

**COUNTY OF MONTGOMERY, NORTH CAROLINA
SUCCINCT ANNUAL FINANCIAL EXPRESSION (SAFE) REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

With Comparative Totals For the Years Ended June 30, 2018 and June 30, 2017

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, 2018 through June 30, 2019.

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

SUMMARIZED ANNUAL ACTIVITY	. 2019 .	. 2018 .	. 2017 .
REVENUES (BY CATEGORY)			
Property Taxes	19,792,962	19,371,322	19,151,907
Sales & Other Taxes	5,622,509	5,175,445	4,883,419
Intergovernmental	4,674,028	4,654,225	6,121,937
Licenses, Fees, and Permits	2,962,678	2,844,958	3,221,877
Sales and Services	593,795	601,704	540,162
Investment Income	620,944	345,402	157,987
Transfers In	0	82,800	0
Miscellaneous	833,298	272,664	273,464
Total Revenues (1)	35,100,214	33,348,520	34,350,753
EXPENDITURES (BY FUNCTION)			
General Government	3,986,337	3,538,162	3,705,043
Transportation	162,171	152,685	162,385
Public Safety	6,757,913	6,235,746	5,781,307
Human Services	6,227,810	6,405,436	7,425,222
Environmental Protection	946,816	938,393	948,794
Education Funding	6,246,710	6,056,850	5,912,115
Economic and Physical Development	521,695	348,875	505,327
Cultural and Recreational	414,100	372,021	339,137
Loan Costs	2,286,746	2,398,403	2,470,634
Transfers Out	5,679,777	7,470,004	2,335,897
Total Expenditures (2)	33,230,075	33,916,575	29,585,861
NET CHANGE = (1) - (2)	1,870,139	(568,055)	4,764,892
BEGINNING RESERVES	16,719,213	17,287,268	12,522,376
ENDING RESERVES	18,589,352	16,719,213	17,287,268

SUMMARIZED YEAR-END BALANCES	. 2019 .	. 2018 .	. 2017 .
A. CASH AND INVESTMENTS	16,593,933	14,743,742	15,876,200
B. OTHER NON-CAPITAL ASSETS	4,688,302	4,554,741	3,487,614
C. UNPAID BILLS	1,030,441	1,016,465	946,977
D. OTHER NEAR-TERM LIABILITIES	1,662,442	1,562,805	1,129,569
E. ENDING RESERVES (A)+(B)-(C)-(D)	18,589,352	16,719,213	17,287,268
<i>Ending Reserves as a % of Expenditures</i>	<i>55.9%</i>	<i>49.3%</i>	<i>58.4%</i>

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

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EDUCATION PROJECTS FUND

<u>SUMMARIZED ANNUAL ACTIVITY</u>	<u>. 2019 .</u>	<u>. 2018 .</u>	<u>. 2017 .</u>
REVENUES (BY CATEGORY)			
Investment Income	1,301,260	247,397	0
Loan Proceeds	0	69,127,742	0
Transfers In	4,919,529	6,835,522	1,749,495
Miscellaneous	0	0	41,897
Total Revenues (1)	6,220,789	76,210,661	1,791,392
EXPENDITURES (BY PROJECT)			
Montgomery Central High School	36,426,290	10,772,259	1,989,514
MCS Existing Building Repairs	423,482	1,184,234	420,987
MCC Existing Building Repairs	131,683	120,639	60,750
Loan Costs	1,991,567	287,362	0
Total Expenditures (2)	38,973,022	12,364,494	2,471,251
NET CHANGE = (1) - (2)	(32,752,233)	63,846,167	(679,859)
BEGINNING RESERVES	70,307,469	6,461,302	7,141,161
ENDING RESERVES	37,555,236	70,307,469	6,461,302

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>. 2019 .</u>	<u>. 2018 .</u>	<u>. 2017 .</u>
A. CASH AND INVESTMENTS	48,100,066	73,853,489	6,695,107
B. OTHER NON-CAPITAL ASSETS	575,262	222,323	119,671
C. UNPAID BILLS	11,120,092	3,768,343	353,476
D. OTHER NEAR-TERM LIABILITIES	0	0	0
E. ENDING RESERVES (A)+(B)-(C)-(D)	37,555,236	70,307,469	6,461,302
<i>Ending Reserves as a % of Expenditures</i>	<i>96.4%</i>	<i>568.6%</i>	<i>261.5%</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>. 2019 .</u>	<u>. 2018 .</u>	<u>. 2017 .</u>
REVENUES (BY CATEGORY)			
Intergovernmental	306,871	142,500	0
Licenses, Fees, and Permits	59,788	59,788	59,788
Sales and Services	4,161,432	4,129,748	4,441,442
Investment Income	100,456	55,588	14,529
Miscellaneous	15,535	3,793	9,111
Total Revenues (1)	4,644,082	4,391,417	4,524,870
EXPENDITURES (BY CATEGORY)			
Salaries and Employee Benefits	666,927	785,067	744,186
Various Professional Services	116,732	301,475	132,025
Supplies, Materials, Other Goods	385,463	255,991	206,030
Utilities	303,704	276,137	264,470
Repairs and Maintenance	120,721	256,217	174,379
Contracted Services	122,840	122,751	116,426
Sewer Processing Charges	76,812	71,239	51,566
Capital Outlays, Furniture, Tools, etc.	417,834	646,402	479,413
Loan Costs	927,532	1,102,881	1,105,233
Various Other Costs	144,752	98,949	116,716
Total Expenditures (2)	3,283,317	3,917,109	3,390,444
NET CHANGE = (1) - (2)	1,360,765	474,308	1,134,426
BEGINNING RESERVES	6,162,104	5,687,796	4,553,370
ENDING RESERVES	7,522,869	6,162,104	5,687,796

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>. 2019 .</u>	<u>. 2018 .</u>	<u>. 2017 .</u>
A. CASH AND INVESTMENTS	6,233,316	5,495,463	4,975,346
B. OTHER NON-CAPITAL ASSETS	1,442,133	1,066,717	996,417
C. UNPAID BILLS	152,580	400,076	283,967
D. OTHER NEAR-TERM LIABILITIES	0	0	0
E. ENDING RESERVES (A)+(B)-(C)-(D)	7,522,869	6,162,104	5,687,796
<i>Ending Reserves as a % of Expenditures</i>	<i>229.1%</i>	<i>157.3%</i>	<i>167.8%</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

<u>SUMMARIZED ANNUAL ACTIVITY</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES (BY CATEGORY)			
Property Taxes	626,960	624,717	618,465
Sales & Other Taxes	42,208	43,532	38,629
Intergovernmental	977,102	276,307	439,859
Investment Income	73	133	1,207
Loan Proceeds	0	0	409,379
Transfers In	760,248	634,482	586,402
Miscellaneous	5,351	37,342	46,214
Total Revenues (1)	2,411,942	1,616,513	2,140,155
EXPENDITURES (BY FUNCTION)			
Transportation	714,330	6,756	78,451
Public Safety	750,645	748,189	1,266,547
Human Services	53,811	48,914	10,232
Economic and Physical Development	200,752	98,166	10,325
Loan Costs	94,556	94,556	0
Transfers Out	0	82,800	0
Total Expenditures (2)	1,814,094	1,079,381	1,365,555
NET CHANGE = (1) - (2)	597,848	537,132	774,600
BEGINNING RESERVES	2,970,935	2,433,803	1,659,203
ENDING RESERVES	3,568,783	2,970,935	2,433,803

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. CASH AND INVESTMENTS	3,520,635	4,302,802	3,054,231
B. OTHER NON-CAPITAL ASSETS	397,550	66,642	159,320
C. UNPAID BILLS	331,819	9,401	37,629
D. OTHER NEAR-TERM LIABILITIES	17,583	1,389,108	742,119
E. ENDING RESERVES (A)+(B)-(C)-(D)	3,568,783	2,970,935	2,433,803
<i>Ending Reserves as a % of Expenditures</i>	<i>196.7%</i>	<i>275.2%</i>	<i>178.2%</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	. 2019 .	. 2018 .	. 2017 .
REVENUES (BY CATEGORY)			
Property Taxes	20,419,922	19,996,039	19,770,372
Sales & Other Taxes	5,664,717	5,218,977	4,922,048
Intergovernmental	5,958,001	5,073,032	6,561,796
Licenses, Fees, and Permits	3,022,466	2,904,746	3,281,665
Sales and Services	4,755,227	4,731,452	4,981,604
Investment Income	2,022,733	648,520	173,723
Loan Proceeds	0	69,127,742	409,379
Transfers In	5,679,777	7,552,804	2,335,897
Miscellaneous	854,184	313,799	370,686
Total Revenues (1)	48,377,027	115,567,111	42,807,170
EXPENDITURES (BY FUNCTION)			
General Government	3,986,337	3,538,162	3,705,043
Transportation	876,501	159,441	240,836
Public Safety	7,508,558	6,983,935	7,047,854
Human Services	6,281,621	6,454,350	7,435,454
Environmental Protection	3,302,601	3,752,621	3,234,005
Education Funding	43,228,165	18,133,982	8,383,366
Economic and Physical Development	722,447	447,041	515,652
Cultural and Recreational	414,100	372,021	339,137
Loan Costs	5,300,401	3,883,202	3,575,867
Transfers Out	5,679,777	7,552,804	2,335,897
Total Expenditures (2)	77,300,508	51,277,559	36,813,111
NET CHANGE = (1) - (2)	(28,923,481)	64,289,552	5,994,059
BEGINNING RESERVES	96,159,721	31,870,169	25,876,110
ENDING RESERVES	67,236,240	96,159,721	31,870,169

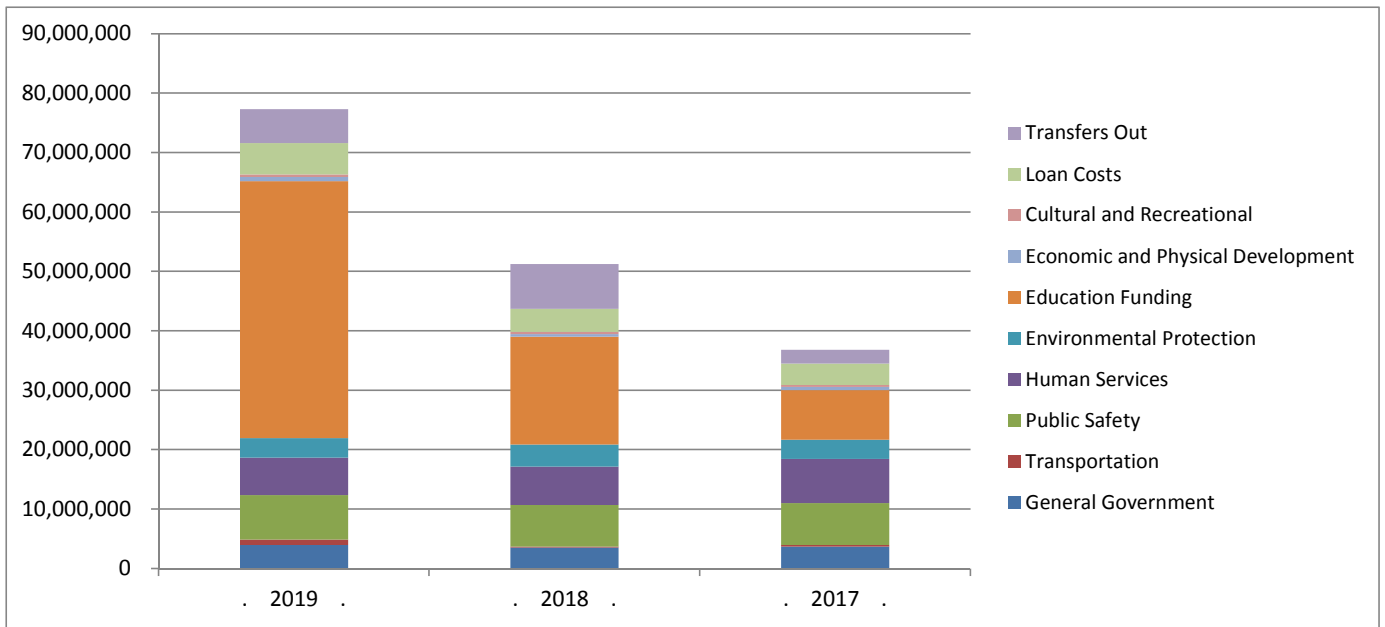
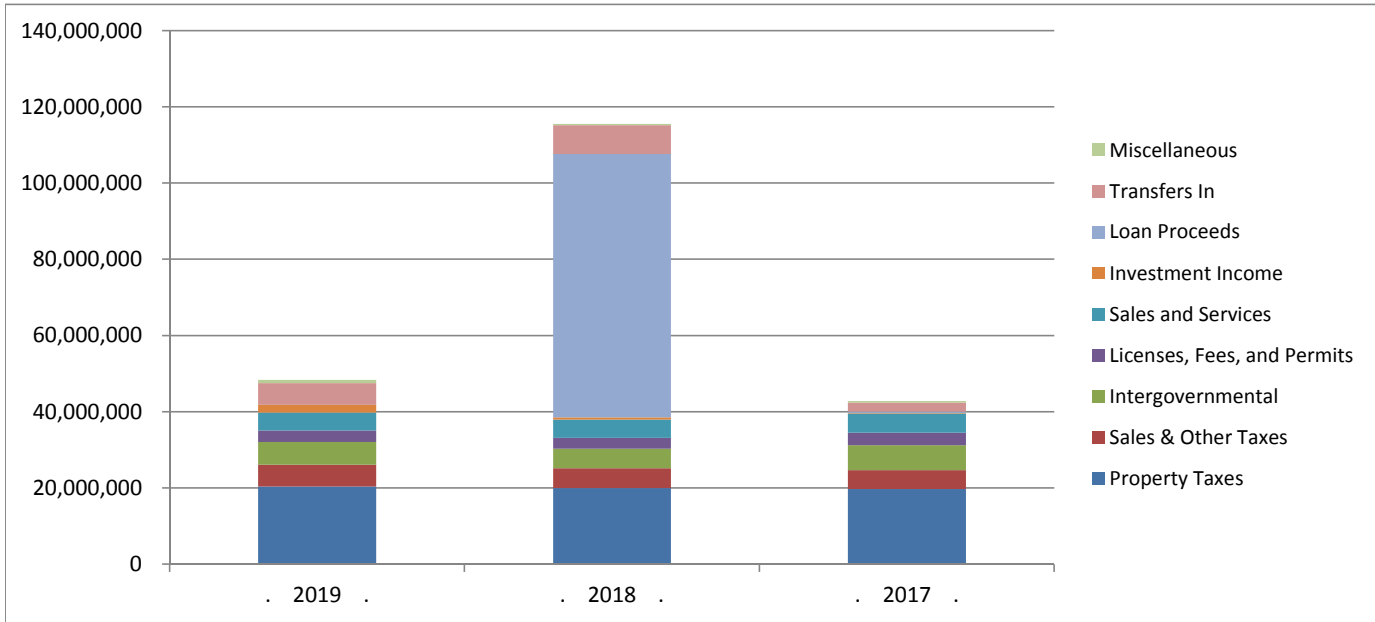
SUMMARIZED YEAR-END BALANCES	. 2019 .	. 2018 .	. 2017 .
A. CASH AND INVESTMENTS	74,447,950	98,395,496	30,600,884
B. OTHER NON-CAPITAL ASSETS	7,103,247	5,910,423	4,763,022
C. UNPAID BILLS	12,634,932	5,194,285	1,622,049
D. OTHER NEAR-TERM LIABILITIES	1,680,025	2,951,913	1,871,688
E. ENDING RESERVES (A)+(B)-(C)-(D)	67,236,240	96,159,721	31,870,169
<i>Ending Reserves as a % of Expenditures</i>	<i>87.0%</i>	<i>187.5%</i>	<i>86.6%</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.