

**COUNTY OF MONTGOMERY, NORTH CAROLINA
SUCCINCT ANNUAL FINANCIAL EXPRESSION (SAFE) REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

With Comparative Totals For the Years Ended June 30, 2016 and June 30, 2015

FOREWORD

In today's busy world, we face a relentless influx of facts, figures, statistics, and other data. Sorting through this information, deciding what is important, and putting that information to good use can prove to be a difficult task. To provide you with easily accessible and clear financial information, we are pleased to present the County's Succinct Annual Financial Expression (SAFE) Report for the fiscal year July 1, 2016 through June 30, 2017.

Purpose - Simple

The purpose of the SAFE Report is to simplify the presentation of major information contained in the full-length, audited Annual Financial and Compliance Report (AFCR). For details and a more in-depth understanding, we encourage you to read the AFCR, which is comprised of detailed financial statements, notes, schedules, and other exhibits.

The purpose of the AFCR (aka 'audited financials') is to provide citizens, investors, grantors, and other readers with very detailed and reliable financial information. In the AFCR, the County's financial statements are prepared using the financial reporting model prescribed by the Governmental Accounting Standards Board (GASB) and are independently audited in accordance with auditing standards generally accepted in this country.

Purpose - Easy to Understand

The SAFE Report is presented to better inform the public about the County's financial condition, without detail and with limited use of technical accounting jargon. This report represents the commitment of County officials to keep County citizens informed about County finances and to be accountable for the receipt and expenditure of public funds.

Purpose - Supplement

This SAFE Report is intended to be a supplement to the AFCR, not a replacement. Since the SAFE Report is presented in a simple and easy-to-understand format, it does not conform to generally accepted accounting principles (GAAP) prescribed in this country. The SAFE Report is not audited and excludes many material disclosures, financial statements, schedules, other exhibits, and notes to the financial statements found in the County's AFCR.

Finance Office Mission

- (1) To provide the highest quality of financial services;
- (2) To deliver high quality public service; and
- (3) To improve the economic, educational, social, and physical quality of our community.

More Financial Information

<http://www.montgomerycountync.com/departments/finance/>

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EXPLANATIONS

Fund

A fund is a grouping of possessions (a.k.a. assets) and related obligations (a.k.a. liabilities) that are used to maintain control over resources that have been segregated for specific activities or objectives. The annual amount of resource inflows (a.k.a. revenues) less the annual amount of resource outflows (a.k.a. expenditures) equals the net change in the fund's equity (a.k.a. reserves). The short-term focus of funds means that long-term capital assets and loans are excluded.

Ending Reserves

The "Ending Reserves" is the excess amount of what the fund owns (a.k.a. assets) above what the fund owes (a.k.a. liabilities) at the end of the year. This amount assures significant cash flow, serves a critical role in financial planning and budgeting, provides a safety net for unforeseen expenses or emergencies, eliminates or reduces the need for short-term borrowing for operations, and demonstrates financial stability.

Dual Statement Presentation

Two statements are shown on each of the following pages. Note that both statements, one showing annual activity and one showing year-end balances, have the same result for the fund's "Ending Reserves". This concept is essential to accurately recording financial transactions to produce reliable financial statements.

Though the fundamental accounting equation is $Assets = Liabilities + Equity$, the equation can be re-arranged mathematically to suggest that $Assets - Liabilities = Equity$. This latest equation is used in the statements showing year-end balances, except we use the term "Reserves" in lieu of "Equity".

Revenues and Expenditures are considered temporary Equity accounts. However, balances of Assets, Liabilities, and Equity at the end of one year become the beginning balance at the start of the subsequent year. The statements showing annual activity reveal that the change in Equity (a.k.a. Reserves) for that year stem from Revenues less Expenditures.

General Fund

The General Fund is the County's primary operating fund and is used to record all resource inflows and outflows that are not associated with other funds. The major sources of revenues for this fund are property taxes, sales taxes, federal and state grants, and landfill franchise fees. Core services of the County include public safety, human services, education funding, and general government. Priorities are determined by the County Manager and the Board of County Commissioners through the annual budget process.

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GENERAL FUND

<u>SUMMARIZED ANNUAL ACTIVITY</u>	<u>. 2017 .</u>	<u>. 2016 .</u>	<u>. 2015 .</u>
REVENUES (BY CATEGORY)			
Property Taxes	19,151,907	18,678,200	16,773,355
Sales & Other Taxes	4,883,419	4,042,105	3,992,984
Intergovernmental	6,121,937	6,050,526	5,960,896
Licenses, Fees, and Permits	3,221,877	3,483,530	3,230,894
Sales and Services	540,162	605,519	486,635
Investment Income	157,987	50,036	7,689
Transfers In	0	197,972	0
Miscellaneous	273,464	81,232	87,302
Total Revenues (1)	34,350,753	33,189,120	30,539,755
EXPENDITURES (BY FUNCTION)			
General Government	3,705,043	3,836,693	5,699,175
Transportation	162,385	141,941	128,257
Public Safety	5,781,307	6,167,905	4,157,081
Human Services	7,425,222	7,398,275	7,162,423
Environmental Protection	948,794	540,765	164,749
Education Funding	5,912,115	5,911,884	5,943,374
Economic and Physical Development	505,327	555,943	270,809
Cultural and Recreational	339,137	433,755	335,092
Loan Costs	2,470,634	2,506,743	2,330,046
Transfers Out	2,335,897	7,070,938	3,564,853
Total Expenditures (2)	29,585,861	34,564,842	29,755,859
NET CHANGE = (1) - (2)	4,764,892	(1,375,722)	783,896
BEGINNING RESERVES	12,522,376	13,898,098	13,114,202
ENDING RESERVES	17,287,268	12,522,376	13,898,098

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>. 2017 .</u>	<u>. 2016 .</u>	<u>. 2015 .</u>
A. CASH AND INVESTMENTS	15,876,200	11,398,348	12,702,497
B. OTHER ASSETS	3,487,614	3,007,330	2,794,244
C. UNPAID BILLS	946,977	904,519	549,267
D. OTHER LIABILITIES	1,129,569	978,783	1,049,376
E. ENDING RESERVES (A)+(B)-(C)-(D)	17,287,268	12,522,376	13,898,098
<i>Ending Reserves as a % of Expenditures</i>	<i>58.4%</i>	<i>36.2%</i>	<i>46.7%</i>

Please see the previous page for a description of this fund.

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EDUCATION PROJECTS FUND

SUMMARIZED ANNUAL ACTIVITY	. 2017 .	. 2016 .	. 2015 .
REVENUES (BY CATEGORY)			
Investment Income	0	4	29
Transfers In	1,749,495	6,820,789	310,445
Miscellaneous	41,897	0	0
Total Revenues (1)	1,791,392	6,820,793	310,474
EXPENDITURES (BY PROJECT)			
Montgomery Central High School	1,989,514	124,550	0
MCS Existing Building Repairs	420,987	34,375	0
MCS Existing Building Repairs-QSCB	0	81,832	494,348
MCC Existing Building Repairs	60,750	341,269	0
Total Expenditures (2)	2,471,251	582,026	494,348
NET CHANGE = (1) - (2)	(679,859)	6,238,767	(183,874)
BEGINNING RESERVES	7,141,161	902,394	1,086,268
ENDING RESERVES	6,461,302	7,141,161	902,394

SUMMARIZED YEAR-END BALANCES	. 2017 .	. 2016 .	. 2015 .
A. CASH AND INVESTMENTS	6,695,107	7,049,133	781,369
B. OTHER ASSETS	119,671	112,028	121,025
C. UNPAID BILLS	353,476	20,000	0
D. OTHER LIABILITIES	0	0	0
E. ENDING RESERVES (A)+(B)-(C)-(D)	6,461,302	7,141,161	902,394
<i>Ending Reserves as a % of Expenditures</i>	<i>261.5%</i>	<i>1226.9%</i>	<i>182.5%</i>

Education Projects Fund

Both the Educational Facilities Fund and the Schools Projects Fund make up this activity. The Educational Facilities Fund accounts for financial activity for construction of a new high school to be named Montgomery Central High School with school colors of gold and black and the mascot of Timberwolves. The School Projects Fund comprises spending of a special quarter-cent sales tax for maintenance on existing educational facilities.

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PUBLIC UTILITIES FUND

<u>SUMMARIZED ANNUAL ACTIVITY</u>	<u>. 2017 .</u>	<u>. 2016 .</u>	<u>. 2015 .</u>
REVENUES (BY CATEGORY)			
Intergovernmental	0	0	1,084,444
Licenses, Fees, and Permits	59,788	58,341	56,619
Sales and Services	4,441,442	4,426,554	3,700,429
Investment Income	14,529	1,989	1,215
Loan Proceeds	0	(92,076)	2,300,313
Miscellaneous	9,111	997	14,138
Total Revenues (1)	4,524,870	4,395,805	7,157,158
EXPENDITURES (BY CATEGORY)			
Salaries and Employee Benefits	744,186	798,631	748,155
Various Professional Services	132,025	28,348	600
Supplies, Materials, Other Goods	206,030	350,206	119,985
Utilities	264,470	304,553	260,039
Repairs and Maintenance	174,379	232,073	472,457
Contracted Services	116,426	152,559	192,612
Sewer Processing Charges	51,566	62,890	0
Capital Outlays, Furniture, Tools, etc.	479,413	495,594	2,241,557
Loan Costs	1,105,233	1,122,635	1,015,553
Various Other Costs	116,716	104,154	37,153
Total Expenditures (2)	3,390,444	3,651,643	5,088,111
NET CHANGE = (1) - (2)	1,134,426	744,162	2,069,047
BEGINNING RESERVES	4,553,370	3,809,208	1,740,161
ENDING RESERVES	5,687,796	4,553,370	3,809,208

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>. 2017 .</u>	<u>. 2016 .</u>	<u>. 2015 .</u>
A. CASH AND INVESTMENTS	4,975,346	4,267,118	3,890,734
B. OTHER ASSETS	996,417	758,324	724,900
C. UNPAID BILLS	283,967	189,728	546,572
D. OTHER LIABILITIES	0	282,344	259,854
E. ENDING RESERVES (A)+(B)-(C)-(D)	5,687,796	4,553,370	3,809,208
<i>Ending Reserves as a % of Expenditures</i>	<i>167.8%</i>	<i>124.7%</i>	<i>74.9%</i>

Public Utilities Fund

The Public Utilities Fund pertains to the operation, maintenance, and ongoing development of the County's water and sewer facilities.

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REMAINING FUNDS

SUMMARIZED ANNUAL ACTIVITY	. 2017 .	. 2016 .	. 2015 .
REVENUES (BY CATEGORY)			
Property Taxes	618,465	608,548	644,617
Sales & Other Taxes	38,629	36,212	32,576
Intergovernmental	439,859	476,997	2,487,420
Sales and Services	0	0	18,255
Investment Income	1,207	246	8,167
Loan Proceeds	409,379	0	14,099,205
Transfers In	586,402	250,149	3,254,408
Miscellaneous	46,214	92,573	257,412
Total Revenues (1)	2,140,155	1,464,725	20,802,060
EXPENDITURES (BY FUNCTION)			
Transportation	78,451	216,280	74,942
Public Safety	1,266,547	723,845	996,450
Human Services	10,232	58,937	43,617
Economic and Physical Development	10,325	29,143	1,621,880
Loan Costs	0	10	18,707,750
Transfers Out	0	197,972	0
Total Expenditures (2)	1,365,555	1,226,187	21,444,639
NET CHANGE = (1) - (2)	774,600	238,538	(642,579)
BEGINNING RESERVES	1,659,203	1,420,665	2,063,244
ENDING RESERVES	2,433,803	1,659,203	1,420,665

SUMMARIZED YEAR-END BALANCES	. 2017 .	. 2016 .	. 2015 .
A. CASH AND INVESTMENTS	3,054,231	1,265,282	958,184
B. OTHER ASSETS	159,320	604,997	503,849
C. UNPAID BILLS	37,629	6,354	8,065
D. OTHER LIABILITIES	742,119	204,722	33,303
E. ENDING RESERVES (A)+(B)-(C)-(D)	2,433,803	1,659,203	1,420,665
<i>Ending Reserves as a % of Expenditures</i>	<i>178.2%</i>	<i>135.3%</i>	<i>6.6%</i>

Remaining Funds

Remaining Funds include the separate accounting funds for the E-911 Emergency Telephone System, EMPG, Community Development, Badin Lake Fire District, Lake Tillery Fire District, Child Incentives, Golden LEAF-Aseptia, Tourism Development Authority, Airport Projects, and County Projects. Only fiduciary (pass-through) funds are excluded.

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"ALL FUNDS COMBINED PERSPECTIVE"

SUMMARIZED ANNUAL ACTIVITY	. 2017 .	. 2016 .	. 2015 .
REVENUES (BY CATEGORY)			
Property Taxes	19,770,372	19,286,748	17,417,972
Sales & Other Taxes	4,922,048	4,078,317	4,025,560
Intergovernmental	6,561,796	6,527,523	9,532,760
Licenses, Fees, and Permits	3,281,665	3,541,871	3,287,513
Sales and Services	4,981,604	5,032,073	4,205,319
Investment Income	173,723	52,275	17,100
Loan Proceeds	409,379	(92,076)	16,399,518
Transfers In	2,335,897	7,268,910	3,564,853
Miscellaneous	370,686	174,802	358,852
Total Revenues (1)	42,807,170	45,870,443	58,809,447
EXPENDITURES (BY FUNCTION)			
General Government	3,705,043	3,836,693	5,699,175
Transportation	240,836	358,221	203,199
Public Safety	7,047,854	6,891,750	5,153,531
Human Services	7,435,454	7,457,212	7,206,040
Environmental Protection	3,234,005	3,069,773	4,237,307
Education Funding	8,383,366	6,493,910	6,437,722
Economic and Physical Development	515,652	585,086	1,892,689
Cultural and Recreational	339,137	433,755	335,092
Loan Costs	3,575,867	3,629,388	22,053,349
Transfers Out	2,335,897	7,268,910	3,564,853
Total Expenditures (2)	36,813,111	40,024,698	56,782,957
NET CHANGE = (1) - (2)	5,994,059	5,845,745	2,026,490
BEGINNING RESERVES	25,876,110	20,030,365	18,003,875
ENDING RESERVES	31,870,169	25,876,110	20,030,365

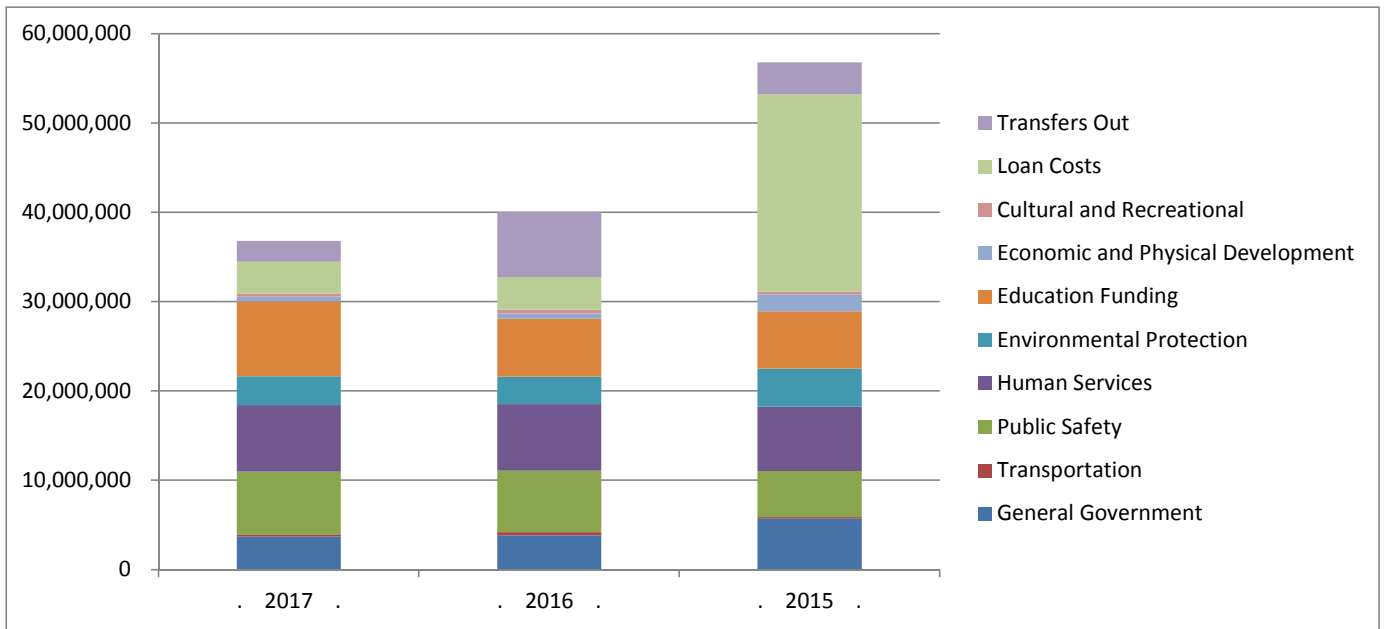
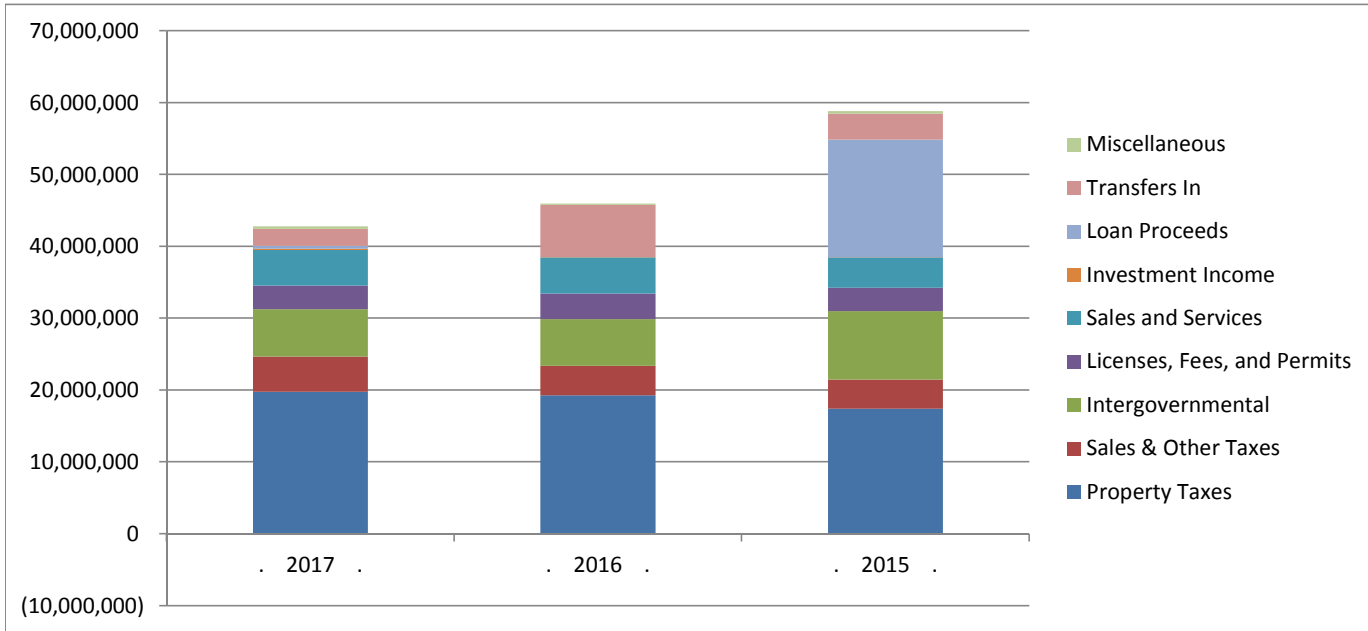
SUMMARIZED YEAR-END BALANCES	. 2017 .	. 2016 .	. 2015 .
A. CASH AND INVESTMENTS	30,600,884	23,979,881	18,332,784
B. OTHER ASSETS	4,763,022	4,482,679	4,144,018
C. UNPAID BILLS	1,622,049	1,120,601	1,103,904
D. OTHER LIABILITIES	1,871,688	1,465,849	1,342,533
E. ENDING RESERVES (A)+(B)-(C)-(D)	31,870,169	25,876,110	20,030,365
<i>Ending Reserves as a % of Expenditures</i>	<i>86.6%</i>	<i>64.7%</i>	<i>35.3%</i>

Please see the following page for a description of this abstract fund.

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"ALL FUNDS COMBINED PERSPECTIVE" -- CHARTS



"All Funds Combined Perspective"

The "All Funds Combined Perspective" is the abstract (or imaginary) fund that combines all resource inflows and outflows from all funds. This perspective is shown to reveal the wholistic view of the County government's operations and related activities comparatively from year to year. Please see the previous page for the numbers from which the charts above are based.