major Federal programs for the year ended June 30, 2014. Montgomery County's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Montgomery County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Montgomery County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Montgomery 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, 2014.

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

Management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Montgomery County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
February 11, 2015



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

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

We have audited Montgomery County's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Montgomery County's major State programs for the year ended June 30, 2014. Montgomery County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Montgomery County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations* as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Montgomery County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

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

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

In our opinion, Montgomery 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, 2014.

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

Management of Montgomery County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montgomery County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on our requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
February 11, 2015

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?   X   Yes        No
- Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None reported

Non-compliance material to financial statements noted?

  X   Yes        No

#### Federal Awards

Internal control over major Federal programs:

- Material weaknesses identified?        Yes   X   No
- Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None reported

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, section .510(a)?

       Yes   X   No

Identification of major Federal programs:

#### Federal Program/Cluster Name

#### CFDA#

Medicaid Cluster

93.775, 93.777, 93.778

Women, Infants, and Children (WIC)

10.557

Dollar threshold used to distinguish between Type A and Type B Programs

\$881,500

Auditee qualified as low-risk auditee?

       Yes   X   No

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Auditor's Results (continued)

#### State Awards

Internal control over major State programs:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

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

Unmodified

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

\_\_\_\_\_ Yes      X   No

Identification of major State programs:

Medicaid Cluster  
Public School Building Capital Fund  
Industrial Development Fund  
Golden Leaf Foundation Economic Catalyst Grant  
SC/SA Domiciliary Care

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

### 2. Findings Related to the Audit of the Basic Financial Statements

#### **Finding 2014-001: Internal Control over Cash Reconciliations**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting and to safeguard assets.

**Condition:** Cash reconciliations were not prepared and balanced to the general ledger in a timely manner during the year.

**Effect:** Lack of timely reconciliations greatly increases the risk of fraudulent activity and results in improper financial reporting.

**Cause:** The County's policies over cash reconciliations are not being followed.

**Context:** While testing bank balances, we found several accounts that were not being reconciled on a timely basis.

**Recommendation:** Require cash reconciliations be prepared and balanced to the general ledger control accounts on a monthly basis.

**Name of Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** After arriving April 28, new Finance Officer C.D. Crepps worked with staff and, together, managed to reconcile cash accounts on a monthly basis per bank statements to the general ledger control account. All cash accounts were reconciled for every month of the fiscal year. Going forward, monthly reconciliations will be completed soon after the end of the month.

## MONTGOMERY COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

#### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

##### **Finding 2014-002: Significant Audit Adjustments**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the County's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental accounting standards.

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**Effect:** Internal financial statements, provided to management during the year, may report results that are significantly different than the audited results provided after year-end.

**Cause:** The need for significant audit adjustments has caused employees not reconciling subsidiary ledgers to the general ledger and, therefore, not being aware that adjustments needed to be made.

**Context:** Complete year-end adjusting journal entries were not made prior to audit.

**Recommendation:** Management should examine the adjustments required as a result of our audit and assess the cost benefit of improving the internal control system to prevent the adjustments in the future given the County's available financial and intellectual resources. Management should acknowledge inherent limitations in the internal control system caused by limited resources and modify their oversight function accordingly.

**Name of Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** Management is aware that year-end audit adjustments are typically required. Some of the year-end adjustments required this year were necessary to correct prior year adjustments that were proposed by the audit firm. Also, some of the year-end adjustments are the result of the manual processes that are currently in place. We are seeking to upgrade software systems to minimize such manual processes. In addition, we are looking at prior adjustments to identify which adjustments we should be doing throughout the year. After arriving April 28, new Finance Officer C.D. Crepps was able to reduce the number of adjustments proposed by the audit firm and will produce all known significant year-end adjustments in future years.

## **MONTGOMERY COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014**

#### **2. Findings Related to the Audit of the Basic Financial Statements (continued)**

##### **Finding 2014-003: Excess of Expenditures over Appropriations**

**Criteria:** North Carolina General Statutes require that the County have policies and procedures in place to monitor budgetary compliance throughout the year. Management should have a control system in place to reduce the likelihood that violations of General Statutes occur and go undetected.

**Condition:** In the current year, there were several violations of the General Statutes regarding expenditures exceeding appropriations.

**Effect:** The County was in violation of North Carolina General Statutes.

**Cause:** The County expended more than had been budgeted in the budget ordinance, and budget amendments had not been made for these items. There was a lack of monitoring and insufficient controls over budget compliance.

**Context:** The County expended more than was budgeted and had a fund at year-end with a deficit fund balance.

**Recommendation:** Implement stringent budgetary preparation controls and monitoring controls to prevent expenditures exceeding appropriations. Management should review its policies and procedures regarding budget amendments to determine if modifications are necessary.

**Name of Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** Management did not expend more than the County's total budget as adopted and amended by the Board of Commissioners. Management budgeted sufficiently, yet failed to follow through with moving a portion of budgeted amounts from accounts where the budget was originally added to accounts where the budget was needed. Knowing this, management will implement practices to amend the budget as the need arises. Furthermore, the fund identified with a deficit fund balance is a sub-fund of a much larger fund and this deficit is not due to lack of sufficient budget. Debt proceeds approved before June 30, 2014 are scheduled to be issued in May 2015 and consist of over 40% of the total project's budget.

## MONTGOMERY COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

#### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

##### **Finding 2014-004: Reconciliation of Subsidiary Ledgers**

**Criteria:** Subsidiary ledgers should be reconciled to the general ledger on a regular basis to ensure that transactions are being recorded properly.

**Condition:** Subsidiary ledgers for capital assets and inventory are not being reconciled to the general ledger.

**Effect:** Transactions could be mishandled resulting in misstatements within the financial statements.

**Cause:** No oversight of subsidiary ledgers by finance.

**Context:** While performing procedures to test capital assets and inventory, we noted multiple instances where balances were not being properly adjusted at year-end.

**Recommendation:** The County should adopt a policy requiring monthly reconciliations of all balance sheet accounts to their subsidiary ledgers in order to ensure the accuracy of the monthly financial statements and underlying subsidiary ledgers.

**Name of Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** Prior to June 30, management has implemented a process to conduct periodic reconciliations to ensure that transactions are being properly recorded. Through reconciling capital assets this year, management discovered errors made in prior years. Therefore, management disagrees with the strong statement of “no oversight of subsidiary ledgers by finance” (*emphasis added*).



## MONTGOMERY COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

#### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

##### **Finding 2014-005: Prior Period Adjustment**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** A prior period adjustment is required to correct material errors that occurred in periods prior to the current fiscal year under audit. The necessity of a prior period adjustment indicates that the County's system of controls did not detect and prevent a material error in financial reporting.

**Effect:** Material errors were found in the following: the individual proprietary funds Statement of Net Position for the Water Fund, 2013 QSCB School Rehab Project, General Fund budget to actual schedule, Water Plant Improvements schedule, governmental and business-type activities Statement of Net Position. Also, the Montgomery County Tourism Development Authority was not properly presented as a discretely presented component unit.

**Cause:** Lack of review and monitoring.

**Context:** The County discovered prior period errors in the following areas: capital asset reporting related to governmental and business-type activities, recording of long term debt and cash in the Water Fund, recording of sales tax in the 2013 QSCB School Rehab Project, and recording of revenue in the General Fund. The County also discovered an error in how the Montgomery County Tourism Development Authority was not properly presented as a discretely presented component unit.

**Recommendation:** Additional review of the audited financial statements and reconciliation to the County's general ledger should be implemented to prevent prior period adjustments in the future.

**Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** To prevent prior period adjustments, management has implemented a process to conduct periodic reconciliations. Instead of relying on the audit firm as done in years past, the County employed new Finance Officer C.D. Crepps beginning April 28. Also, management will review adjustments proposed by the audit firm prior to posting to the general ledger. In addition, management will review financial statements and significant financial transactions. Finally, management respectfully requests advance notice from other authorities when presentation changes are required and feels slighted in regards to the late notice for the presentation change of the Montgomery County Tourism Development Authority.

## **MONTGOMERY COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014**

#### **2. Findings Related to the Audit of the Basic Financial Statements (continued)**

##### **Finding 2014-006: Deficit Fund Balance**

**Criteria:** North Carolina General Statutes preclude units from having funds that operate in a deficit fund equity.

**Condition:** In the current year, there was a violation of the General Statutes regarding deficit fund equity.

**Effect:** The County was in violation of North Carolina General Statutes.

**Cause:** The County adopted a balanced budget; however, revenues were insufficient to cover the cost of operations. Project expenditures were made in advance of anticipated project revenues.

**Context:** During our review of the drafted financial statements, we noted that the County has deficit fund balance in the Water Plant Improvements Capital Project Fund and Golden LEAF – Aseptia Fund.

**Recommendation:** The County should provide funding through interfund transfers or other sources to cover the cost of the capital projects until other revenue sources become available.

**Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** Management believes this fund (Water Plant Improvements Capital Project Fund) should not be reported separately. The fund identified with a deficit fund balance is a sub-fund of the Water System Fund. Debt proceeds approved before June 30, 2014 are scheduled to be issued in May 2015 and consist of over 40% of the total project's budget.

## **MONTGOMERY COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014**

#### **2. Findings Related to the Audit of the Basic Financial Statements (continued)**

##### **Finding 2014-007: Internal Control over Cash Reconciliations**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** Journal entries were posted and did not have proper approval.

**Effect:** Lack of journal entry review and approval greatly increases the risk of fraudulent activity and results in improper financial reporting.

**Cause:** The County's policies over journal entries were not being followed.

**Context:** While testing controls over the journal entry process, we noted the above condition.

**Recommendation:** Require all journal entries to be approved and reviewed before posting to the general ledger according to County policy.

**Name of Contact Person:** C.D. Crepps, Finance Officer

**Management's Response/Corrective Action Plan:** After arriving April 28, new Finance Officer C.D. Crepps implemented control procedures to review all journal entries prior to posting to the general ledger.

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014**

### **3. Federal Award Findings, Responses, and Questioned Costs**

None reported.

### **4. State Award Findings, Responses, and Questioned Costs**

None reported.

**MONTGOMERY COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**2013-001** – Repeated as 2014-001

**2013-002** – Repeated as 2014-002

**2013-003** – Modified and repeated as 2014-003

**2013-004** – Corrected

**2013-005** – Modified and repeated as 2014-004

**2013-006** – Modified and repeated as 2014-005

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
Federal Awards:			
U.S. Department of Health and Human Services:			
Administration for Children and Families			
Passed-through the N.C. Department of Health and Human Services			
Division of Social Services:			
Child Support Enforcement IV-D	93.563	\$ 359,000	\$
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families:			
Administration	93.558	234,029	-
Direct Benefit Payment	93.558	147,245	-
Total Temporary Assistance for Needy Families Cluster		381,274	-
Foster Care and Adoption Cluster (Note 3):			
Title IV-E Foster Care:			
Administration	93.658	22,919	35,392
Direct Benefit Payments	93.658	17,565	3,889
Title IV-E Adoption Assistance Program:			
Administration	93.659	1,425	-
Direct Benefit Payments	93.659	36,616	9,607
Foster Care - Administration	93.658	17,444	2,700
Total Foster Care and Adoption Cluster		95,969	51,588
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	313,315	-
LINKS-Administration	93.674	515	129
Social Services Block Grant-Administration	93.667	98,263	11,612
Family Preservation-Administration	93.556	6,657	-
Permanency Planning-Administration	93.645	32,988	-
AFDC Payments-Direct Benefit Payment	93.560	(45)	(12)
Refugee Assistance-Direct Benefits	93.566	543	-
Subsidized Childcare (Note 3)			
Childcare Development Fund Cluster:			
Division of Social Services:			
CCDF-Administration	93.596	72,171	-
Division of Child Development:			
CCDF-Discretionary	93.575	267,344	-
CCDF-Mandatory	93.596	168,433	-
CCDF-Match	93.596	117,972	44,204
Total Child Care Development Fund Cluster		625,920	44,204
Temporary Assistance for Needy Families	93.558	146,455	-
Foster Care Title IV-E	93.658	8,947	4,684
State Appropriations		-	1,553
TANF - MOE		-	34,959
Total Subsidized Childcare Cluster		781,322	85,400

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
<b>U.S. Department of Agriculture:</b>			
Passed-through N.C. Department of Health & Human Services			
<b>Division of Public Health:</b>			
Administration:			
Special Supplemental Nutrition Program for Women Infant and Children (WIC)	10.557	232,920	-
Direct Benefit Payments:			
WIC - Direct Benefit Payment	10.557	882,193	-
Total Division of Public Health		1,115,113	-
<b>Center for Medicare and Medicaid Services</b>			
Passed-through the N.C. Department of Health and Human Services			
<u>Medicaid Cluster:</u>			
<b>Division of Medical Assistance:</b>			
Administration:			
Medical Assistance Program	93.778	475,252	15,449
Direct Benefit Payments:			
Adult Care Home Case Management	93.778	23,953,449	13,254,012
<u>Total Medicaid Cluster</u>		24,428,701	13,269,461
Administration:			
Health Choice	93.767	10,802	1,181
Direct Benefit Payments:			
Health Choice	93.767	775,335	244,172
Total Centers for Medicare and Medicaid Services		25,214,838	13,514,814
<b>U.S. Department of Agriculture:</b>			
Passed-through N.C. Department of Health & Human Services			
<b>Division of Social Services:</b>			
Food and Nutrition Services:			
<u>Supplemental Nutrition Assist. Program Cluster:</u>			
Administration:			
State Administrative Matching Grants for SNAP	10.561	304,999	-
<u>Total Supplemental Nutrition Assist. Program Cluster</u>		304,999	-
<b>U.S. Department of Health and Human Services:</b>			
<b>Centers for Disease Control and Prevention:</b>			
Passed-through N.C. Department of Health and Human Services			
<b>Division of Public Health:</b>			
Project Grants and Cooperative Agreement for			
Tuberculosis Control Program	93.116	39,133	-
Public Health Emergency Preparedness	93.069	31,659	-
Immunization Grants	93.268	11,090	-
Statewide Health Promotion Program	93.991	10,783	-
Total Division of Public Health		92,665	-

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<b>Administration of Children and Families:</b>			
Passed through the NC Dept. of Health and Human Services			
Division of Social Services			
Social Service Block Grant	93.667	-	500
Temporary Assistance for Needy Families	93.558	3,827	-
<b>Health Resources and Service Administration:</b>			
Passed through NC Dept. of Health and Human Services			
Maternal and Child Health Services Block Grant	93.994	63,295	47,812
<b>Office of Population Affairs</b>			
Passed through NC Dept. of Health and Human Services			
Family Planning Services	93.217	25,703	-
<b>Administration of Aging:</b>			
Passed-through Piedmont Triad Council of Governments			
<b>Division of Aging:</b>			
Aging Cluster:			
Access Title III B	93.044	31,986	5,013
In-Home Services:			
State Funds		-	83,907
Caregiver Match		-	5,288
Title IIIB	93.044	7,225	426
Congregate Nutrition:			
Congregate Nutrition	93.045	36,591	2,154
NSIP Supplement	93.053	19,258	-
Home-Delivered Nutrition	93.045	50,511	40,011
Total Division of Aging Cluster		145,571	136,799
<b><u>U.S. Department of Transportation:</u></b>			
<b>Federal Aviation Administration</b>			
Passed-through N.C. Department of Transportation:			
Airport Improvement Program	20.106	24,654	1,298
Total Department of Transportation		24,654	1,298
<b><u>U.S. Department of Homeland Security:</u></b>			
Passed-through N.C. Department of Public Safety, Division			
of Emergency Management			
Local Emergency Management Program	97.042	35,317	-
Total Department of Homeland Security		35,317	-
<b><u>U.S. Department of Justice:</u></b>			
State Crime Alien Assistance Program	16.606	3,079	-
Total U.S. Department of Justice		3,079	-



## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Grantor / Pass-through Grantor / Program Title	CFDA	Expenditures	
	Number	Federal	State
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Passed-through N.C. Department of Commerce:			
<b><u>CDBG - State Administered Small Cities Program Cluster</u></b>			
N.C. Small Cities - CDBG Scattered Site	14.228	246,968	-
CDBG - Urgent Repair	14.228	37,500	-
<u>Total CDBG - State Adm CDBG Program Cluster</u>		<u>284,468</u>	<u>-</u>
<b>Total Federal Awards</b>		<b><u>\$ 29,383,330</u></b>	<b><u>\$ 13,849,940</u></b>
<b>State Awards:</b>			
<b>N.C. Department of Health and Human Services:</b>			
<b>Division of Public Health:</b>			
General Communicable Disease Control			11,139
General Aid to Counties			80,565
Tuberculosis			5,295
TB Medical Services			1,034
Maternal Health (HMHC)			15,011
Pregnancy Care Mgmt for Women Ineligible for Maternal Care			5,444
Food and Lodging Fees			5,446
Environmental Health			4,000
Women's Health Service Fund			14,445
School Nurse Funding Initiative			100,000
Risk Reduction / Heath Promotion			6,286
Total Division of Public Health			<u>248,665</u>
<b>Division of Social Services:</b>			
Administration:			
Energy Assistance-private grants			3,533
AFDC Incentive/Program Integrity			1,506
Direct Benefit Payments:			
SC/SA Domiciliary Care			330,321
SFHF Maximization			745
CWS Adoption Subsidy & Vendor			37,563
State Foster Home			6,116
Total Division of Social Services			<u>379,784</u>
Total N.C. Department of Health and Human Services			<u>628,449</u>
<b>N.C. Department of Transportation:</b>			
State/Federal Block Grant Program			25,952
State Aid to Airports			4,360
Rural Operating Assistance Program			66,621
Elderly and Disabled Transportation			56,036
Work First			9,827
Total N.C. Department of Transportation			<u>162,796</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<b>N.C. Department of Crime Control and Public Safety:</b>			
Fire and Rescue			25,000
Total N.C. Department of Crime Control and Public Safety			25,000
<b>N.C. Department of Juvenile Justice and Delinquency Prevention:</b>			
Youth Services			28,941
Day Reporting			70,347
Total N.C. Department of Juvenile Justice and Delinquency Prevention			99,288
<b>N.C. Department of Education:</b>			
Public School Building Capital Fund			300,000
<b>N.C. Department of Commerce:</b>			
Division of Community Investment & Assistance			
NC Tomorrow - Comprehensive Economic Development Strategy			50,000
Industrial Development Fund			721,020
Total N.C. Department of Commerce			771,020
<b>N.C. Department of Public Safety</b>			
Governor's Crime Commission			
Mobile Montgomery			40,452
<b>N.C. Department of Agriculture and Consumer Services</b>			
DSWC - Master Matching and Technical Assistance Program			20,744
<b>Golden Leaf Foundation</b>			
Economic Catalyst Grant			1,449,061
<b>Total State Awards</b>			3,496,810
<b>Total Federal and State Awards</b>		<u>\$ 29,383,330</u>	<u>\$ 17,346,750</u>

Notes to the Schedule of Expenditures of Federal and State Awards:**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of Montgomery County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included on this schedule.

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2014

### 2. Subrecipients

Of the Federal and State expenditures presented in the schedule, Montgomery County provided Federal and State awards to subrecipients as follows:

<u>Subrecipient/Program Name</u>	<u>CFDA Number</u>	<u>Federal</u>	<u>State</u>
Piedmont Triad Council of Governments			
Access Title III B	93.044	31,986	5,013
In-Home Services:			
State Funds		-	83,907
Title IIIB	93.044	7,225	426
Congregate Nutrition:			
Congregate Nutrition	93.045	36,591	2,154
Home-Delivered Meals	93.045	50,511	40,011
Social Services Block Grant	93.667	98,263	11,612

### 3. 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

### 4. Loans Outstanding

The County had a loan balance outstanding at June 30, 2014. This loan balance outstanding is also included in the Federal expenditures presented in the schedule above.

<u>Program Title</u>	<u>CFDA</u>	<u>Pass-Through Grantor's Number</u>	<u>Amount Outstanding</u>
North Carolina State Revolving Fund Loan - Drinking Water	66.458	H-LRX-F- 05-0998	\$ 3,578,369
North Carolina State Revolving Fund Loan - Drinking Water	66.458	H-LRX-F- 09-0998B	1,086,346

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