

**MONTGOMERY COUNTY, NORTH CAROLINA
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020



**Prepared By:
Finance Director**

**Submitted By:
County Manager**

**MONTGOMERY COUNTY, NORTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
County Manager’s Budget Message	i - ii
List of Principal County Officials.....	iii
County Organizational Chart.....	iv
Introduction from the County Finance Director.....	v - vi
 FINANCIAL SECTION	
Independent Auditor’s Report	1 - 3
Management’s Discussion & Analysis	4 - 18
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	19 and 20
Statement of Activities.....	21 and 22
Fund Financial Statements	
Balance Sheet – Governmental Funds	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual (Non-GAAP).....	27
Statement of Net Position – Proprietary Fund	28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund.....	29
Statement of Cash Flows – Proprietary Fund	30
Statement of Fiduciary Net Position – Fiduciary Funds.....	31
Notes to Financial Statements.....	32 - 74
Required Supplementary Information:	
Schedule of County’s Proportionate Share of Net Pension Liability (Asset) – LGERS.....	75
Schedule of County’s Contributions – LGERS.....	76
Notes to Required Supplementary Information – LGERS	77
Schedule of Changes in Total Pension Liability – LEOSA.....	78
Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSA	79
Schedule of County’s Proportionate Share of Net Pension Liability (Asset) – RODSPF	80
Schedule of County’s Contributions – RODSPF	81
Notes to Required Supplementary Information – RODSPF	82
Schedule of Changes in the County’s Total OPEB Liability and Related Ratios – OPEB Plan	83

**MONTGOMERY COUNTY, NORTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

TABLE OF CONTENTS

	Page Number
FINANCIAL SECTION (CONTINUED):	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	84 and 85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	86 and 87
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	88 - 95
Educational Facilities Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	96
Emergency 911 Telephone System – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	97
Emergency Management Planning Grant – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	98
Community Development Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	99
Badin Lake Fire District Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	100
Lake Tillery Fire District Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	101
Wadeville Fire District Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	102
Child Support Incentives Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	103
Golden LEAF – Aseptia Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	104
Schools Projects Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	105
Airport Projects Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	106
County Projects Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	107
Public Utilities Operations Fund – Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual (Non-GAAP Basis)	108
Water Projects Fund – Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual (Non-GAAP Basis)	109 and 110
Combining Statement of Assets and Liabilities – Agency Funds	111
Combining Statement of Changes in Assets and Liabilities – Agency Funds	112 and 113
Schedule of Ad Valorem Taxes Receivable	114
Analysis of Current Tax Levy	115

INTRODUCTORY SECTION

COUNTY OF MONTGOMERY

102 East Spring St. P.O. Box 425 Troy, North Carolina 27371-0425
Telephone: (910) 576-4221 Fax: (910) 576-4566

www.montgomerycountync.com

BOARD OF COMMISSIONERS
Dottie Robinson Chairman
Harvey Mack Vice Chairman
Mike Criscoe Commissioner
Jim Matheny Commissioner
Grant Hinson Commissioner



OFFICERS
Matthew Woodard County Manager
C.D. Crepps Finance Director
Melissa F. Pipkin Register of Deeds
Russell J. Hollers County Attorney
Chris Watkins Sheriff
Misty Coffin Clerk to the Board

Montgomery County FY2021 Budget County Manager's Budget Message

September 1, 2020

The proposed FY2021 Montgomery County general fund budget is balanced with an ad valorem tax rate of sixty-one and one-half cents (.615) per \$100 value. Being a property revaluation year, the County is required to publish a revenue neutral tax rate with its budget. This tax rate identifies the level of taxation needed to yield revenue equal to the previous year plus an allowance for growth. In rates rounded to the half cent, the revenue neutral tax rate for Montgomery County is fifty-eight and one half cents (.585) and the allowance for average growth is one cent, thus making the effective revenue neutral rate to be fifty-nine and one-half cents (.595).

A revenue neutral .595 general fund budget was presented to the Board of Commissioners at a work session on August 18th. After a subsequent presentation on salary discrepancies between our County employees and their respective employment counterparts in neighboring counties, a majority of the Board directed staff to prepare a budget, with salary recommendations, based on a two cent tax increase above revenue neutral. This following budget includes a line item allocation of \$681,624 (representing a two cent collection of ad valorem taxes). Prior to the adoption of the FY2021 budget, which is advertised for their regular meeting on September 15th, the Board will decide on the appropriate disbursement of these funds.

Once adopted, the FY2021 budget will be retroactive to July 1, 2020. The County has been operating on a continuing resolution budget since the beginning of the fiscal year due to the COVID-19 pandemic. Publication of individual property values, which is necessary for the budget process during a revaluation year, was delayed in the spring due to the COVID-19 pandemic and the Governor's Phase 1 orders. The Board of Commissioners adeptly managed County operations during a period when gatherings were strongly discouraged, and the property valuation process was conducted in accordance with general statutes as restrictions were lifted. Likewise, the Commissioners have gauged the economic impact of the pandemic on revenue sources other than ad valorem collections. The budget presented herein includes a five percent reduction of sales tax revenue from the amount budgeted in FY2020, in accordance with recommendations and projections from the State.

The FY2021 budget contains revenue projections and corresponding expenditures for a new six percent (6%) lodging occupancy tax in the County. The tax was adopted by the Board in March 2020, and the funds collected will support the operations of a newly tooled Tourism Development Authority, administered by Board appointees Win Dozier, Chris Cagle, and John Shaw. Along with assistance from presumptive District 1 Commissioner Dana Dawson, the Board has been active since the start of the fiscal year with a finely honed intention of spurring economic development in Montgomery County through tourism related business growth.

The FY2021 budget continues the Board's practice, since the initial vote in 2015, to allocate a true five (5) cents of the ad valorem tax base toward the construction and upkeep of educational facilities. Along with the proceeds from the voter passed quarter cent (1/4) sales tax, and in addition to annual general operating budget allocations made to Montgomery County Schools and Montgomery Community College, this fund ensures that our students, pre-K through Associate's Degree, will have proper, sound, and safe physical learning environments throughout the County.

After the spring and summer we all experienced, the goal of being sound and safe seems much loftier than it once did. With the pandemic, episodes of merciless police brutality, and with nation-wide protests and counter-protests, we are in a period of chaos and uncertainty. We all look forward to better days and a time where all people have equal opportunity and are judged equally for their actions.

For their part, the employees of Montgomery County are certainly worthy of praise. Throughout this spring and summer, our employees kept the doors and services of County government open, kept businesses and industry moving, and provided assistance to those most negatively impacted by the pandemic. It is an honor to work with people who, by their actions, set an example for the County, State, and even the Country. They were the first to mandate mask wearing, the first to offer free COVID-19 testing in all of their municipalities, and the first to open the doors to the public with the determined commitment to serve while being safe. It is a pleasure to work with you all.

Going on ten years now, I have worked for eleven different Commissioners and five different Chairpersons on the Board. Despite that degree of turnover, the Board has allowed me to voice a distinct direction for the County. With very few exceptions, these Boards have unanimously supported my recommendations and actions over the last decade. I am very proud of the many things we have set out to accomplish and have accomplished, as well as for the things we have set out to avoid and have avoided- as financially those could have been more costly than what was accomplished.

I anticipate this will be my last budget here in Montgomery County. Being at a suitable time, it is both felicitous and opportune to search out new responsibilities. As I begin the process of directing this next chapter in my life, I want to collectively acknowledge, and thank, the many people who have helped me. I am forever indebted for their generosity and friendship. Thank you, my friends.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Matthew M. Woodard". The signature is written in a cursive, slightly slanted style.

Matthew Montgomery Woodard
County Manager

County of Montgomery, North Carolina
Annual Financial Report
For the Year Ended June 30, 2020
INTRODUCTORY SECTION
List of Principal County Officials

BOARD OF COUNTY COMMISSIONERS

DOROTHY "DOTTIE" B. ROBINSON
 Commission Chair (At-Large)
 Term Expires Dec. 2022

JAMES "JIM" T. MATHENY + (DANA DAWSON)
 Commission Vice-Chair (D1)
 Term Expires Dec. 2020

HARVEY MACK + (KAY ROBINSON)
 Commissioner (D3)
 Term Expires Dec. 2020

MIKE CRISCOE
 Commissioner (At-Large)
 Term Expires Dec. 2022

GRANT HINSON + (MARY HASSELL)
 Commissioner (D2)
 Term Expires Dec. 2020

COUNTY OFFICIALS

MATTHEW WOODARD + (FRANKIE MANESS)
 County Manager

MISTY COFFIN
 Clerk to the Board / Assistant to the Manager

RUSS HOLLERS III
 County Attorney

LEON EVERETT
 Animal Control Director

ELECTED DEPARTMENTS

BRIAN NORRIS
 Building Inspections Chief / Fire Marshal

MELISSA PIPKIN
 Register of Deeds (Term Expires Dec. 2020)

BRIAN HELMS
 Communications & Information Technology Director

CHRIS WATKINS
 Sheriff (Term Expires Dec. 2022)

LARRY LEAKE
 Custodial Services (Housekeeping) Director

COORDINATIVE DEPARTMENTS

CHRIS HILDRETH + (VACANCY)
 Development & Infrastructure Director

CHRISSEY HAYNES
 Cooperative Extension Director

ROBBIE SMITH
 Emergency Services Director

RHONDA JOHNSON
 Elections Director *

C. D. CREPPS
 Finance Director

MARY PEREZ-BALDWIN
 Health Director

RENEE JONES
 Human Resources Director

STEPHANIE SMITH
 Social Services Director

DAVID ATKINS
 Library Director *

JOSEPH HUNTLEY
 Soil & Water District Resource Specialist *

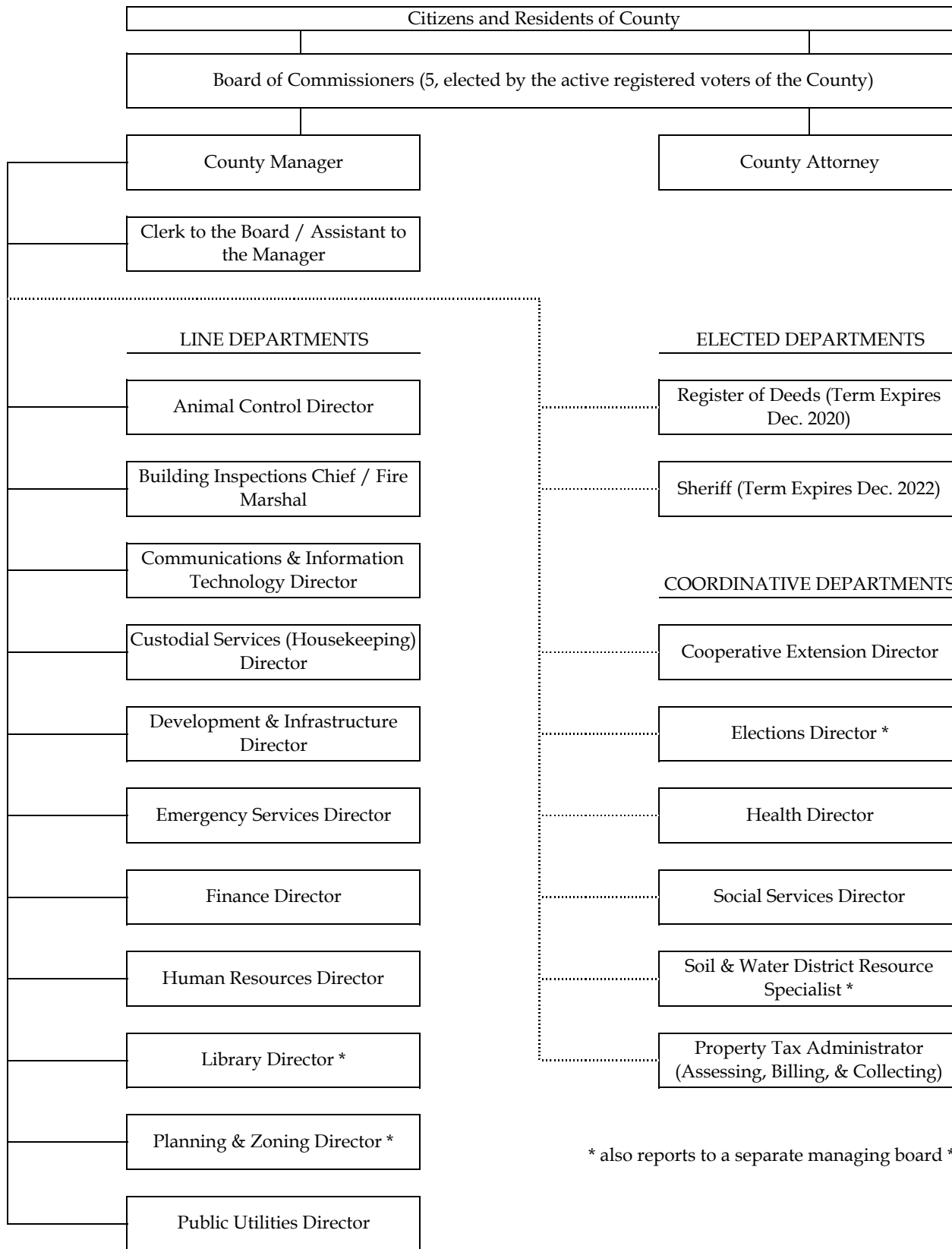
ANDREW GAHAGAN + (VACANCY)
 Planning & Zoning Director *

VICKIE MANESS
 Property Tax Administrator (Assessing, Billing, & Collecting)

ERIC JOHNSTON
 Public Utilities Director

+ left employment after June 30, 2020; new person in parentheses +
 * also reports to a separate managing board *

County of Montgomery, North Carolina
Annual Financial Report
For the Year Ended June 30, 2020
INTRODUCTORY SECTION
Organizational Chart



* also reports to a separate managing board *

County of Montgomery, North Carolina
Annual Financial Report
For the Year Ended June 30, 2020
INTRODUCTORY SECTION
Introduction from the County Finance Director

March 23, 2021

To the Citizens, Board of County Commissioners, and other interested readers:

North Carolina General Statute (NCGS) 159-34(a) requires the County to contract with a certified public accountant to 1) have the financial records audited as soon as possible after the close of each year and 2) evaluate the County's performance with regard to compliance with all applicable federal and state regulations. The statute also requires that the auditor be permitted access to all records and other information upon request. Thus, in March 2020, the County entered a new contract with Mauldin & Jenkins, LLC to conduct the audit for the fiscal year ended June 30, 2020 with the above stipulations. The auditor was permitted access to all requested information and has concluded all work necessary to render the opinion on the financial statements. More information about the audit can be found in the separately issued compliance report that covers the County's single audit and major programs.



More importantly, as the foundation of the County's financial planning and control, the annually adopted budget gives direction to County departments. And, the table on the next page depicts the County's budgeted funds for accounting purposes. This table includes the budgeted funds for the year being audited (FY 2020), the year previous to the year being audited (FY 2019), and the year subsequent to the year being audited (FY 2021). For comparability, the amounts presented are the amounts included in the original adopted budget ordinance each year. Budget amendments are not included.

DESCRIPTION	FY2021 BUDGET ORDINANCE	FY2020 BUDGET ORDINANCE	FY2019 BUDGET ORDINANCE
GENERAL FUND CLASSIFICATION			
Primary Government Services	\$ 33,420,638	\$ 31,878,256	\$ 31,184,471
Vehicle Purchases	195,000	115,000	117,000
Property Tax Revaluation	100,000	520,000	555,000
Federal Forfeitures and State Substance Tax	6,000	6,000	56,000
Fire Protection	1,050,850	1,450,850	1,010,850
Court Facilities	42,000	50,000	205,000
Recreation Support	95,711	143,377	169,000
Haltiwanger Retreat	-	12,000	12,000
SUBTOTAL, INCLUDING TRANSFERS	34,909,349	34,174,633	33,309,321
SPECIAL REVENUE FUND CLASSIFICATION			
Emergency 911 Telephone System	218,901	215,723	275,918
Emergency Management Performance Grant	40,000	40,000	40,000
Community Development	-	8,981	8,981
Badin Lake Fire District	428,000	428,000	428,000
Wadeville Fire District	21,000	20,000	-
Lake Tillery Fire District	232,000	212,000	209,000
Child Support Incentives	68,400	68,400	302,000
SUBTOTAL, INCLUDING TRANSFERS	1,008,301	993,104	1,263,899
CAPITAL PROJECT FUND CLASSIFICATION			
Schools Projects	1,462,050	778,086	740,612
Educational Facilities (new high school construction)	156,284,266	85,675,000	74,896,700
Airport Projects	682,435	966,667	666,667
County Projects	4,422,405	2,827,405	2,094,735
SUBTOTAL, INCLUDING TRANSFERS	162,851,156	90,247,158	78,398,714
ENTERPRISE FUND CLASSIFICATION			
Water and Sewer Operations	4,039,589	4,020,500	4,020,500
Water and Sewer Projects	6,550,250	6,900,250	5,025,000
SUBTOTAL, INCLUDING TRANSFERS	10,589,839	10,920,750	9,045,500
TOTAL, INCLUDING TRANSFERS	\$ 209,358,645	\$ 136,335,645	\$ 122,017,434

County government is governed by a five-member Board of County Commissioners and managed daily by a full-time County Manager. Together, they give life to the budget and develop strategies to achieve its objectives.

Montgomery County is centrally located in North Carolina and the rural home to approximately 28,000 residents. Situated one hour drive east of Charlotte's outskirts and one hour south of the Greensboro-Triad region, Montgomery County is also home to the Uwharrie National Forest and three lakes formed by the Yadkin-Pee Dee River. In addition to being an outdoor enthusiast's delight, Montgomery County has low property tax rates, a progressive educational system, and a feeling of community.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Members of the Board of Commissioners
Montgomery County, 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** (the "County"), as of and for the year ended June 30, 2020, 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the 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 and the schedules related to the County's pension and other postemployment benefit (OPEB) plans on pages 78 through 83, respectively, 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining and individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (continued)

The combining and individual fund statements and schedules (the “supplementary information”) 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County’s 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 the County’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 23, 2021

County of Montgomery, North Carolina
Annual Financial Report
For the Fiscal Year Ended June 30, 2020
FINANCIAL SECTION
Management's Discussion and Analysis

Via this subsection entitled "Management's Discussion and Analysis," management of the County of Montgomery, North Carolina (the "County") offer readers of this *Annual Financial Report for the Fiscal Year Ended June 30, 2020*, a narrative overview and analysis of the County's fiscal performance. This subsection follows "Independent Auditor's Report" and serves as an introduction to the "Financial Section." To gain valuable insight, please read the following discussion in conjunction with the financial statements and supplementary information furnished in this section.

SIGNIFICANT FINANCIAL HIGHLIGHTS

- On a government-wide basis, the combined assets and deferred outflows exceeded the sum of liabilities and deferred inflows of resources at the close of the fiscal year by **\$82,444,766** (a.k.a. total net position).
- On a government-wide basis, total net position increased by **\$7,126,461** from last year's ending balance. Resource management led to this overall increase as the County continues to prepare for future projects.
- The ending fund balances of all governmental funds combined equals **\$46,009,164**, a decrease of **\$14,156,281** (or **23.53%**) from prior year. This decrease is almost entirely due to the expenditure of proceeds from a very large loan. By the end of next year, monies from this loan should be fully spent.
- At the end of the fiscal year, the General Fund's total fund balance amounted to **\$21,385,374**, while fund balance available for appropriation (FBAA) was **\$17,894,151**. FBAA represents **83.67%** of the fund's total fund balance and **53.61%** of total expenditures plus outgoing transfers from the fund for the fiscal year.
- The County added **\$17,619,619** (or **16.99%**) to total capital assets, creating an ending balance of **\$121,337,351**. This balance is expected to grow more as construction of a new high school is completed.
- Total long-term liabilities decreased by **\$3,845,536** (or **3.92%**) to **\$94,164,542** with ongoing loan payments.

DESCRIPTION AND ORGANIZATION OF FINANCIAL SECTION

This narrative, "Management's Discussion and Analysis," serves as an introduction to the Financial Section. This section, which is the primary focus of the annual report, can be broken down into five subsections as follows:

- A. Report from the Independent Auditor
- B. Management's Discussion and Analysis,
- C. Basic Financial Statements,
- D. Required Supplementary Information, and
- E. Other Supplementary Information.

The subsection of "Basic Financial Statements" can be further broken down into three primary parts:

1. Government-wide Financial Statements,
2. Fund Financial Statements, and
3. Notes to Financial Statements.

The supplementary information that follows the Basic Financial Statements provides more details to enhance our understanding of the financial condition and recent financial performance of the County. The subsection of "Required Supplementary Information" has these components:

1. Financial Schedules for OPEB and Pension-Related matters,
2. Combining and Individual Fund Statements and Schedules,
3. Additional schedules regarding property taxes

The figure on the next page both depicts the level of detail as increasing as you get further into the document and identifies whether the information is considered, for audit purposes as, as either BFS (basic financial statements) or RSI (required supplementary information). After the figure, the report's subsections and parts are described in more detail.

Basic Financial Statements (BFS) and Required Supplementary Information (RSI)

Summary

RSI - Management's Discussion and Analysis (MD&A)

BFS - Government-wide Financial Statements (GWFS)

BFS - Fund Financial Statements (FFS)

Governmental Fund Financial Statements

Budgetary Comparison Statements-Major Governmental Funds

Proprietary Fund Financial Statements- Enterprise Funds

Fiduciary Fund Financial Statements

BFS - Notes to Financial Statements (Notes)

RSI - Other Supplementary Schedules

Actuarial Supplementary Information

Budgetary Comparison Schedules

Other Supplementary Information

Figure 1. Level of Detail

Detail

Basic Financial Statements

Through the Government-wide Financial Statements (GWFS) and the Fund Financial Statements (FFS), these Basic Financial Statements present two different views of the County. The GWFS provides both short-term and long-term information about the County's overall financial status. The FFS, however, focuses exclusively on short-term information and provides more detail on the activities of the individual components of the County's operations. Following the FFS, the Notes to Financial Statements explain and add insight to the data contained in the Government-wide Financial Statements (GWFS) and Fund Financial Statements (FFS).

Government-wide Financial Statements

The Government-wide Financial Statements comprise governmental activities and business-type activities. Governmental activities, which are financed primarily through property taxes, local sales taxes, and intergovernmental revenues, include the County's basic services such as education funding, emergency services, law enforcement provision, public health, and social services. Business-type activities, which are financed through charges to customers, include the County's water and sewer services. This segregation of activities provides a summarized analysis of the cost of various governmental services and simplifies comparisons to other local government entities.

In both the Government-wide Statement of Net Position and the Government-wide Statement of Activities, the County has applied accounting methods similar to those used by for-profit entities. For example, certain revenues and expenses are reported although related cash flows will occur in future periods; see special reconciliation schedules related to the Balance Sheet of Governmental Funds and to the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to identify the impact from such reporting matters. Government-wide Financial Statements report the amount of net position of the County at the end of the fiscal year and how the net position has changed over the fiscal year. By using such methods, these two government-wide reports provide us with a business-like overview of the County's finances and both short-term and long-term information about the County's financial status as a whole.

Net position, computed similar to net worth for an individual, is the difference between the County's total assets and deferred outflows of resources (or possessions) and total liabilities and deferred inflows of resources (or debts). Measuring net position is one way to assess the County's financial condition.

Through the for-profit perspective, changes in the net position from year to year help one determine whether the County's financial status is improving or deteriorating. Other additional financial and non-financial factors will also help one assess the overall financial health of the County. Read further to learn more details.

Fund Financial Statements

Whereas the Government-wide Financial Statements comprise the consolidation of the County's governmental activities and business-type activities, the Fund Financial Statements provide much more detailed data about the County's individual funds. The Fund Financial Statements have four components:

1. Governmental Fund Financial Statements,
2. Budgetary Comparison Statements,
3. Proprietary Fund Financial Statements, and
4. Fiduciary Fund Financial Statements.

Like all other local governmental entities in North Carolina, the County of Montgomery uses the fund concept to ensure and reflect compliance with finance-related legal requirements. Such requirements typically are derived from the North Carolina General Statutes, the Local Government Commission of North Carolina, the County's budget ordinance, or other parties interested in the County's finances. Also, the County uses fund accounting to control resources that are restricted in purpose and/or time. A fund is a grouping of possessions and related obligations that are used to maintain control over resources that have been segregated for specific activities or objectives. For an example, review the balance sheet of one or more funds in this report. (Find the larger individual funds, labeled as major funds, within the "Fund Financial Statements" part and the non-major funds within "Combining and Individual Fund Statements and Schedules.")

Governmental Fund Financial Statements – Governmental funds are used to account for the same functions reported as governmental activities in the Government-wide Financial Statements. The majority of the County's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called "modified accrual basis of accounting." This method focuses on current financial resources. Therefore, governmental funds focus on what resources are left at year-end that will be available for spending in the next year. Accordingly, these funds measure the current financial position and changes in the current financial position. As a result, the Governmental Fund Financial Statements give readers a detailed short-term view that helps to determine whether working capital is sufficient to finance the County's programs. To aid the reader in gaining a long-term perspective, the relationship between governmental funds and governmental activities (reported in the Government-wide Statement of Net Position and the Government-wide Statement of Activities) is described in reconciliations that are a part of the Governmental Fund Financial Statements.

Budgetary Comparison Statements – As required by North Carolina General Statutes Chapter 159, the County of Montgomery adopts an annual balanced budget ordinance, except where a project ordinance has been adopted, for each governmental fund. The process by which the budget ordinance becomes reality incorporates input from citizens, the Board of County Commissioners, and County management as to which services to provide and what resources will be used to fund the services provided. The County's budget and budgetary comparison statements are presented on the modified accrual basis of accounting. The budgetary comparison statements, provided for each major governmental fund for which an annual balanced budget ordinance is adopted, demonstrates by fund whether the County complied with the budget ordinance and how well the County performed in providing the services as planned when the budget was adopted. Similar schedules for other funds are shown as required supplementary information. Each fund shown has 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; and
4. the difference or variance between the final budget and the actual resources and charges.

Proprietary Fund Financial Statements – The County of Montgomery uses one type of proprietary fund called the enterprise fund. The Fund Financial Statements of the enterprise funds are used to report more details of the same functions that are presented as business-type activities in the Government-wide Financial Statements. Since the activities accounted for in enterprise funds are similar to for-profit operations, enterprise funds use the 'full'

accrual basis of accounting for governments rather than the modified accrual basis of accounting that is used by governmental funds. Therefore, enterprise funds and other types of proprietary funds provide both long-term and short-term financial information similar to that found in the Government-wide Financial Statements.

Fiduciary Fund Financial Statements – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has numerous fiduciary funds, all of which are classified as trust funds. Look for the Statement of Fiduciary Net Position. Additional information on fiduciary funds can be found in “Combining and Individual Fund Statements and Schedules.” Since fiduciary resources cannot be used to finance the County’s operations, fiduciary activities are not included in the Government-wide Financial Statements.

Notes to Financial Statements

The notes provide a summary of significant accounting policies and additional details that are essential to a full understanding of the data provided in the Government-wide Financial Statements and the Fund Financial Statements. For example, certain schedules provide details concerning capital assets and other schedules provide various details on long-term obligations. Other details and schedules regarding various items are also found.

Required Supplementary Information and Combining and Individual Fund Statements and Schedules

These two subsections include certain information needed to discern the County’s current financial situation and its financial progress over recent years. The required supplementary information concerns, first, the County’s obligation to provide post-employment benefits and, second, more detailed results for each individual fund, both major and non-major funds. Finally, additional supplementary schedules concerning property taxes are also displayed to help depict the County’s reliance on property taxes.

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

With the changes in the financial statement reporting model mandated by the Government Accounting Standards Board (GASB), the County of Montgomery was required to add two Government-wide Financial Statements and implement other changes for the fiscal year ended June 30, 2003. The two new statements focus on net position and the changes in net position. As noted earlier, net position and the changes therein may serve as useful indicators of a government’s financial condition. The tables included herein contain data that allow opportunities for comparative analysis of the three most recent fiscal years.

Net Position and Changes in Net Position

In the fiscal year ended June 30, 2020, net position increased by \$7,126,461 to \$82,444,766. In the fiscal year ended June 30, 2019, net position increased by \$7,824,949 to \$74,692,703. And, in the fiscal year ended June 30, 2018, net position increased by \$2,932,606 to \$66,867,754. Planned fiscal year activity caused much of these increases as the County prepares for future projects, due primarily to conservatively budgeting revenues as well as limiting spending on many expenditure items while the County strategizes to save money for future capital projects and other important and essential needs. -- *The County is proud of the dedication of our employees!*

During fiscal year 2018, the County began site work and construction of a new high school in the County. This new high school, named Montgomery Central (with Timberwolves as the mascot), will enable the closing of two aging high schools that opened nearly 60 years ago. The new high school is being built within a short walk of Montgomery Community College that also houses the campus of the early college high school program. The new high school includes a shared facility for students wanting to transition into skilled workforce after graduation. Our tradition of excellence will shine brighter under a centralized educational environment for the entire County.

As seen in Table 1, net position has three components, namely 1) unrestricted net position, 2) restricted net position, and 3) net investment in capital assets. The figure given as the amount “net investment in capital assets” reflects the County’s costs of acquiring capital assets (e.g. land, buildings, equipment, and vehicles) less

accumulated depreciation (that is annually recognized as expenditures over the life of depreciable assets) and less any related debt still outstanding that was issued to acquire those items. Although “net investment in capital assets” is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since capital assets cannot be used to liquidate these liabilities.

Table 1. Condensed Statement of Net Position

Category	Governmental Activities			Business-type Activities		
	2020	2019	2018	2020	2019	2018
	(amounts depicted in thousands of dollars)					
Current and other assets	\$ 54,344	\$ 73,744	\$ 97,632	\$ 8,298	\$ 7,675	\$ 6,562
Capital assets	97,051	79,582	45,284	24,286	24,136	24,890
Total assets	151,395	153,326	142,916	32,584	31,811	31,542
Total deferred outflows	1,961	2,179	1,526	103	126	104
Current and other liabilities	9,475	13,940	7,579	1,083	176	426
Long-term liabilities	82,994	88,547	90,448	8,488	9,463	10,147
Total liabilities	92,469	102,487	98,027	9,571	9,639	10,573
Total deferred inflows	1,552	616	611	6	7	9
Net investment in capital assets	22,570	38,229	30,445	15,239	14,870	15,028
Stabilization by State Statute	2,823	3,430	2,733	-	-	-
Restricted for other reasons	24,714	1,474	1,729	-	-	-
Unrestricted net position	9,228	9,269	10,897	7,871	7,421	6,036
Total net position	\$ 59,335	\$ 52,402	\$ 45,804	\$ 23,110	\$ 22,291	\$ 21,064

Table 2. Condensed Statement of Activities

Category	Governmental Activities			Business-type Activities		
	2020	2019	2018	2020	2019	2018
	(amounts depicted in thousands of dollars)					
Revenues:						
Program revenues						
Charges for services	\$ 3,985	\$ 4,028	\$ 3,945	\$ 4,283	\$ 4,229	\$ 4,192
Program grants & contributions	5,518	5,959	5,321	348	382	206
General revenues						
Property taxes	20,764	19,946	19,606	-	-	-
Other taxes	6,268	6,276	5,176	-	-	-
Other	948	1,955	612	74	100	69
Total revenues	37,483	38,164	34,660	4,705	4,711	4,467
Program expenses:						
General government	3,462	4,013	3,997	-	-	-
Transportation	431	266	229	-	-	-
Public safety	9,059	7,771	7,174	-	-	-
Human services	6,517	6,297	6,455	-	-	-
Environmental protection	1,100	928	916	3,886	3,484	3,935
Education, intergovernmental	7,944	7,126	7,530	-	-	-
Economic and phys. development	820	952	678	-	-	-
Cultural and recreational	355	425	384	-	-	-
Interest on long-term liabilities	1,487	3,788	1,143	-	-	-
Total expenses	31,175	31,566	28,506	3,886	3,484	3,935
Change in net position	6,308	6,598	6,154	819	1,227	532
Net position, beginning, July 1	52,402	45,804	43,474	22,291	21,064	20,461
Adjustments/Restatements	625	-	(3,824)	-	-	71
Net position, beginning, restated	53,027	45,804	39,650	22,291	21,064	20,532
Net position, ending, June 30	\$ 59,335	\$ 52,402	\$ 45,804	\$ 23,110	\$ 22,291	\$ 21,064

Each year-end balance of total net position has been reduced by the outstanding principal on debt used to finance construction of school buildings. As the principal of such debt increases or decreases, total net position decreases or increases, respectively. With debt issued for school buildings, the County will hold title until the loan is paid. Due to this arrangement, all school buildings built with debt and the outstanding principal on debt used to finance construction of school buildings will be included in the calculation of “net investment in capital assets.” When the County conveys title of such school buildings to the local school unit, a legally separate entity, after the loan is fully paid, the County will recognize a significant loss (except when the asset has fully depreciated).

Restricted net position represents the portion of the County’s resources that are subject to external restrictions on how they may be used. The Stabilization by State Statute depicts a portion of restricted net position as mandated by North Carolina General Statutes. The amount restricted for other purposes stems from third-party restrictions on resource spending. The remaining balance of net position is unrestricted and may be used to meet the government’s ongoing obligations to citizens, merchants, and creditors.

Table 3. Condensed Statement of Activities (Percentages)

Category	Governmental Activities			Business-type Activities		
	2020	2019	2018	2020	2019	2018
Revenues:						
Program revenues						
Charges for services	10.63%	10.56%	11.38%	91.03%	89.77%	93.84%
Program grants & contributions	14.72%	15.61%	15.35%	7.40%	8.11%	4.61%
General revenues						
Property taxes	55.40%	52.26%	56.57%	0.00%	0.00%	0.00%
Other taxes	16.72%	16.45%	14.93%	0.00%	0.00%	0.00%
Other	2.53%	5.12%	1.77%	1.57%	2.12%	1.55%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Program expenses:						
General government	11.11%	12.71%	14.02%	0.00%	0.00%	0.00%
Transportation	1.38%	0.84%	0.80%	0.00%	0.00%	0.00%
Public safety	29.06%	24.62%	25.17%	0.00%	0.00%	0.00%
Human services	20.90%	19.95%	22.64%	0.00%	0.00%	0.00%
Environmental protection	3.53%	2.94%	3.21%	100.00%	100.00%	100.00%
Education, intergovernmental	25.48%	22.57%	26.42%	0.00%	0.00%	0.00%
Economic and phys. development	2.63%	3.02%	2.38%	0.00%	0.00%	0.00%
Cultural and recreational	1.14%	1.35%	1.35%	0.00%	0.00%	0.00%
Interest on long-term liabilities	4.77%	12.00%	4.01%	0.00%	0.00%	0.00%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See both Table 2 and Table 3 above. For the year ended June 30, 2020, 64.08% of revenues from both governmental and business-type activities stemmed from property and other taxes, 19.59% from charges for services, and 13.90% from program grants and contributions. Of total revenues from both governmental and business-type activities for the year ended June 30, 2019, 61.16% stems from property and other taxes, 19.26% from charges for services, and 14.79% from program grants and contributions. Of total revenues from both governmental and business-type activities for the year ended June 30, 2018, 63.34% stems from property and other taxes, 20.79% from charges for services, and 14.13% from program grants and contributions. Numbers are largely consistent from year to year.

For the year ended June 30, 2020, about 25.84% of total expenses from both governmental and business-type activities are spent toward public safety activities, 22.66% toward education programs, 18.59% on human service programs, and 14.22% on environmental protection programs. Of total expenses from both governmental and business-type activities for the year ended June 30, 2019, about 22.17% is spent on public safety programs, 20.33% toward education programs, about 17.97% for human service programs, 12.59% toward environmental protection

activities, 11.45% toward general government functions, and 10.81% toward interest on long-term liabilities. For the year ended June 30, 2018, about 23.21% is spent toward education programs, 22.12% on public safety programs, 19.90% toward human service programs, 14.95% on environmental protection activities, and 12.32% on general government functions. Expenses in these main programs vary some each year while other activities, such as transportation or economic and physical development, may see more volatile changes from year to year. With the 2018 issue of a loan amount for \$67,675,000, interest on long-term liabilities rose considerably in 2019.

To summarize, the County's total revenues were \$42.2 million and total expenses were \$35.1 for the year ended June 30, 2020, which added about \$7.1 million to the total net position of the County. The County's total revenues are \$42.9 million and total expenses were \$35.1 for the year ended June 30, 2019, adding about \$7.8 million to the total net position of the County. For the year ended June 30, 2018, the County's total revenues were \$39.1 million and total expenses were \$32.4, which added about \$6.7 million to the total net position of the County.

Other indicators of the County's financial condition include the net position ratio, debt-to-assets ratio, capital assets condition ratio, total margin ratio, percentage change in net position, debt service ratio, and quick ratio. Calculations of these indicators for the current report are described below. Also, see Table 4 below for 7-year trend information.

Table 4. 7-Year Trend of 7 Important Government-wide Financial Indicators

Indicator Name / Result	2020	2019	2018	2017	2016	2015	2014
total margin ratio	1.203	1.222	1.205	1.262	1.227	1.240	1.215
percentage change in net position	9.5%	11.7%	11.1%	14.7%	15.0%	18.0%	18.3%
debt service ratio	0.146	0.140	0.102	0.104	0.104	0.117	0.108
quick ratio	6.131	2.579	3.989	10.335	11.969	9.300	5.920
net position ratio	0.168	0.149	0.156	0.729	0.619	0.903	0.259
debt-to-assets ratio	0.512	0.529	0.577	0.328	0.354	0.392	0.444
capital assets condition ratio	0.538	0.563	0.587	0.609	0.629	0.656	0.656

1) total margin ratio = (total resource inflow) divided by (total resource outflow)

- total resource inflow = \$42,187,293, which is total general revenues and transfers (\$28,054,118) plus program revenues (\$8,267,091 + \$4,885,257 + \$980,827) of the County
- total resource outflow = \$35,060,832, which is total expenses of the County
- total margin ratio = \$42,187,293 / \$35,060,832 = 1.203

2) percentage (%) change in net position = (change in net position) divided by (beginning net position, restated)

- change in net position = \$7,126,461
- beginning net position, restated = \$75,318,305
- percentage (%) change in net position = \$7,126,461 / \$75,318,305 = 9.5%

3) debt service ratio = (principal payments plus interest and fees payments) divided by (total resource outflow plus principal payments)

- principal payments = \$1,852,507 + \$693,762 = \$2,546,269
- interest and fees payments = \$2,726,307 + \$221,683 = \$2,947,990
- debt service ratio = (\$2,546,269 + \$2,947,990) / (\$35,060,832 + \$2,546,269) = 0.146

4) quick ratio =(cash and cash equivalents) divided by (current liabilities)

- cash and cash equivalents = \$48,279,219
- current liabilities = \$2,129,124 + 455,657 + 4,288,820 + \$665,021 + \$290,974 + \$45,408 = \$7,875,004
- quick ratio = \$48,279,219 / \$7,875,004 = 6.131

5) net position ratio = (unrestricted net position) divided by (total liabilities)

- unrestricted net position = \$17,099,332
- total liabilities = \$102,039,546
- net position ratio = \$16,690,242 / \$102,039,546 = 0.168

6) debt-to-assets ratio = (outstanding long-term liabilities) divided by (total assets)

- outstanding long-term liabilities = \$94,164,542
- total assets = \$183,978,122
- debt-to-assets ratio = $\$94,164,542 / \$183,978,122 = 0.512$

7) capital assets condition ratio = (1.000) less ((accumulated depreciation) divided by (capital assets being depreciated))

- accumulated depreciation = $\$21,059,777 + \$23,846,449 = \$44,906,226$ (from Note on Capital Assets)
- capital assets being depreciated = $\$50,991,907 + \$46,251,678 = \$97,243,585$ (from Note on Capital Assets)
- capital assets condition ratio = $1.000 - (\$44,906,226 / \$97,243,585) = 0.538$

Governmental Activities

During the fiscal year ended June 30, 2020, governmental activities increased the County's net position by \$6,307,601, thereby responsible for 88.5% of the overall increase in total government-wide net position. During the previous year that ended June 30, 2019, Governmental activities increased the County's net position by \$6,598,133, thereby responsible for 84.3% of the overall increase in total government-wide net position. During the fiscal year ended June 30, 2018, governmental activities increased the County's net position by \$6,153,705, thereby responsible for 92.0% of the overall increase in total government-wide net position. See both Table 2 and Table 3 above. These increases in net position are primarily caused by limiting spending in many expenditure items and unbudgeted increases in major revenue items while the County strategizes to save money for future capital projects, meet reserve requirements for a large USDA loan, and other important needs. In the fiscal year ending June 30, 2021, one very significant capital project (construction of a new high school) will end.

Business-type Activities

During the fiscal year ended June 30, 2020, business-type activities increased the County's net position by another \$818,860, accounting for the remaining 11.5% of the overall increase in total government-wide net position. During the previous year that ended June 30, 2019, business-type activities increased the County's net position by another \$1,226,816, accounting for the remaining 15.7% of the overall increase in total government-wide net position. During the fiscal year that ended June 30, 2018, business-type activities increased the County's net position by another \$532,084, accounting for the remaining 8.0% of the overall increase in total government-wide net position. See both Table 2 and Table 3 above. Due to the nature of the water and sewer system business and the large expense of maintaining and replacing existing water and sewer lines, the County intends to build cash reserves for future needs. However, there are many maintenance and other needs currently that may limit the build-up of cash reserves. In the fiscal years ending June 30, 2021 and June 30, 2022, net position may decrease as spending increases for a few large projects.

FUND HIGHLIGHTS

As noted earlier, the County of Montgomery uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds with either large balances at year-end or a large amount of activity during the year are classified as "major" funds and receive special attention throughout this *Annual Financial Report For the Fiscal Year Ended June 30, 2020*.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of a fiscal year. Across all governmental funds, the County has a fund balance available for appropriation of about \$42.5 million, a sizable decrease from \$86.4 million two years earlier, yet still substantially more than \$23.5 million a year before that, due primarily to account balances related to our high school project.

Also, as a measure of a fund's liquidity, it may be useful to compare both fund balance available for appropriation and total fund balance to total fund expenditures. For all governmental funds, for the year ended June 30, 2020, fund balance available for appropriation amounts to 74.7% of total expenditures and total fund balance amounts to 80.9% of total expenditures. For the year ended June 30, 2019, fund balance available for appropriation amounts to 75.5% of total expenditures and total fund balance amounts to 80.5% of total expenditures. One year earlier, for the year ended June 30, 2018, fund balance available for appropriation across all governmental funds amounted to 182.4% of total expenditures and total fund balance amounted to 189.7% of total expenditures. More financial indicators are shown in Table 5 below, followed by details on the calculation of each indicator.

Further, except for the amount of fund balance classified as "Restricted for Stabilization by State Statute", all other restrictions, commitments, and assignments of fund balance for special purposes have not had a significant effect on the availability of fund resources for future use. Restricted, committed, and assigned resources are typically confined to a specific use and not a specific time period. However, some restricted resources do not promise a continuing revenue stream to support ongoing operations since the restricted resources were provided solely to complete a specific project. Such resources may be eventually depleted.

Table 5. 7-Year Trend of 7 Important Governmental Funds Financial Indicators

Indicator Name / Result	2020	2019	2018	2017	2016	2015	2014
operations ratio	0.655	0.514	0.729	1.062	0.947	1.104	1.052
% change in fund balance	(23.5%)	(33.7%)	244.7%	23.1%	32.2%	(0.3)%	9.8%
debt service ratio	0.080	0.059	0.053	0.074	0.069	0.089	0.085
quick ratio	6.605	5.249	13.800	10.697	16.704	20.682	9.682
available fund balance-to-expenditures	0.747	0.755	1.824	0.702	0.510	0.392	0.426
debt-to-assessed value ratio	0.0237	0.0247	0.0260	0.0052	0.0058	0.0065	0.0079
intergovernmental ratio	0.155	0.149	0.143	0.185	0.190	0.227	0.243

1) operations ratio = ((total revenues) plus (transfers in) less (transfers in to capital projects-type funds)) divided by ((total expenditures) plus (transfers out) and less (transfers out from capital projects-type funds))

- total revenues plus transfers in = \$42,736,756, which is total revenues (\$37,204,392) plus transfers in (\$5,532,364) of the County's governmental funds
- transfers-in to capital project-type funds = \$5,498,012, which is total transfers-in to capital projects funds
- total expenditures plus transfers out = \$56,893,037, which is total expenditures (\$51,360,673) plus transfers out (\$5,532,364) of the County's governmental funds
- transfers-out from capital projects-type funds = \$0, which is total transfers-out from capital projects funds
- operations ratio = $(\$42,736,756 - \$5,498,012) / (\$56,893,037 - \$0) = 0.655$

2) percentage (%) change in fund balance = (change in fund balance) divided by (beginning fund balance)

- change in fund balance = - \$14,156,281
- beginning fund balance = \$60,165,445
- percentage change in fund balance = $- \$14,156,281 / \$60,165,445 = (23.5\%)$

3) debt service ratio = ((principal payments) plus (interest payments)) divided by ((total expenditures) plus (transfers out) and less (transfers out from capital projects-type funds))

- principal payments = \$1,852,507
- interest payments = \$2,726,307
- debt service ratio = $(\$1,852,507 + \$2,726,307) / (\$56,893,037 - \$0) = 0.080$

4) quick ratio = (cash and investments) divided by (current liabilities--not including deferred revenues)

- cash and cash equivalents = \$48,988,485
- current liabilities--not including deferred revenues = \$7,417,017
- quick ratio = $\$48,988,485 / \$7,417,017 = 6.605$

5) available fund balance-to-expenditures ratio = (available fund balance) divided by ((total expenditures) plus (transfers out) and less (transfers out from capital projects-type funds))

- available fund balance = \$42,497,908 (from Exhibit II.C.2.a)
- available fund balance-to-expenditures ratio = \$42,497,908 / (\$56,893,037 - \$0) = 0.747

6) debt-to-assessed value ratio = (long-term debt) divided by (total assessed value used for property tax purposes)

- long-term debt = \$77,370,685 (from detail notes in Exhibit II.C.3.b.B.7.f)
- total assessed value used for property tax purposes = \$3,266,723,545 (from Exhibit II.E.03)
- debt-to-assessed value ratio = \$77,370,685 / \$3,266,723,545 = 0.0237

7) intergovernmental ratio = (intergovernmental revenues, both restricted and unrestricted) divided by ((total revenues) plus (transfers in) less (transfers in to capital projects-type funds))

- intergovernmental revenues = \$5,783,975 (from Exhibit II.C.2.b)
- intergovernmental ratio = \$5,783,975 / (\$42,736,756 - \$5,498,012) = 0.155

On June 30, 2020, the County reports \$46,009,164 as the combined fund balance of all governmental funds. The total decrease in the combined fund balance of all governmental funds of \$14,156,281 could primarily be attributed to continued expenditures of proceeds from a large loan that is being used to complete construction of a new high school. A year earlier, on June 30, 2019, the County reported \$59,539,843 as the combined fund balance of all governmental funds. The total decrease in the combined fund balance of all governmental funds of \$30,305,297 may be primarily attributed to expenditures of proceeds from a large loan that is being used to complete construction of a new high school. Two years earlier, on June 30, 2018, the County reported \$89,845,140 as the combined fund balance of all governmental funds. The total increase in the combined fund balance of all governmental funds of \$63,777,342 was primarily attributed to recognition of proceeds from a large loan that were to be used to complete construction of a new high school.

General Fund: The General Fund is the chief operating fund of the County and a major fund. At the end of the currently reported fiscal year, fund balance available for appropriation of the General Fund was \$17,894,151, while total fund balance reached \$21,385,374. The total increase in the fund balance of the General Fund of \$2,170,420 can be attributed to special transfers to the School Projects Fund of \$2,500,000, offset by anticipated (yet not budgeted) increases in both property taxes revenues and sales taxes revenues and to continued savings in various expenditures. Fund balance available for appropriation represents 53.6% of total General Fund expenditures, while total fund balance represents 64.1% of that same amount. This relatively large fund balance of the General Fund may be slowly reduced over the next few years as the County replaces and improves certain facilities and addresses other space availability and utilization issues.

At June 30, 2019, fund balance available for appropriation of the General Fund was \$15,627,536, while total fund balance reached \$18,589,352. The total increase in the fund balance of the General Fund of \$1,870,139 was attributed to a special \$3,000,000 transfer to the Education Facilities Fund, mostly offset by anticipated (yet not budgeted) increases in both property taxes revenues and sales taxes revenues and to continued savings in various expenditures. Fund balance available for appropriation represented 47.0% of total General Fund expenditures, while total fund balance represented 55.9% of that same amount.

Two years earlier, at June 30, 2018, fund balance available for appropriation of the General Fund was \$13,545,011, while total fund balance reached \$16,719,213. The total decrease in the fund balance of the General Fund of (\$568,055) was attributed to a special \$5,000,000 transfer to the Education Facilities Fund, mostly offset by anticipated (yet not budgeted) increases in both property taxes revenues and sales taxes revenues and to continued savings in various expenditures. Fund balance available for appropriation represented 39.9% of total General Fund expenditures, while total fund balance represented 49.3% of that same amount.

Below is a depiction of the changes in fund balance available for appropriation in relation to total General Fund expenditures over the most recent seven fiscal years. The hiring of a visionary County Manager during the first half of the fiscal year that ended June 30, 2012 has led to enormous financial and other improvements.

GENERAL FUND ONLY	2020	2019	2018	2017	2016	2015	2014
available fund balance-to-expenditures	53.6%	47.0%	39.9%	50.5%	30.1%	40.5%	39.1%

The Board of County Commissioners has determined that the County should maintain a level of fund balance available for appropriation of between 25% to 30% of total revenues in the General Fund. Not only does maintaining such levels assist with cash flow needs, the County is also better able to weather unforeseen circumstances, earn higher rates of interest as a means to increase revenues, and take full advantage of some unanticipated opportunities. While addressing present needs, the County will continue to monitor programs to achieve a calculated percentage at or above the suggested level.

Educational Facilities Fund: Due to the continuation of a large project, constructing a new high school, the Educational Facilities Fund is being presented as a major fund for the year ended June 30, 2020 and expects to be a major fund for the next year, also.

Proprietary Funds. The County of Montgomery's proprietary (i.e. enterprise) fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Public Utilities Fund at the end of the fiscal year amounted to \$7,870,875, was \$7,420,824 a year earlier, and total net position of the fund is \$23,109,755, was \$22,290,895 a year earlier. Factors concerning the finances of the enterprise fund has already been addressed in the discussion of the County's business-type activities.

CAPITAL ASSET AND LONG-TERM LIABILITIES HIGHLIGHTS

Capital assets. Capital assets include construction in progress, equipment and vehicles, buildings, land, improvements to both land and buildings, water distribution lines, airport infrastructure, and other items. See Table 6 below for values associated with each category. The County's capital assets for both governmental and business-type activities as of June 30, 2020 totals \$121,337,351 (net of accumulated depreciation), which represents an increase of \$17,619,619 from prior year. Major capital asset transactions during the year include:

- Acquisition of capital assets other than equipment and vehicles through the purchase, major renovation, construction, or received donation of land and buildings (\$21,239,865 increase to reported capital assets).
- Purchase and other additions of vehicles and other equipment (\$301,033 increase).
- Increase in accumulated depreciation, including depreciation expense on equipment and vehicles of \$1,176,022 and on capital assets other than equipment and vehicles of \$1,920,006 (total \$3,096,028 decrease).

The County's capital assets for both governmental and business-type activities as of June 30, 2019 totals \$103,717,732 (net of accumulated depreciation), which represents an increase of \$33,454,035 from prior year. The County's capital assets for both governmental and business-type activities as of June 30, 2018 totals \$70,263,697 (net of accumulated depreciation), which represents an increase of \$8,989,878 from prior year. These huge increases are primarily driven by the construction of a new high school in Troy, NC.

Table 6. Capital Assets, net of Accumulated Depreciation

Category	Governmental Activities			Business-type Activities		
	2020	2019	2018	2020	2019	2018
	(amounts depicted in thousands of dollars)					
Land and land improvements	\$ 5,002	\$ 4,989	\$ 4,489	\$ 146	\$ 121	\$ 111
Construction in progress	62,117	44,035	9,704	1,735	532	255
Buildings and improvements	21,894	21,694	22,477	642	780	918
Infrastructure	2,216	2,287	2,357	18,824	19,658	20,542
Equipment (including vehicles)	5,822	6,577	6,256	2,939	3,045	3,154
Total capital assets, net	\$ 97,051	\$ 79,582	\$ 45,283	\$ 24,286	\$ 24,136	\$ 24,980

The County's investments in capital assets increased nearly 17% from the previous year. At June 30, 2019, the County's investments in capital assets had increased almost 47.6% from the previous year. During the year ended June 30, 2018, the County's investments in capital assets increased nearly 14.7% from the previous year. Find additional information on the County's capital assets in the Notes to Financial Statements.

Long-term Liabilities. As of June 30, 2020, the County had total long-term liabilities outstanding of \$94,164,542, of which total indebtedness (debt backed by the full faith and credit of the County) amounted to \$86,376,997. During the year ended June 30, 2020, the change in total long-term liabilities was negative (\$3,845,536) (or -3.9%) and the change in outstanding indebtedness was - (\$2,369,385) (or -2.7%). During the year, the County met all normal debt service requirements (both principal and interest payments) of \$5,494,259. Other changes include changes in unamortized bond premium, compensated absences, pension liabilities, and OPEB liability.

As of June 30, 2019, the County had total long-term liabilities outstanding of \$98,010,078, of which total indebtedness (debt backed by the full faith and credit of the County) amounted to \$88,746,382. During the year ended June 30, 2019, the change in total long-term liabilities was - \$2,585,094 (or -2.6%) and the change in outstanding indebtedness was - \$2,679,316 (or -2.9%). During the year, the County met all normal debt service requirements (both principal and interest payments) of \$5,201,971. Other changes include changes in unamortized bond premium, compensated absences, pension liabilities, and OPEB liability.

As of June 30, 2018, the County had total long-term liabilities outstanding of \$100,595,171, of which total indebtedness (debt backed by the full faith and credit of the County) amounted to \$91,425,698. During the year ended June 30, 2018, the change in total long-term liabilities was \$68,880,660 (or 217.4%) and the change in outstanding indebtedness was \$64,946,409 (or 243.1%). During the year, the County met all normal debt service requirements (both principal and interest payments) of \$3,501,284 and entered a new loan agreement for \$67,675,000. Other changes include changes in compensated absences, pension liabilities, and OPEB liability.

In fiscal year 2018, the County borrowed \$67,675,000 to begin construction of a new high school. After refinancing, the loan is due in full on May 6, 2021, about 38 months after the original loan closing. Once construction is complete, USDA financing will replace the original loan. Expected annual payments to USDA are about \$2,530,000. With the increase in property taxes by 5 cents on July 1, 2015 and with refunding its two largest outstanding loans during the fiscal year that ended June 30, 2015, the County has put itself in favorable condition to withstand the annual debt service payments of this magnitude for the 40-year term of the loan.

BUDGETARY HIGHLIGHTS - FY 2020

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of four 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 continue incomplete projects from the prior fiscal year; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 4) increases in appropriations that become necessary to maintain services. And, the Commissioners have granted the County Manager authority to carry-forward unspent donations and other designated proceeds for which budget was approved by the Commissioners in a prior year but some expenditures have not yet occurred. See Table 7 following the discussion below for a summary of budget amendments by fund.

General Fund: The beginning budget of the General Fund was \$35,213,010. Total amendments to the General Fund increased budgeted revenues by \$1,546,785 and appropriations of fund balance by \$2,638,923 for a total budgetary increase of \$4,185,708 and a final budget of \$39,398,718. The primary reasons for these increases were: (1) to accept new and expanded grants and other resources for the purchase of various supplies, equipment, and services to advance specific programs, (2) to budget donated contributions for expenditure, (3) to budget additional amounts for current property taxes and sales taxes above the amount included in the original budget, and (4) to budget for new grants in recruiting new and expanding businesses to County.

Educational Facilities Fund. Although it is a major fund, the Educational Facilities Fund, along with all other project funds, is excluded from this presentation of the annual budget and amendments thereto. For discussion purposes, this fund presently houses one major project, the construction of a new high school.

Public Utilities Fund. In the County's sole enterprise fund, no budget amendment was posted.

Non-major Funds. Total amendments to non-major funds of \$60,000 include budget for a transfer of funds to the General Fund.

Table 7. Schedule of Budget Amendment Amounts by Fund

Fund	Original Adopted Budget	Amendments to Budget	Final Amended Budget
General Fund	\$ 35,213,010	\$ 4,185,708	\$ 39,398,718
Public Utilities Fund	4,020,500	-	4,020,500
Non-major Funds	984,123	60,000	1,044,123
Totals	<u>\$ 40,217,633</u>	<u>\$ 4,245,708</u>	<u>\$ 44,463,341</u>

BUDGETARY HIGHLIGHTS - ADOPTED BUDGET RECAP

For a look at the County's adopted budget for fiscal years 2021, 2020, and 2019, please review "Introduction from the County Finance Director", found at the end of the Introductory Section. The following paragraphs recap the changes found in that schedule, which immediately precedes the Financial Section.

All Funds: Total County beginning budget for fiscal year 2021 increased estimated revenues and appropriations by \$73,023,000 (or 53.56%) from the prior year's beginning budget figure. The increase in the beginning budget for various capital projects, including water projects, was \$72,253,998. This increase is primarily to account for the repayment of the construction loan with additional loan proceeds. The beginning budget for the General Fund increased by \$734,716 from the previous year's beginning budget. All other funds had a net increase of \$34,286.

Total County beginning budget for fiscal year 2020 increased estimated revenues and appropriations by \$14,318,211 (or 11.73%) from the prior year's beginning budget figure. The increase in the beginning budget for various capital projects, including construction of a new high school and several water system projects, was \$13,723,694. The beginning budget for the General Fund increased by \$865,312 from the previous year's beginning budget. All other funds had a net decrease of - \$270,795.

Total County beginning budget for fiscal year 2019 increased estimated revenues and appropriations by \$74,063,544 (or 154.45%) from the prior year's beginning budget figure. The increase in the beginning budget for various capital projects, including construction of a new high school and several water system projects, is \$73,358,832. All other funds had a net increase of \$704,712.

Governmental Funds: The fiscal year 2021 beginning budget for the General Fund increased estimated revenues and appropriations by \$734,716, or 2.15%. The fiscal year 2021 beginning budget for all governmental capital projects funds increased by \$72,603,998 compared to the previous year. This increase is primarily to account for the repayment of the construction loan with additional loan proceeds. For all other governmental funds, the fiscal year 2021 beginning budget increased by \$15,197.

The fiscal year 2020 beginning budget for the General Fund increases estimated revenues and appropriations by \$865,312, or 2.60%. The fiscal year 2020 beginning budget for all governmental capital projects funds increases by \$11,848,444 compared to the previous year. For all other governmental funds, the fiscal year 2018 beginning budget decreases by - \$270,795.

The fiscal year 2019 beginning budget for the General Fund increased estimated revenues and appropriations by \$656,930, or 2.01%. The fiscal year 2019 beginning budget for all governmental capital projects funds increased by

\$74,707,832 compared to the previous year. For all other governmental funds, the fiscal year 2018 beginning budget decreased by (\$105,718).

Enterprise Funds: The fiscal year 2021 beginning budget for the Water and Sewer Operations Fund increased estimated revenues and appropriations by \$19,089, or 0.47%. Compared to the previous fiscal year's beginning budget, the amount budgeted to address needed improvements to maintain a healthy water system was slightly increased. The beginning budget of the Water and Sewer Projects Fund decreased by - (\$350,000).

The fiscal year 2020 beginning budget for the Water and Sewer Operations Fund equals the fiscal year 2019 beginning budget. The beginning budget of the Water and Sewer Projects Fund increases by \$1,875,250.

The fiscal year 2019 beginning budget for the Water and Sewer Operations Fund increased estimated revenues and appropriations by \$153,500, or 2.92%. Compared to the previous fiscal year's beginning budget, the amount budgeted to address needed improvements to maintain a healthy water system was elevated slightly. The beginning budget of the Water and Sewer Projects Fund decreases by \$1,349,000.

ECONOMIC HIGHLIGHTS AND OTHER IMPORTANT FACTS

The area's unemployment rate has been higher than the state average for several years. Many industries had either reduced or relocated their workforce. Many others had closed operations. These actions had a significant impact on the County's revenues and expenditures since many of those formerly employed reduce personal spending and now seek services provided by the County. And, of course, the closure or reduction of activity also results in reduction of equipment and facilities subject to property taxation. In addition, lower personal spending had resulted in lower property taxes on personal vehicles and lower revenues from sales taxes. In recent years, the local economy has seen slight improvement.

Plus, the collection rate of property taxes remains consistent when compared to prior years. Since the County's current cycle is to conduct property revaluations every eight years, the next revaluation became effective with the fiscal year that began July 1, 2020. The assessed valuation for property tax purposes increased very little, though some areas of the County felt a larger impact than other areas. The Board of County Commissioners chose to lower the tax rate to 61.5 cents per \$100 in assessed property value.

For the year that began July 1, 2015, the Board of County Commissioners raised the property tax rates in the County-wide district from 57 cents per \$100 in assessed property value to 62 cents per \$100 in assessed property value. The revenues from this rate increase are solely for the purpose of raising money to address needs for improved educational facilities. In fiscal year 2018, the County began site work and construction of a new high school in the County. This new high school, named Montgomery Central (with Timberwolves as the mascot), will enable the closing of two aging high schools that opened nearly 60 years ago.

Sales tax revenues continue to exceed conservatively budgeted estimates. During 2016, the State agreed to changes to how sales tax revenues are distributed, a change that has improved sales tax revenues even further.

Governmental Activities: An increase in assessed property values typically leads to increased property tax revenues. And, for fiscal year 2021, anticipated revenues from the local option sales taxes are showing continued improvement. The County budgets for normal increases in personnel costs, including employee compensation and benefits adjustments, and other planned expenditures.

Business-type Activities: Water and sewer activities in fiscal year 2021 should see similar amounts of departmental fees collected when compared to prior year. As well, some major projects will continue and some major projects should be completed. In addition, to set aside cash for future obligations related to enhancement and replacement of water and sewer infrastructure, the County will continue to monitor its revenues from fees for services and adjust the fee structure as needed. Such a change is likely in the near future.

REQUESTS FOR ADDITIONAL FACTS

We appreciate the interest in our finances!

For those with a deeper level of interest, the remainder of this annual financial report provides a more detailed overview of the County's finances. For additional information or answers to questions concerning any of the information found in this report, please consider taking one or more of the following actions:

- 1) visiting our website (<http://www.montgomerycountync.com/>),
- 2) sending email to us via finance@montgomerycountync.com,
- 3) contacting us by telephone (910-576-4221), and/or
- 4) addressing your request to:

Department of Administration -- Finance Office
County of Montgomery, North Carolina
Post Office Box 425
Troy, North Carolina 27371-0425

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2020

	Primary Government			Montgomery County Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 41,558,570	\$ 6,720,649	\$ 48,279,219	\$ 173,509
Receivables, net of allowance for uncollectibles	2,593,804	856,496	3,450,300	-
Taxes receivable, net of allowance for uncollectibles	1,133,005	-	1,133,005	-
Due from other governments	897,748	497,425	1,395,173	-
Inventories	58,243	205,541	263,784	-
Prepaid items	630,252	16,934	647,186	-
Restricted cash and cash equivalents	7,429,915	-	7,429,915	-
Net pension asset	42,189	-	42,189	-
Capital assets:				
Non-depreciable	67,118,728	1,881,264	68,999,992	-
Depreciable, net of accumulated depreciation	29,932,130	22,405,229	52,337,359	-
Total assets	151,394,584	32,583,538	183,978,122	173,509
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	1,701,541	103,140	1,804,681	-
OPEB related items	259,851	-	259,851	-
Total deferred outflows of resources	1,961,392	103,140	2,064,532	-
LIABILITIES				
Accounts payable	1,911,110	218,013	2,129,123	-
Accrued payroll and withholdings	429,053	26,604	455,657	-
Due to other governments	-	45,408	45,408	-
Contractor retainage payable	4,247,519	41,301	4,288,820	-
Interest payable	269,098	21,876	290,974	-
Unearned revenue	665,021	-	665,021	-
Certificates of participation, due within one year	1,631,595	-	1,631,595	-
Certificates of participation, due in more than one year	74,068,402	-	74,068,402	-
Installment purchase loans, due within one year	208,835	263,351	472,186	-
Installment purchase loans, due in more than one year	1,461,853	3,955,809	5,417,662	-
State revolving loans, due within one year	-	460,152	460,152	-
State revolving loans, due in more than one year	-	4,327,000	4,327,000	-
Compensated absences, due within one year	112,290	5,986	118,276	-
Compensated absences, due in more than one year	449,159	23,943	473,102	-
Total pension liability, due in more than one year	638,053	-	638,053	-
Net pension liability, due in more than one year	2,706,561	181,389	2,887,950	-
Total OPEB liability, due in more than one year	3,670,164	-	3,670,164	-
Total liabilities	92,468,713	9,570,832	102,039,545	-

(continued)

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Montgomery County Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	48,818	-	48,818	-
OPEB related items	1,351,783	-	1,351,783	-
Pension related items	151,650	6,091	157,741	-
Total deferred inflows of resources	1,552,251	6,091	1,558,342	-
NET POSITION				
Net investment in capital assets	22,569,725	15,238,880	37,808,605	-
Restricted for:				
Stabilization by State Statute	2,822,761	-	2,822,761	-
Schools capital outlay	20,268,106	-	20,268,106	-
Public safety	442,984	-	442,984	-
Economic and physical development	208,330	-	208,330	-
Human services	253,948	-	253,948	-
County capital projects	3,540,701	-	3,540,701	-
Unrestricted	9,228,457	7,870,875	17,099,332	173,509
Total net position	\$ 59,335,012	\$ 23,109,755	\$ 82,444,767	\$ 173,509

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

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,461,997	\$ 485,349	\$ 26,666	\$ -
Public safety	9,058,818	742,932	264,247	257,500
Transportation	430,612	25,932	150,248	351,391
Human services	6,517,262	390,054	3,863,813	-
Education	7,943,604	-	405,824	23,964
Environmental protection	1,099,663	2,018,145	-	-
Economic and physical development	820,300	328,745	100,000	-
Culture and recreational	355,509	-	-	-
Interest on long-term debt	1,487,104	-	74,459	-
Total governmental activities	31,174,869	3,991,157	4,885,257	632,855
Business-type activities:				
Public utilities	3,885,962	4,282,636	-	347,972
Total business-type activities	3,885,962	4,282,636	-	347,972
Total primary government	\$ 35,060,831	\$ 8,273,793	\$ 4,885,257	\$ 980,827
Component Unit:				
Montgomery County				
Tourism Development Authority	\$ 19	\$ -	\$ -	\$ -

General revenues:
Ad valorem taxes
Sales and use taxes
Other taxes
Investment earnings
Miscellaneous
Total general revenues
Change in net position
Net position, beginning of year, restated
Net position, end of year

(continued)

Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Montgomery County Tourism Development Authority	
\$ (2,949,982)	\$ -	\$ (2,949,982)	\$ -	-
(7,794,139)	-	(7,794,139)	-	-
96,959	-	96,959	-	-
(2,263,395)	-	(2,263,395)	-	-
(7,513,816)	-	(7,513,816)	-	-
918,482	-	918,482	-	-
(391,555)	-	(391,555)	-	-
(355,509)	-	(355,509)	-	-
(1,412,645)	-	(1,412,645)	-	-
<u>(21,665,600)</u>	<u>-</u>	<u>(21,665,600)</u>	<u>-</u>	<u>-</u>
-	744,646	744,646	-	-
-	744,646	744,646	-	-
\$ <u>(21,665,600)</u>	\$ <u>744,646</u>	\$ <u>(20,920,954)</u>	\$ -	-
\$ -	\$ -	\$ -	\$ (19)	-
\$ 20,764,487	\$ -	\$ 20,764,487	\$ -	-
5,957,333	-	5,957,333	-	-
474,429	-	474,429	-	-
871,773	74,214	945,987	-	-
76,099	-	76,099	-	-
<u>28,144,121</u>	<u>74,214</u>	<u>28,218,335</u>	<u>-</u>	<u>-</u>
6,478,521	818,860	7,297,381	(19)	-
53,027,410	22,290,895	75,318,305	173,528	-
\$ <u>59,505,931</u>	\$ <u>23,109,755</u>	\$ <u>82,615,686</u>	\$ <u>173,509</u>	-

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

MONTGOMERY COUNTY, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

	General Fund	Educational Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 18,670,382	\$ 16,868,889	\$ 6,019,299	\$ 41,558,570
Taxes receivable, net	1,111,728	-	21,277	1,133,005
Accounts receivable	2,572,395	-	21,409	2,593,804
Due from other governments	91,650	707,681	98,417	897,748
Due from other funds	-	-	164,313	164,313
Prepaid items	629,034	-	1,218	630,252
Inventories	58,243	-	-	58,243
Restricted cash and cash equivalents	292,844	7,137,071	-	7,429,915
Total assets	\$ 23,426,276	\$ 24,713,641	\$ 6,325,933	\$ 54,465,850
LIABILITIES				
Accounts payable	\$ 374,870	1,471,683	\$ 64,557	\$ 1,911,110
Accrued payroll and withholdings	429,053	-	-	429,053
Due to other funds	164,313	-	-	164,313
Contractor retainage payable	48,357	4,199,162	-	4,247,519
Unearned revenues	3,664	-	661,357	665,021
Total liabilities	1,020,257	5,670,845	725,914	7,417,016
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - ad valorem taxes	971,827	-	19,024	990,851
Deferred revenue - prepaid taxes	48,818	-	-	48,818
Total deferred inflows of resources	1,020,645	-	19,024	1,039,669
FUND BALANCES				
Nonspendable:				
Prepaid items	629,034	-	1,218	630,252
Inventories	58,243	-	-	58,243
Restricted:				
Stabilization by State Statute	2,803,946	-	18,815	2,822,761
Schools capital outlay	-	19,042,796	1,225,310	20,268,106
Public safety	91,287	-	332,673	423,960
Economic and physical development	-	-	208,330	208,330
Human services	-	-	253,948	253,948
County capital projects	-	-	3,540,701	3,540,701
Committed:				
Economic and physical development	1,250,000	-	-	1,250,000
Culture and recreation	34,531	-	-	34,531
Assigned:				
Use in subsequent fiscal year	2,971,186	-	-	2,971,186
Human services	606,483	-	-	606,483
Unassigned	12,940,664	-	-	12,940,664
Total fund balances	21,385,374	19,042,796	5,580,995	46,009,165
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,426,276	\$ 24,713,641	\$ 6,325,933	\$ 54,465,850

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

MONTGOMERY COUNTY, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 46,009,165
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	97,050,858
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	990,851
The net pension asset (RODSPF), net pension liability (LGERS), total pension liability (LEOSSA), and the related deferred outflows and inflows of resources related to the County's defined benefit pension plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.	(1,752,534)
The total OPEB liability and related deferred outflows and inflows of resources related to the County's OPEB plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.	(4,762,096)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(78,201,232)</u>
Net position - governmental activities	<u>\$ 59,335,012</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Educational Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem property taxes	\$ 20,095,441	\$ -	\$ 648,467	\$ 20,743,908
Local option sales taxes	5,957,333	-	-	5,957,333
Other taxes	166,094	-	-	166,094
Unrestricted intergovernmental revenues	385,156	-	-	385,156
Restricted intergovernmental revenues	4,704,756	-	694,063	5,398,819
Licenses, fees, and permits	2,952,819	-	-	2,952,819
Sales and services	541,361	-	-	541,361
Investment earnings	552,161	319,553	59	871,773
Miscellaneous	163,165	23,964	-	187,129
Total revenues	<u>35,518,286</u>	<u>343,517</u>	<u>1,342,589</u>	<u>37,204,392</u>
Expenditures				
Current:				
General government	3,719,125	-	-	3,719,125
Public safety	7,244,536	-	980,554	8,225,090
Transportation	191,477	-	355,956	547,433
Human services	6,191,826	-	48,019	6,239,845
Education	6,368,824	-	512,578	6,881,402
Environmental protection	1,085,397	-	-	1,085,397
Economic and physical development	569,209	-	-	569,209
Culture and recreational	329,481	-	-	329,481
Capital outlay	-	19,184,876	-	19,184,876
Debt service:				
Principal retirements	1,852,507	-	-	1,852,507
Interest and fiscal charges	321,094	2,405,213	-	2,726,307
Total expenditures	<u>27,873,476</u>	<u>21,590,089</u>	<u>1,897,107</u>	<u>51,360,672</u>
Excess (deficiency) of revenues over (under) expenditures	7,644,810	(21,246,572)	(554,518)	(14,156,280)
Other financing sources (uses)				
Transfers in	28,987	3,285,214	2,218,163	5,532,364
Transfers out	(5,503,377)	-	(28,987)	(5,532,364)
Total other financing sources (uses)	<u>(5,474,390)</u>	<u>3,285,214</u>	<u>2,189,176</u>	<u>-</u>
Net change in fund balances	2,170,420	(17,961,358)	1,634,658	(14,156,280)
Fund balances, beginning of year, restated	<u>19,214,954</u>	<u>37,004,154</u>	<u>3,946,337</u>	<u>60,165,445</u>
Fund balances, end of year	<u>\$ 21,385,374</u>	<u>\$ 19,042,796</u>	<u>\$ 5,580,995</u>	<u>\$ 46,009,165</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (14,156,280)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 17,468,887

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 20,579

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount for the current year represents principal payments made on the County's 1,852,507

Long-term debt that is discharged by the third party to whom the debt is owed is a reduction in the County's long-term liabilities with a corresponding revenue in the statement of activities for the amount of debt forgiven. Neither transaction, however, has any impact on fund balance of the County's governmental funds. 257,500

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 864,409

Change in net position - governmental activities \$ 6,307,602

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

MONTGOMERY COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Ad valorem property taxes	\$ 19,352,735	\$ 19,402,735	\$ 20,095,441	\$ 692,706
Local option sales taxes	4,375,000	4,450,000	5,957,333	1,507,333
Other taxes	-	-	166,094	166,094
Unrestricted intergovernmental revenues	232,000	232,000	385,156	153,156
Restricted intergovernmental revenues	4,335,900	5,575,862	4,704,756	(871,106)
Licenses, fees, and permits	2,526,877	2,586,877	2,952,819	365,942
Sales and services	605,658	628,562	541,361	(87,201)
Investment earnings	360,000	360,000	552,161	192,161
Miscellaneous	6,200	102,269	163,165	60,896
Total revenues	<u>31,794,370</u>	<u>33,338,305</u>	<u>35,518,286</u>	<u>2,179,981</u>
Expenditures				
Current:				
General government	5,138,175	4,938,839	3,719,125	1,219,714
Public safety	7,743,389	8,126,971	7,244,536	882,435
Transportation	175,000	201,250	191,477	9,773
Human services	6,592,583	6,982,450	6,191,826	790,624
Education	6,132,000	6,382,000	6,368,824	13,176
Environmental protection	1,012,760	1,087,924	1,085,397	2,527
Economic and physical development	769,086	1,430,725	569,209	861,516
Culture and recreational	376,720	380,370	329,481	50,889
Debt service:				
Principal retirements	1,852,508	1,852,508	1,852,507	1
Interest and fiscal charges	321,444	321,469	321,094	375
Total expenditures	<u>30,113,665</u>	<u>31,704,506</u>	<u>27,873,476</u>	<u>3,831,030</u>
Excess of revenues over expenditures	1,680,705	1,633,799	7,644,810	6,011,011
Other financing sources (uses):				
Transfers in	50,000	60,000	28,987	(31,013)
Transfers out	(2,609,964)	(5,234,964)	(5,503,377)	(268,413)
Fund balance appropriated	1,281,886	3,843,792	-	(3,843,792)
Fund balance contingency	(402,627)	(302,627)	-	302,627
Total other financing sources (uses)	<u>(1,680,705)</u>	<u>(1,633,799)</u>	<u>(5,474,390)</u>	<u>(3,840,591)</u>
Net change in fund balances	-	-	2,170,420	2,170,420
Fund balances, beginning of year, restated	<u>19,214,954</u>	<u>19,214,954</u>	<u>19,214,954</u>	<u>-</u>
Fund balances, end of year	<u>\$ 19,214,954</u>	<u>\$ 19,214,954</u>	<u>\$ 21,385,374</u>	<u>\$ 2,170,420</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2020

ASSETS	Public Utilities Fund
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,720,649
Accounts receivable, net of allowances	856,496
Due from other governments	497,425
Prepaid items	16,934
Inventories	205,541
Total current assets	<u>8,297,045</u>
CAPITAL ASSETS	
Nondepreciable	1,881,264
Depreciable, net of accumulated depreciation	22,405,229
Total noncurrent assets	<u>24,286,493</u>
Total assets	<u>32,583,538</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>103,140</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	218,013
Accrued payroll and withholdings	26,604
Due to other governments	45,408
Contractor retainage payable	41,301
Accrued interest payable	21,876
Installment purchase loans, current	263,351
State revolving loans payable, current	460,152
Compensated absences payable, current	5,986
Total current liabilities	<u>1,082,691</u>
NONCURRENT LIABILITIES	
Installment purchase loans, due in more than one year	3,955,809
State revolving loans payable, due in more than one year	4,327,000
Compensated absences payable, due in more than one year	23,943
Net pension liability, due in more than one year	181,389
Total noncurrent liabilities	<u>8,488,141</u>
Total liabilities	<u>9,570,832</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	<u>6,091</u>
NET POSITION	
Net investment in capital assets	15,238,880
Unrestricted	7,870,875
Total net position	<u>\$ 23,109,755</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2020

	Public Utilities Fund
OPERATING REVENUES	
Charges for services	\$ 4,219,221
Other operating revenues	57,977
Miscellaneous fees	5,438
	<hr/>
Total operating revenues	4,282,636
	<hr/>
OPERATING EXPENSES	
Salaries and employee benefits	676,100
Contractual and professional services	448,480
Supplies and materials	898,470
Repairs and maintenance	345,718
Sewer processing and landfill charges	104,402
Depreciation	1,188,153
Total operating expenses	3,661,323
	<hr/>
Operating income	621,313
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	74,214
Interest expense and fiscal charges	(224,639)
Total non-operating revenue (expenses)	(150,425)
	<hr/>
Income before capital contributions	470,888
	<hr/>
Capital contributions	347,972
	<hr/>
Change in net position	818,860
	<hr/>
Net position, beginning of year	22,290,895
	<hr/>
Net position, end of year	\$ 23,109,755
	<hr/> <hr/>

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

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2020

	Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,297,226
Payments to suppliers	(1,618,818)
Payments to employees	(632,564)
Net cash provided by operating activities	<u>2,045,844</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases and acquisitions of capital assets	(1,290,939)
Capital grant receipts	141,322
Proceeds from issuance of debt	434,384
Principal payments on long-term borrowings	(693,762)
Interest paid on long-term borrowings	(223,730)
Net cash used in capital and related financing activities	<u>(1,632,725)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	74,214
Net cash provided by investing activities	<u>74,214</u>
Net increase in cash and cash equivalents	487,333
Cash and cash equivalents, beginning of year	<u>6,233,316</u>
Cash and cash equivalents, end of year	<u>\$ 6,720,649</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 621,313
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,188,153
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(9,139)
Decrease in inventory	40,815
Decrease in prepaid items	40,711
Increase in accounts payable	109,067
Increase in accrued payroll	7,488
Increase in due to other governments	11,388
Decrease in compensated absences payable	(5,558)
Increase in pension related items	41,606
Net cash provided by operating activities	<u>\$ 2,045,844</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

ASSETS	Agency Funds
Cash and cash equivalents	\$ 122,570
Taxes receivable	<u>361,546</u>
Total assets	<u>\$ 484,116</u>
LIABILITIES	
Due to others	\$ 122,570
Uncollected taxes	<u>361,546</u>
Total liabilities	<u>\$ 484,116</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Montgomery County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

A. Reporting Entity

Montgomery County, North Carolina was founded in 1779 and is located in the southern Piedmont region North Carolina. The County has a commissioner/manager form of government with a five-member elected Board of Commissioners comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, housing and community development service programs, and public utilities services. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The Montgomery County Tourism Development Authority (the "TDA") was required by State Statute to collect the County's occupancy taxes on overnight lodging facilities and to expend the funds on tourism promotion. The County appoints all five (5) board members that oversee the TDA. Effective July 1, 2019, the County repealed the occupancy tax and thus the TDA no longer reports revenues from this tax. The TDA does not issue a separate, stand-alone financial report.

Blended Component Unit

The Montgomery County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven (7) member board of commissioners that is appointed by the County and the County has the ability to remove any commissioner of the Authority with or without cause. For the fiscal year ended June 30, 2020, the Authority did not have any financial transactions or account balances and thus there is no financial information included in these financial statements related to the Authority.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, and federal and state assistance. The primary expenditures are for education, emergency services, health services, law enforcement functions, and social services (including public assistance). Some activities of the County's General Fund are separately budgeted in sub-funds for Vehicle Purchases, Property Tax Revaluation, Federal Forfeitures and State Substance Tax, Fire Protection, Court Facilities, Recreation Support, and Haltiwanger Retreat. The Property Tax Revaluation sub-fund is a legally budgeted fund under North Carolina General Statutes; however, in accordance with GASB Statement No. 54, this fund is consolidated in the General Fund for financial statement presentation. The remaining separately budgeted sub-funds are shown as departments within the General Fund.

The **Educational Facilities** fund is used to account for financial activity for major building, expansion, and renovation projects of Montgomery County Schools, the local public school system. The current project is to construct a new high school to be named Montgomery Central High School.

The County reports the following major enterprise fund:

The **Public Utilities Fund** accounts for the operation, maintenance, and ongoing development of the County water and sewer facilities. The Water and Sewer Operations sub-fund and Water and Sewer Projects sub-fund are combined within this reported fund for presentation purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for specific revenues, such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **capital projects funds** account for financial resources to be used for the acquisition, construction, renovation, and maintenance of various facilities used by the County, the Airport, and Montgomery County Schools.

The **agency funds** are used to account for assets the County holds on behalf of others. The County maintains the following agency funds:

- SSA Representative Payee Conserved Trust Fund, which accounts for monies deposited by the SSA with the County's Department of Social Services for benefit of certain individuals;
- Property Tax Agency Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County;
- Fines and Forfeitures Agency Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Montgomery County Board of Education that oversees Montgomery County Schools;
- Inmate Trust Fund, which accounts for monies deposited for the benefit of incarcerated inmates at the County Jail / Detention Center;
- Soil and Water Conservation Trust Fund, which accounts for the receipt and use of State matching funds to the Montgomery County Soil and Water Conservation District; and
- Agriculture Advisory Board Trust Fund, which accounts for monies collected for the benefit of the local agricultural community, which is further assisted by Montgomery County Cooperative Extension.

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which did not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. 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 enterprise funds include the cost of these goods 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.

D. Budgets

Annual appropriated budgets are adopted for all funds. In accordance with State law, the budgets adopted for the enterprise fund is adopted on the modified accrual basis of accounting, and a reconciliation is provided along with the budget schedule to reconcile from the modified accrual basis to the accrual basis. The governmental funds' budgets are adopted on a basis other than accounting principles generally accepted in the United States of America. The use of fund balance is shown as other financing sources for both governmental and proprietary funds. Additionally, the proprietary funds are budgeted on the modified accrual basis of accounting. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, special revenue funds, and the enterprise funds. During the fiscal year ended June 30, 2020, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of 90 days or less are considered to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

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 NCCMT consists of two SEC-registered funds: the Government Portfolio and the Term Portfolio. The Government Portfolio is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The Term Portfolio is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating.

Both the NCCMT Government Portfolio and the NCCMT Term Portfolio are reported at fair value.

F. Restricted Cash and Cash Equivalents

The County reports restricted cash and cash equivalents in the General Fund related to the Tax Revaluation Fund as the use is restricted per the North Carolina General Statute 153A-150. The County also reports restricted cash and cash equivalents in the Educational Facilities Fund that arise from the proceeds of borrowings that are being used to construct the new Montgomery Central High School. The use of these proceeds are restricted to the capital project for which the debt was incurred.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

H. Allowances

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as “internal balances.”

J. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both government-wide and fund financial statements.

L. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value on the date of donation; donated capital assets received after July 1, 2015 are recorded at their estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings	39 years
Infrastructure and depreciable improvements	25 to 39 years
Vehicles and other motorized equipment	7 to 15 years
Other furniture, fixtures and equipment	15 years

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements will sometimes 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for reporting in this category which occurs in the governmental activities. The County reports a deferred inflow of resources for the property taxes paid in advance of the period they were intended to finance. Additionally, the County reports one item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability (asset) – RODSPF, and total pension liability – LEOSA and its total OPEB liability. Certain changes in the pension and OPEB liabilities are recognized as pension or OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the pension or OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the pension or OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension or OPEB expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Finally, any contributions made by the County to its pension plans (LGERS, RODSPF, and LEOSA) that occur after the respective measurement date of the plan but before the County's fiscal year end will be reported as deferred outflows of resources and credited as contributions from the County to the respective plan in the subsequent measurement period / County fiscal year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. An expense and a corresponding liability is accrued in the County's government-wide and proprietary fund financial statements as the vacation leave is earned.

The overtime policy of the County provides for the accumulation of up to sixty (60) days for non-exempt public safety employees and up to thirty (30) days for all other non-exempt employees. Non-exempt employees will earn compensatory hours at the rate of one and one-half times the number of hours worked above forty hours during a specific week. Exempt employees earn an hour of compensatory leave for each hour worked above forty hours during the workweek, yet no maximum is set since compensatory hours earned by exempt employees will not be paid upon termination of employment. An expense and a corresponding liability is accrued in the County's government-wide and proprietary fund financial statements as the compensated absences are earned by public safety employees and all other non-exempt employees.

The sick leave policy of the County 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 added in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, an accrual for sick leave has not been made.

O. Long-term Obligations

In the government-wide financial statements and proprietary fund types 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 accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute (*G.S. 159-8(a)*) which requires fund balance not available for appropriation to be shown as “restricted by State Statute.” Fund balance not available for appropriation is defined as the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the County’s Board of Commissioners (the “Board”). Approval of a resolution after a formal vote of the County’s Board is required to establish a commitment of fund balance. Similarly, the County’s Board may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Fund balance can be assigned via the budget adopted by the Board, by the County Manager, or other management.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS’ and RODSPF’s fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “the net pension asset (RODSPF), net pension liability (LGERs), and total pension liability (LEOSSA), and the related deferred outflows and inflows of resources related to the County’s defined benefit pension plans are not expected to be liquidated with available financial resources and, therefore, are not reported in the governmental funds.” The details of this \$1,752,534 difference are as follows:

Net pension asset - RODSPF	\$	42,189
Net pension liability - LGERs		(2,706,561)
Total pension liability - LEOSSA		(638,053)
Deferred outflows of resources - pension items		1,701,541
Deferred inflows of resources - pension items		<u>(151,650)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(1,752,534)</u></u>

Another element of that reconciliation explains that “the total OPEB liability and related deferred outflows and inflows of resources related to the County’s OPEB plan are not expected to be liquidated with available financial resources and, therefore, are not reported in the governmental funds.” The details of this \$4,762,096 difference are as follows:

Total OPEB liability	\$	(3,670,164)
Deferred outflows of resources - OPEB items		259,851
Deferred inflows of resources - OPEB items		<u>(1,351,783)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(4,762,096)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.” The details of this \$78,201,232 difference are as follows:

Certificates of participation	\$	(75,699,998)
Installment purchase loans		(1,670,687)
Accrued interest payable		(269,098)
Compensated absences (i.e., vacation)		<u>(561,449)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(78,201,232)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$17,468,887 difference are as follows:

Capital outlay	\$	19,376,762
Depreciation expense		<u>(1,907,875)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u><u>17,468,887</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$864,409 difference are as follows:

Compensated absences (i.e., vacation)	\$	(42,282)
Change in accrued interest		561,267
Amortization of bond premium		677,936
Pension expense - LGERS		(530,787)
Pension expense - LEOSSA		22,900
Pension expense - RODSPF		(2,145)
OPEB expense		<u>177,520</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u><u>864,409</u></u>

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the County will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the County Manager. Transfers of appropriations between departments of less than \$5,000, and which do not involve salary or benefit appropriations, can be moved with the approval of the County Manager. Other increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

For the fiscal year ended June 30, 2020, the following departments reported actual expenditures that exceeded final appropriations:

General Fund:		
Human Services - Programs for the Aging	\$	4,038
Public Utilities Fund:		
Public Utilities Operations		44,989

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2020, are summarized as follows:

Statement of Net Position:

Primary government:	
Cash and cash equivalents	\$ 48,279,219
Restricted cash and cash equivalents	7,429,915
Discretely presented component unit:	
Montgomery County TDA	173,509
Fiduciary - agency funds	122,570
	<u>\$ 56,005,213</u>
Cash deposited with financial institutions	\$ 11,952,963
Cash deposited with NCCMT	44,052,250
	<u>\$ 56,005,213</u>

Credit risk. State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the NCCMT; and obligations of other political subdivisions of the state of North Carolina. The County does not have a separate credit rating policy which provides restrictions or limitations on credit ratings for the County's investments aside from adherence to the provisions of North Carolina G.S. 159-30.

As of June 30, 2020, the County had \$44,052,250 in the NCCMT as follows: \$41,326,110 in the NCCMT Term Portfolio and \$2,726,140 in the NCCMT Government Portfolio. As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented by the County as cash equivalents in the financial statements.

The County's investments in the NCCMT Government Portfolio carried a credit rating of AAAM Standard & Poor's as of June 30, 2020. The County's investment in the NCCMT Term Portfolio is unrated. The NCCMT Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30, as amended.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County's investments in both the NCCMT Government Portfolio and the NCCMT Term Portfolio are Level 1 investments.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The County's investments with the NCCMT reported a weighted-average duration of 0.15 years at June 30, 2020.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2020, the County's deposits are insured or collateralized as required by GASB and state statutes.

NOTE 5. RECEIVABLES

Receivables at June 30, 2020, for the County's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Educational Facilities</u>	<u>Public Facilities</u>	<u>Other Governmental</u>
Receivables:				
Taxes	\$ 1,904,726	\$ -	\$ -	\$ 36,295
Accounts	2,579,775	-	1,483,151	21,409
Due from other governments	91,650	707,681	497,425	98,417
Less allowance for uncollectible	<u>(800,378)</u>	<u>-</u>	<u>(626,655)</u>	<u>(15,018)</u>
Net total receivables	<u>\$ 3,775,773</u>	<u>\$ 707,681</u>	<u>\$ 1,353,921</u>	<u>\$ 141,103</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the County for the year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land and land improvements	\$ 4,989,443	\$ 12,611	\$ -	\$ -	\$ 5,002,054
Construction in progress	44,034,837	18,972,152	-	(890,315)	62,116,674
Total	<u>49,024,280</u>	<u>18,984,763</u>	<u>-</u>	<u>(890,315)</u>	<u>67,118,728</u>
Capital assets, being depreciated:					
Buildings and improvements	33,506,172	136,322	-	890,315	34,532,809
Airport infrastructure	2,875,769	-	-	-	2,875,769
Vehicles and motorized equipment	7,879,061	166,080	(103,749)	-	7,941,392
Other equipment	5,552,340	89,597	-	-	5,641,937
Total being depreciated	<u>49,813,342</u>	<u>391,999</u>	<u>(103,749)</u>	<u>890,315</u>	<u>50,991,907</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,812,550)	(826,537)	-	-	(12,639,087)
Airport infrastructure	(589,112)	(70,096)	-	-	(659,208)
Vehicles and motorized equipment	(4,751,170)	(410,614)	-	-	(5,161,784)
Other equipment	(2,102,819)	(600,628)	103,749	-	(2,599,698)
Total	<u>(19,255,651)</u>	<u>(1,907,875)</u>	<u>103,749</u>	<u>-</u>	<u>(21,059,777)</u>
Total capital assets, being depreciated, net	<u>30,557,691</u>	<u>(1,515,876)</u>	<u>-</u>	<u>890,315</u>	<u>29,932,130</u>
Governmental activities capital assets, net	<u>\$ 79,581,971</u>	<u>\$ 17,468,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,050,858</u>

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

Governmental activities:	
General government	\$ 110,261
Public safety	961,739
Transportation	86,568
Human services	45,701
Education	442,058
Environmental protection	9,489
Economic and physical development	237,938
Culture and recreation	14,121
Total depreciation expense - governmental activities	<u>\$ 1,907,875</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Nondepreciable capital assets:					
Land and land improvements	\$ 120,852	\$ 25,214	\$ -	\$ -	\$ 146,066
Construction in progress	531,947	1,203,251	-	-	1,735,198
Total	<u>652,799</u>	<u>1,228,465</u>	<u>-</u>	<u>-</u>	<u>1,881,264</u>
Capital assets, being depreciated:					
Buildings and improvements	5,568,132	-	-	-	5,568,132
Lines and related infrastructure	35,918,814	51,180	-	-	35,969,994
Vehicles and motorized equipment	452,352	4,635	-	-	456,987
Other equipment	4,201,960	54,605	-	-	4,256,565
Total being depreciated	<u>46,141,258</u>	<u>110,420</u>	<u>-</u>	<u>-</u>	<u>46,251,678</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,787,924)	(137,842)	-	-	(4,925,766)
Lines and related infrastructure	(16,260,436)	(885,531)	-	-	(17,145,967)
Vehicles and motorized equipment	(306,501)	(42,746)	-	-	(349,247)
Other equipment	(1,303,435)	(122,034)	-	-	(1,425,469)
Total	<u>(22,658,296)</u>	<u>(1,188,153)</u>	<u>-</u>	<u>-</u>	<u>(23,846,449)</u>
Total capital assets, being depreciated, net	<u>23,482,962</u>	<u>(1,077,733)</u>	<u>-</u>	<u>-</u>	<u>22,405,229</u>
Business-type activities capital assets, net	<u>\$ 24,135,761</u>	<u>\$ 150,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,286,493</u>

Depreciation expense for the County's business-type activities was all charged to the Public Facilities Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of participation	\$ 77,343,669	\$ -	\$ (1,643,672)	\$ 75,699,997	\$ 1,631,595
Unamortized premium	677,946	-	(677,946)	-	-
Net	78,021,615	-	(2,321,618)	75,699,997	1,631,595
Installment purchase loans*	1,879,523	-	(208,835)	1,670,688	208,835
Capital leases*	257,500	-	(257,500)	-	-
Net pension liability - LGERS	2,460,251	1,264,472	(1,018,162)	2,706,561	-
Total pension liability - LEOSSA	619,499	80,046	(61,492)	638,053	-
Compensated absences	519,167	184,717	(142,435)	561,449	112,290
Total OPEB liability	4,789,684	430,004	(1,549,524)	3,670,164	-
Governmental activity					
Long-term liabilities	<u>\$ 88,547,239</u>	<u>\$ 1,959,239</u>	<u>\$ (5,559,566)</u>	<u>\$ 84,946,912</u>	<u>\$ 1,952,720</u>
Business-type activities:					
Drinking water state loans*	\$ 4,791,200	\$ 434,384	\$ (438,432)	\$ 4,787,152	\$ 460,152
Installment purchase loans*	4,474,490	-	(255,330)	4,219,160	263,351
Net pension liability - LGERS	161,661	88,185	(68,457)	181,389	-
Compensated absences	35,488	15,581	(21,140)	29,929	5,986
Business-type activity					
Long-term liabilities	<u>\$ 9,462,839</u>	<u>\$ 538,150</u>	<u>\$ (783,359)</u>	<u>\$ 9,217,630</u>	<u>\$ 729,489</u>

* Direct borrowing/direct placement

For governmental funds, the General Fund is primarily responsible for the liquidation of the net pension liability – LGERS, total pension liability – LEOSSA, total OPEB liability, and compensated absences. For the County’s business-type activities, the net pension liability – LGERS and compensated absences are liquidated by the Public Utilities Fund.

Governmental Activities Capital Leases

In March 2017, the County entered into a lease agreement for E-911 communications equipment. During the current year, the County was notified that the remaining balance of the lease (\$257,500) would be cancelled due to a new statewide program involving the County’s E-911 Communications Center and the fact that the leased equipment would not be operable on this new system. The County has recognized revenue in the statement of activities for the amount of the debt forgiven related to this capital lease.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Governmental Activities Installment Purchase Loans

In September 2012, the County entered a direct placement installment purchase loan agreement in the amount of \$3,132,537 to finance the costs of improvements and renovations to various school facilities. The loan requires annual principal payments in the amount of \$208,835 and interest on the outstanding balance at 4.21% until maturity in September 2027.

Total debt service to maturity on the installment purchase loan is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 208,835	\$ 70,335	\$ 279,170
2022	208,835	61,545	270,380
2023	208,835	52,750	261,585
2024	208,835	43,960	252,795
2025	208,835	35,170	244,005
2026-2028	626,513	52,750	679,263
Total	<u>\$ 1,670,688</u>	<u>\$ 316,510</u>	<u>\$ 1,987,198</u>

Governmental Activities Certificates of Participation

In December 2014, the County sold certificates of participation (COPs) for the purpose of refunding the previously outstanding Series 2007 COPs that were issued to finance the construction of a new elementary school. The Series 2014 COPs were issued in an original amount of \$3,132,538 at an interest rate of 4.21%. Interest payments are made semiannually on February 1 and August 1 and principal payments are made annually on February 1 until maturity on February 1, 2025.

In January 2015, the County sold certificates of participation (COPs) for the purpose of refunding the previously outstanding Series 2007 COPs that were issued to finance the construction of a new jail facility. The Series 2015 COPs were issued in an original amount of \$5,745,605 at an interest rate of 2.47%. Interest payments are made semiannually on February 1 and August 1 and principal payments are made annually on February 1 until maturity on February 1, 2025.

In March 2018, the County sold certificates of participation (COPs) for the purpose of financing the construction of the new Montgomery Central High School (MCHS). These COPs were issued in the original amount of \$67,675,000 at an interest rate of 3.00%. Interest on the COPs was payable semiannually on September 1 and March 1 and the entire principal amount was due at maturity on September 1, 2020. In May 2020, the County refinanced these COPs at a new interest rate of 1.34% and an amended maturity date of May 6, 2021, at which time all unpaid principal and interest is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Governmental Activities Certificates of Participation (Continued)

Under the terms of agreements the County has executed with the United States Department of Agriculture (USDA) Rural Development, the USDA has obligated up to \$67,678,000 in program funds to provide permanent financing for the MCHS project. Upon completion of construction, the USDA Rural Development funds will be used to pay off the COPs issued by the County to provide construction financing and the amounts loaned to the County from USDA Rural Development will be repaid over a period of forty (40) years at an annual interest rate of 2.75%. Final maturity schedules for the loans from USDA will be determined when the project is completed and loan amounts finalized.

In accordance with GASB Codification Section 2200.183 through 2200.190, the County has excluded the COPs related to the MCHS project from amounts shown as due within one year on the statement of net position even though the entire principal balance of \$67,675,000 is due in the upcoming fiscal year. The GASB Codification stipulates that it is appropriate to do so if the government has both the intent and the ability to refinance the obligation on a long-term basis. The County meets these criteria through the execution of the agreements with USDA Rural Development and thus the entire balance outstanding for the MCHS project COPs is shown as long-term in the statement of net position. As the final amortization schedules for the loans with USDA Rural Development have not been determined, the amounts are also excluded from the maturity schedules below. The County's obligations for payment under the existing MCHS project COPs include interest payments of \$287,168 and \$453,423 on September 1, 2020, and March 1, 2021, respectively. One final interest payment will be due when the COPs are fully retired at the completion of the project.

The debt service to maturity on the County's outstanding COPs (excluding the MCHS project) are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2021	\$ 1,631,595	\$ 198,217	\$ 1,829,812
2022	1,619,220	157,917	1,777,137
2023	1,605,534	117,922	1,723,456
2024	1,591,510	78,265	1,669,775
2025	1,577,138	38,955	1,616,093
Total	<u>\$ 8,024,997</u>	<u>\$ 591,276</u>	<u>\$ 8,616,273</u>

Business-type Activities Installment Purchase Loans

In May 2013, the County entered a direct placement installment purchase loan agreement in the amount of \$5,831,300 to finance the costs of expansions and improvements to its water supply system. The loan requires an annual principal payment on June 1 of each year and bears interest at 3.47%.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-type Activities Installment Purchase Loans (Continued)

Total debt service to maturity on the installment purchase loan is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 263,351	\$ 146,405	\$ 409,756
2022	272,342	137,267	409,609
2023	281,788	127,816	409,604
2024	291,182	118,038	409,220
2025	301,023	107,935	408,958
2026-2030	1,669,659	375,445	2,045,104
2031-2033	1,139,815	79,948	1,219,763
Total	<u>\$ 4,219,160</u>	<u>\$ 1,092,854</u>	<u>\$ 5,312,014</u>

Business-type Activities State Revolving Loans

The County has entered into multiple agreements with the State of North Carolina Department of Environmental Quality (NCDEQ) to finance various projects with funds from the Drinking Water State Revolving Fund. The information on the outstanding loans the County has with NCDEQ is as follows:

<u>Date of Loan</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Payment Dates</u>	<u>Maturity Date</u>	<u>Balance</u>
January 2008	\$ 4,345,162	2.265%	5/1 and 11/1	5/1/2028	\$ 2,044,782
September 2012	1,231,192	2.455%	5/1 and 11/1	5/1/2029	651,808
May 2015	2,208,237	-	5/1	5/1/2035	1,656,178
January 2020	434,384	-	5/1	5/1/2040	434,384
					<u>\$ 4,787,152</u>

Total debt service to maturity on the County's outstanding loans with NCDEQ is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 460,152	\$ 62,316	\$ 522,468
2022	460,152	54,748	514,900
2023	460,152	47,182	507,334
2024	460,152	39,614	499,766
2025	460,152	32,047	492,199
2026-2030	1,717,140	52,516	1,769,656
2031-2035	660,655	-	660,655
2036-2040	108,597	-	108,597
Total	<u>\$ 4,787,152</u>	<u>\$ 288,423</u>	<u>\$ 5,075,575</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	\$ <u>164,313</u>

The amount owed by the General Fund relates to timing differences of when the County accrues sales tax revenues from the North Carolina Department of Revenue and when the cash is received and moved to the Educational Facilities Fund.

The composition of interfund transfers for the year ended June 30, 2020, is as follows:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amount</u>
General Fund	Educational Facilities Fund	\$ 3,285,214
General Fund	Nonmajor governmental funds	<u>2,218,163</u>
		<u>\$ 5,503,377</u>
Nonmajor governmental funds	General Fund	<u>\$ 28,987</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The General Fund transferred funds to the Educational Facilities Fund and the nonmajor governmental funds related to the funding of capital projects.

THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS

The County participates in three defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Officers Special Separation Allowance, and the Registers of Deeds' Supplemental Pension Fund (RODSPF). Only the LGERS and RODSPF are funded with qualifying trusts and accounted for by the County under GASB Statement No. 68. The LEOSSA is reported in accordance with GASB Statement No. 73. The net pension liability (asset), total pension liability, and related deferred outflows of resources and deferred inflows of resources for the LGERS, LEOSSA, and RODSPF are summarized as follows:

	LGERS	LEOSSA	RODSPF	Total
Net pension asset	\$ -	\$ -	\$ 42,189	\$ 42,189
Net pension liability	2,887,950	-	-	2,887,950
Total pension liability	-	638,053	-	638,053
Deferred outflows of resources related to pensions	1,719,466	76,762	8,453	1,804,681
Deferred inflows of resources related to pensions	96,982	57,967	2,792	157,741
Pension expense	1,245,556	38,845	4,467	1,288,868

A. Local Governmental Employees' Retirement System

Plan Description. Montgomery County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members—nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report for the state of North Carolina. The State's Comprehensive Annual Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$683,847 for the year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

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

At June 30, 2020, the County reported a liability of \$2,887,950 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was 0.10575%, which was a decrease of 0.00477% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,245,556. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 494,490	\$ -
Net difference between projected and actual earnings on pension plan investments	70,441	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	96,982
Changes in plan assumptions	470,688	-
County contributions subsequent to the measurement date	683,847	-
Total	\$ 1,719,466	\$ 96,982

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of \$683,847 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ 478,164
2022	128,099
2023	259,834
2024	72,540
Total	<u>\$ 938,637</u>

Actuarial Assumptions. The total pension liability as of June 30, 2019, was determined by the December 31, 2018 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 %) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 6,605,270	\$ 2,887,950	\$ (201,896)

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

B. 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 administered by the State of North Carolina. The Separation Allowance is equal to 0.85% 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. A separate report is not issued for the Plan.

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2018, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	29
Total	35

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50 to 7.35%, including inflation and productivity factor
Discount rate	3.26%

The discount rate used to measure the total pension liability is the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.64% to 3.26% due to a change in the Municipal Bond Rate.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$64,829 as benefits came due for the reporting period.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

At June 30, 2020, the County reported a total pension liability of \$638,053. The total pension liability was measured as of December 31, 2019, based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$38,845. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 30,258	\$ 18,081
Difference between expected and actual experience	13,373	39,886
County benefit payments made subsequent to the measurement date.	33,131	-
Total	\$ 76,762	\$ 57,967

An amount of \$33,131, reported as deferred outflows of resources related to pensions, resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as reductions of pension expense as follows:

Year ending June 30		
2021	\$	(8,348)
2022		(8,188)
2023		(3,843)
2024		3,677
2025		2,366
Total	\$	(14,336)

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Changes in the Total Pension Liability. The changes in the total pension liability of the County for the fiscal year ended June 30, 2020, were as follows:

	Total Pension Liability	
Balance at June 30, 2019	\$	619,499
Service cost		25,109
Interest		21,431
Difference between expected and actual experience		16,426
Change of assumptions or other inputs		17,080
Contributions		<u>(61,492)</u>
Balance at June 30, 2020	\$	<u><u>638,053</u></u>

The required schedule of changes in the County's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.26%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 686,070	\$ 638,053	\$ 594,417

THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,320 for the year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

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

At June 30, 2020, the County reported an asset of \$42,189 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was 0.21370%, which was a decrease of 0.03924% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$4,467. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,034
Net difference between projected and actual earnings on pension plan investments	432	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,701	758
County contributions subsequent to measurement date	2,320	-
Total	\$ 8,453	\$ 2,792

County contributions made subsequent to the measurement date of \$2,320 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ 322
2022	2,318
2023	1,534
2024	(833)
Total	\$ 3,341

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 7.75%, including inflation and productivity factor
Investment rate of return	3.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019, is 3.75%, including inflation.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (34,875)	\$ (42,189)	\$ (48,370)

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

D. 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 for the state of North Carolina. The State's Comprehensive Annual Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020, were \$56,879, which consisted of \$52,535 from the County and \$4,344 from the law enforcement officers.

E. Supplemental Retirement Income Plan for General Government Employees

Plan Description. The County contributes to 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 for the State of North Carolina. The State's Comprehensive Annual Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for General Government Employees. 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 nine point seven percent of each general government employee's salary, and all amounts contributed are vested immediately. Also, the general government employees are required to make contributions to the plan equal to six percent of each general government employee's salary. Contributions for the year ended June 30, 2020 were \$252,179, which consisted of \$137,960 from the County and \$114,219 from the general government employees.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Administration and Benefits. The County, as authorized by the County Commission, administers a single-employer defined benefit Retiree Healthcare Coverage Plan (the "RHC Plan"). The RHC Plan is administered by County management, under the direction of the County's Board of Commissioners. The County will provide, at its expense, medical insurance for all full time employees who retire with unreduced benefits from the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and meet the following criteria: (1) were hired before July 1, 2013; (2) have at least thirty (30) or more years of creditable service with the County; and (3) attain age 62. The County will pay the full amount of the retiree's healthcare premium for employees meeting these criteria until becoming eligible for Medicare at which time, the benefit provided by the County changes to \$125 per month for the retiree to purchase supplements to Medicare.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Administration and Benefits (Continued). The County's Board of Commissioners established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the RHC Plan.

Plan Membership. Membership of the RHC Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active participants	52
Retirees and beneficiaries currently receiving benefits	81
Total	<u>133</u>

Contributions. The Board of Commissioners has elected to fund the RHC plan on a "pay as you go" basis. Per a County resolution, the County is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the year ended June 30, 2020, the County contributed \$157,160 for the pay as you go benefits for the RHC Plan. Retirees do not contribute to the RHC Plan.

Total OPEB Liability of the County. The County's total OPEB liability was measured as of June 30, 2019, as determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.50%
Healthcare cost trend rate:	7.00% to 4.50%, Ultimate Trend in 2026 (Pre-Medicare) 5.00% to 4.50%, Ultimate Trend in 2021 (Medicare)
Inflation rate:	2.50%
Real wage growth:	1.00%
Wage inflation:	3.50%
Salary increases:	3.50% to 7.35% (Law Enforcement Officers), including wage inflation 3.50% to 7.75% (General Employees and Firefighters), including wage inflation
Participation rate:	100%

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount rate. The discount rate used to measure the total OPEB liability was 3.50%, the rate was decreased from the discount rate of 3.89% which was used for the prior measurement period. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher—which was 3.50% as determined by the Bond Buyer General Obligation 20-year Municipal Bond Index as of June 30, 2020.

Changes in the Total OPEB Liability of the County. The changes in the components of the total OPEB liability of the County for the year ended June 30, 2020, were as follows:

	Total OPEB Liability
Balances at June 30, 2019	\$ 4,789,684
Changes for the year:	
Service cost	122,791
Interest	182,855
Differences between expected and actual experience	(1,369,719)
Assumption changes	124,358
Benefit payments	(179,805)
Net changes	(1,119,520)
Balances at June 30, 2020	\$ 3,670,164

The required schedule of changes in the County’s total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 4,066,637	\$ 3,670,164	\$ 3,328,540

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The table at the top of the following page presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 3.5%) or 1-percentage-point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates (Continued).

	1% Decrease (6.5% to 3.5%)	Current Trend Rate	1% Increase (8.5% to 5.5%)
Total OPEB liability	\$ 3,463,493	\$ 3,670,164	\$ 3,907,623

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2020, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2020, the County recognized OPEB expense of \$(19,273). At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,027	\$ 1,094,297
Changes in assumptions	98,664	257,486
Benefits paid subsequent to measurement period	157,160	-
Total	\$ 259,851	\$ 1,351,783

Benefits paid by the County subsequent to the measurement date of \$157,160 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	\$ (335,207)
2022	(335,207)
2023	(333,762)
2024	(244,916)
Total	\$ (1,249,092)

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County purchased general liability and property insurance coverage from State National Insurance Company. Coverage includes automobile physical damage coverage for owned autos at actual cash value; general liability, public officials, law enforcement, and employment practices liability coverage of \$1 million per occurrence; privacy liability and network risk coverage of \$1 million; and aviation commercial general liability of \$5 million per occurrence, with other sub-limits for other coverages.

The County provides employee health benefits through a fully-insured plan provided by BlueCross BlueShield of North Carolina (BCBSNC). Claims are administered and paid directly from the plan by BCBSNC.

The County participates in a self-funded risk-financing pool administered by the North Carolina Association of County Commissioners for the purpose of providing medical and indemnity payments as required by law for on-the-job related injuries. Through this pool, the County obtains workers' compensation coverage up to North Carolina statutory limits. The pool issues separately audited annual financial statements that are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of the \$750,000 retention.

In accordance with G.S. 159-29, County 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 Finance Director and TDA Finance Officer are individually bonded for \$50,000 each. In addition, the Sheriff and Register of Deeds, both elected positions, are individually bonded for \$10,000 each. The Tax Collector is also individually bonded for \$25,000. Plus, all employees are bonded under a blanket bond for \$250,000 per incident.

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

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

Construction Commitments. The County has several active construction projects as of June 30, 2020, with contractual commitments on the uncompleted contract of approximately \$2,375,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Contingencies. The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such, disallowances, if any, will not be significant.

NOTE 13. JOINT VENTURES

Montgomery Community College. The County, in conjunction with the State of North Carolina and Montgomery County Board of Education, participates in a joint venture to operate Montgomery Community College (MCC). The County, the State of North Carolina, and the Montgomery County Board of Education each appoint four (4) members of the thirteen-member Board of Trustees of MCC. The president of the community college's student government serves as an ex-officio non-voting member of the Board for MCC.

The County has the basic responsibility for providing funding for the facilities of MCC and also provides some financial support of MCC's operations. The County has an ongoing financial responsibility for MCC because of the statutory responsibilities to provide funding for MCC's facilities. During the fiscal year ended June 30, 2020, the County contributed \$784,000 to operating purposes and \$367,363 for facility maintenance costs to MCC.

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. Instead, MCC is included as a component unit of the State of North Carolina. Complete financial statements may be obtained from MCC at the Administrative Offices, 1011 Page Street, Troy, North Carolina 27371.

Sandhill Regional Library System. The County participates in a joint venture to operate the Sandhill Regional Library System (SRLS) with four other governments: Anson County, Hoke County, Moore County, and Richmond County. Each participating government appoints three (3) members to the fifteen (15) member board of SRLS. The County has an ongoing financial responsibility for the joint venture because SRLS's continued existence depends on continued funding from the participating governments. None of the governments have an equity interest in the SRLS and therefore, no equity interest has been reflected in the County's financial statements.

In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$316,620, \$311,526, and \$301,260 for the years ended June 30, 2020, 2019, and 2018, respectively, to supplement the activities of the local library operations, including \$11,800, \$11,800, and \$11,800, respectively, to SRLS directly.

Complete financial statements for SRLS can be obtained from the administrative offices at 412 East Franklin Street, Rockingham, North Carolina 28379.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURES (CONTINUED)

Sandhills Center for Mental Health, Developmental Disabilities, and Substance Abuse Services. The County appoints two members to the governing board of the Sandhills Center, a regional authority that was organized to provide mental health, developmental disabilities, and substance abuse services to the five-county area of Anson County, Hoke County, Montgomery County, Moore County, and Richmond County. Each participating government appoints members to the governing board of the Sandhills Center. The County has an ongoing financial responsibility for the joint venture because the continued existence of the Sandhills Center depends on the continued funding of the participating governments. None of the governments have an equity interest in the SRLS and therefore, no equity interest has been reflected in the County's financial statements.

In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$60,775 in each of the past three (3) fiscal years to supplement the activities of the Sandhills Center. This appropriation includes amounts distributed to the County from local ABC boards intended to support mental health activities.

Complete financial statements for the Sandhills Center can be obtained from their administrative offices in West End, North Carolina 27376.

NOTE 14. JOINTLY GOVERNED ORGANIZATIONS

The County, in conjunction with eleven other counties and 61 other municipalities, are members of the Piedmont Triad Regional Council (PTRC). The State established PTRC to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to PTRC's governing board. The County paid membership fees of \$9,040 to PTRC during the fiscal year ended June 30, 2020. Complete financial statements for PTRC can be obtained from the administrative offices at 1398 Carrollton Crossing Drive, Kernersville, North Carolina 27284.

NOTE 15. RESTATEMENTS TO BEGINNING BALANCES

Management of the County has determined that a restatement to its beginning fund balance of the General Fund and beginning net position of its governmental activities is necessary to properly recognize revenues of prior fiscal periods. The County had been carrying payments received for Medicaid analyses and settlements as unearned revenues until they were budgeted for use by the Health Department. In accordance with GASB 33, these revenues should be recognized when the assets are received by the County and thus the following restatements were made to correct beginning balances of the County:

	<u>General Fund</u>	<u>Governmental Activities</u>
Beginning equity, as previously reported	\$ 18,589,352	\$ 52,401,808
Recognition of prior period revenues	625,602	625,602
Beginning equity, restated	<u>\$ 19,214,954</u>	<u>\$ 53,027,410</u>

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST SEVEN FISCAL YEARS*

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net pension liability (asset) (%)	0.32914%	0.111%	0.118%	0.123%
County's proportion of the net pension liability (asset) (\$)	\$ 2,887,950	\$ 2,621,912	\$ 1,800,880	\$ 2,611,109
County's covered payroll	\$ 7,386,672	\$ 7,171,555	\$ 7,206,387	\$ 7,175,471
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.10%	36.56%	24.99%	36.39%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	94.18%	91.47%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
County's proportion of the net pension liability (asset) (%)	0.125%	0.125%	0.127%	
County's proportion of the net pension liability (asset) (\$)	\$ 559,826	\$ (738,480)	\$ 1,528,427	
County's covered payroll	\$ 7,061,199	\$ 7,086,642	\$ 7,093,557	
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7.93%	(10.42%)	21.55%	
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%	

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

MONTGOMERY COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S CONTRIBUTIONS
LAST SEVEN FISCAL YEARS***

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 683,847	\$ 582,768	\$ 551,436	\$ 542,605
Contributions in relation to the contractually required contribution	683,847	582,768	551,436	542,605
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 7,389,356	\$ 7,386,672	\$ 7,171,555	\$ 7,206,387
Contributions as a percentage of covered payroll	9.25%	7.89%	7.69%	7.53%
	<u>2016</u>	<u>2015</u>	<u>2017</u>	
Contractually required contribution	\$ 491,297	\$ 502,724	\$ 503,084	
Contributions in relation to the contractually required contribution	491,297	502,724	503,084	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 7,175,471	\$ 7,061,199	\$ 7,086,642	
Contributions as a percentage of covered payroll	6.85%	7.12%	7.10%	

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

MONTGOMERY COUNTY, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Method and assumptions used in calculations of actuarially determined contributions : The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Valuation date	December 31, 2018
Actuarial cost method	Frozen Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12 years
Asset valuation method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	3.50 – 8.10%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

MONTGOMERY COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
JUNE 30, 2020**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 619,499	\$ 679,920	\$ 714,648	\$ 726,617
Service Cost	25,109	24,777	22,760	31,912
Interest on the total pension liability	21,431	20,433	26,466	24,992
Difference between expected and actual experience	16,426	(18,338)	(61,179)	-
Changes of assumptions or other inputs	17,080	(20,673)	35,220	(15,728)
Benefit payments	(61,492)	(66,620)	(57,995)	(53,145)
Ending balance of the total pension liability	<u>\$ 638,053</u>	<u>\$ 619,499</u>	<u>\$ 679,920</u>	<u>\$ 714,648</u>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

MONTGOMERY COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST FOUR FISCAL YEARS

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2020	2019	2018	2017
Total pension liability	\$ 638,053	\$ 619,499	\$ 679,920	\$ 714,648
County's covered payroll	\$ 1,073,691	\$ 982,660	\$ 991,893	\$ 1,188,937
Total pension liability as a percentage of covered-employee payroll	59.43%	63.04%	68.55%	60.11%

Montgomery County is not contributing to and has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASE Statement 73 to pay related benefits.

Note: Schedule is intended to show information for the last 10 fiscal years; additional years will be displayed as they become available

MONTGOMERY COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST SEVEN FISCAL YEARS*
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net pension asset (%)	0.214%	0.253%	0.242%	0.248%
County's proportion of the net pension liability (asset) (\$)	\$ (42,189)	\$ (41,894)	\$ (41,380)	\$ (46,445)
County's covered payroll	\$ 53,020	\$ 51,971	\$ 51,500	\$ 58,916
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-79.57%	-80.61%	-80.35%	-78.83%
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
County's proportion of the net pension asset (%)	0.249%	0.245%	0.232%	
County's proportion of the net pension liability (asset) (\$)	\$ (57,682)	\$ (55,498)	\$ (49,453)	
County's covered payroll	\$ 58,328	\$ 57,828	\$ 57,828	
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-98.89%	-95.97%	-85.52%	
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%	

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

MONTGOMERY COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S CONTRIBUTIONS
LAST SEVEN FISCAL YEARS**

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 3,274	\$ 2,031	\$ 2,165	\$ 1,922
Contributions in relation to the contractually required contribution	3,274	2,031	2,165	1,922
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 54,080	\$ 53,020	\$ 51,971	\$ 51,500
Contributions as a percentage of covered payroll	6.05%	3.83%	4.17%	3.73%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 2,214	\$ 1,992	\$ 1,999	
Contributions in relation to the contractually required contribution	2,214	1,992	1,999	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 58,916	\$ 58,328	\$ 57,828	
Contributions as a percentage of covered payroll	3.76%	3.42%	3.46%	

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

MONTGOMERY COUNTY, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Valuation date	December 31, 2018
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	30
Asset valuation method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	3.50 – 7.75%, including inflation
Investment rate of return	3.75%, net of pension plan investment expense, including inflation

MONTGOMERY COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 122,791	\$ 127,191	\$ 138,063
Interest on total OPEB liability	182,855	169,878	149,803
Difference between expected and actual experience	(1,369,719)	(11,396)	8,095
Changes of assumptions and other inputs	124,358	(165,733)	(296,036)
Benefit payments	(179,805)	(202,424)	(207,667)
Net change in total OPEB liability	(1,119,520)	(82,484)	(207,742)
Total OPEB liability - beginning	4,789,684	4,872,168	5,079,910
Total OPEB liability - ending	\$ 3,670,164	\$ 4,789,684	\$ 4,872,168
Covered payroll	\$ 3,174,299	\$ 4,040,533	\$ 4,040,533
Total OPEB liability as a percentage of covered payroll	115.6%	118.5%	120.6%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The County is not accumulating assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Emergency 911 Telephone System Fund. Accounts for revenues from E-911 subscriber fees and wireless 911 fees and expenditures associated with the purchase and maintenance of emergency communications equipment for the enhanced 911 computer aided dispatch system.

Emergency Management Planning Grant Fund. Accounts for the restricted intergovernmental revenues from the North Carolina Department of Public Safety and the related expenditures for preparation, response, recovery, and mitigation from emergency situations and natural disasters.

Community Development Fund. Accounts for revenues and expenditures restricted for economic and physical development activities throughout the County.

Fire District Funds. The fire district funds account for the collection of restricted special fire district taxes that are returned quarterly to the volunteer fire departments on a budgeted basis. The County reports a fire district fund for the following communities:

Badin Lake
Lake Tillery
Wadeville

Child Support Incentives. Accounts for restricted revenues collected by the Department of Social Services resulting from fees paid for the adoption of children.

Capital Project Funds

Golden LEAF - Aseptia Fund. Accounts for restricted funds received from the Golden LEAF Foundation to be used on projects in the County.

Schools Projects Fund. Accounts for activities related the maintenance projects performed on behalf of the Montgomery County Board of Education, the local public school district in the County.

Airport Projects Fund. Accounts for expenditures related to capital projects at the Montgomery County Airport and the related restricted funding received from the North Carolina Department of Transportation.

County Projects Fund. Accounts for revenues and expenditures related to various County-wide capital projects.

MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

ASSETS	Special Revenue Funds				
	Emergency 911 Telephone System	Emergency Management Planning Grant	Community Development	Badin Lake Fire District	Lake Tillery Fire District
Cash and cash equivalents	\$ 110,886	\$ 224,519	\$ 8,981	\$ 2,488	\$ 978
Taxes receivable, net	-	-	-	12,784	8,181
Accounts receivable	-	-	-	-	-
Due from other governments	18,815	45	-	-	-
Due from other funds	-	-	-	-	-
Prepays	1,093	50	-	-	-
Total assets	\$ 130,794	\$ 224,614	\$ 8,981	\$ 15,272	\$ 9,159
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,777	\$ -	\$ -	\$ 3,757	\$ 1,893
Unearned revenues	-	-	-	-	-
Total liabilities	2,777	-	-	3,757	1,893
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - ad valorem	-	-	-	11,515	7,266
Total deferred inflows of resources	-	-	-	11,515	7,266
FUND BALANCES					
Nonspendable - prepaid items	1,093	50	-	-	-
Restricted:					
Stabilization by State Statute	18,815	-	-	-	-
Public safety	108,109	224,564	-	-	-
Economic and physical development	-	-	8,981	-	-
Human services	-	-	-	-	-
Schools capital projects	-	-	-	-	-
County capital projects	-	-	-	-	-
Total fund balances	128,017	224,614	8,981	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 130,794	\$ 224,614	\$ 8,981	\$ 15,272	\$ 9,159

(continued)

Special Revenue Funds		Capital Project Funds				Total Nonmajor Governmental Funds
Wadeville Fire District	Child Support Incentives	Golden LEAF - Aseptia	Schools Projects	Airport Projects	County Projects	
\$ 304	\$ 235,006	\$ 199,349	\$ 1,060,345	\$ 80,118	\$ 4,096,325	\$ 6,019,299
312	-	-	-	-	-	21,277
-	21,409	-	-	-	-	21,409
-	53	-	652	76,774	2,078	98,417
-	-	-	164,313	-	-	164,313
-	75	-	-	-	-	1,218
<u>\$ 616</u>	<u>\$ 256,543</u>	<u>\$ 199,349</u>	<u>\$ 1,225,310</u>	<u>\$ 156,892</u>	<u>\$ 4,098,403</u>	<u>\$ 6,325,933</u>
\$ 373	\$ 2,520	\$ -	\$ -	\$ 39,186	\$ 14,051	\$ 64,557
-	-	-	-	-	661,357	661,357
<u>373</u>	<u>2,520</u>	<u>-</u>	<u>-</u>	<u>39,186</u>	<u>675,408</u>	<u>725,914</u>
243	-	-	-	-	-	19,024
<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,024</u>
-	75	-	-	-	-	1,218
-	-	-	-	-	-	18,815
-	-	-	-	-	-	332,673
-	-	199,349	-	-	-	208,330
-	253,948	-	-	-	-	253,948
-	-	-	1,225,310	-	-	1,225,310
-	-	-	-	117,706	3,422,995	3,540,701
<u>-</u>	<u>254,023</u>	<u>199,349</u>	<u>1,225,310</u>	<u>117,706</u>	<u>3,422,995</u>	<u>5,580,995</u>
<u>\$ 616</u>	<u>\$ 256,543</u>	<u>\$ 199,349</u>	<u>\$ 1,225,310</u>	<u>\$ 156,892</u>	<u>\$ 4,098,403</u>	<u>\$ 6,325,933</u>

MONTGOMERY COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	Emergency Telephone System	Emergency Management Planning Grant	Community Development	Badin Lake Fire District	Lake Tillery Fire District
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 423,513	\$ 206,507
Intergovernmental revenues	200,338	38,904	-	-	-
Investment earnings	59	-	-	-	-
Total revenues	<u>200,397</u>	<u>38,904</u>	<u>-</u>	<u>423,513</u>	<u>206,507</u>
EXPENDITURES					
Public safety	117,223	1,410	-	423,510	206,502
Transportation	-	-	-	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Total expenditures	<u>117,223</u>	<u>1,410</u>	<u>-</u>	<u>423,510</u>	<u>206,502</u>
Excess (deficiency) of revenues over (under) expenditures	83,174	37,494	-	3	5
OTHER FINANCING SOURCES (USES)					
Transfers in	5,365	-	-	-	-
Transfers out	(28,987)	-	-	-	-
Total other financing sources (uses)	<u>(23,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	59,552	37,494	-	3	5
FUND BALANCES, beginning of year	<u>68,465</u>	<u>187,120</u>	<u>8,981</u>	<u>(3)</u>	<u>(5)</u>
FUND BALANCES, end of year	<u>\$ 128,017</u>	<u>\$ 224,614</u>	<u>\$ 8,981</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Special Revenue Funds		Capital Project Funds				Total Nonmajor Governmental Funds
Wadeville Fire District	Child Support Incentives	Golden LEAF - Aseptia	Schools Projects	Airport Projects	County Projects	
\$ 18,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648,467
-	72,673	-	-	351,391	30,757	694,063
-	-	-	-	-	-	59
<u>18,447</u>	<u>72,673</u>	<u>-</u>	<u>-</u>	<u>351,391</u>	<u>30,757</u>	<u>1,342,589</u>
18,447	-	-	-	-	213,462	980,554
-	-	-	-	355,956	-	355,956
-	48,019	-	-	-	-	48,019
-	-	-	512,578	-	-	512,578
<u>18,447</u>	<u>48,019</u>	<u>-</u>	<u>512,578</u>	<u>355,956</u>	<u>213,462</u>	<u>1,897,107</u>
-	24,654	-	(512,578)	(4,565)	(182,705)	(554,518)
-	-	-	1,186,806	-	1,025,992	2,218,163
-	-	-	-	-	-	(28,987)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,806</u>	<u>-</u>	<u>1,025,992</u>	<u>2,189,176</u>
-	24,654	-	674,228	(4,565)	843,287	1,634,658
-	229,369	199,349	551,082	122,271	2,579,708	3,946,337
<u>\$ -</u>	<u>\$ 254,023</u>	<u>\$ 199,349</u>	<u>\$ 1,225,310</u>	<u>\$ 117,706</u>	<u>\$ 3,422,995</u>	<u>\$ 5,580,995</u>

MONTGOMERY COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 18,959,735	\$ 19,009,735	\$ 19,601,137	\$ 591,402
Prior year	303,800	303,800	370,454	66,654
Penalties, interest, and advertising, net	89,200	89,200	123,850	34,650
Total ad valorem taxes	19,352,735	19,402,735	20,095,441	692,706
Local option sales taxes:				
Article 39 and 44	1,595,000	1,595,000	2,560,581	965,581
Article 40	1,500,000	1,500,000	1,673,166	173,166
Article 42	800,000	800,000	1,070,818	270,818
Article 46	480,000	555,000	579,007	24,007
Medicaid hold harmless payment	-	-	73,761	73,761
Total local option sales taxes	4,375,000	4,450,000	5,957,333	1,507,333
Other taxes:				
Deed conveyance excise tax	-	-	164,217	164,217
Beer and wine license tax	-	-	1,310	1,310
Rental vehicle gross receipts tax	-	-	567	567
Total other taxes	-	-	166,094	166,094
Intergovernmental revenues, unrestricted:				
Beer and wine excise taxes	-	-	85,750	85,750
Payments in lieu of taxes	94,000	94,000	115,062	21,062
Disposal taxes, scrap tires	40,000	40,000	37,561	(2,439)
Property tax billing and collection fees	22,000	22,000	27,027	5,027
Federal and state forfeiture funds	2,000	2,000	7,818	5,818
Video program franchise distribution	15,000	15,000	16,190	1,190
Disposal taxes, solid waste	4,000	4,000	18,927	14,927
Sheriff and jail court fees	54,000	54,000	50,155	(3,845)
Profit distribution from local ABC boards	1,000	1,000	26,666	25,666
Total unrestricted intergovernmental revenues	232,000	232,000	385,156	153,156
Intergovernmental revenues, restricted:				
Federal and state grants	3,864,153	5,104,115	4,248,908	(855,207)
Lottery proceeds	250,000	250,000	250,000	-
Special loan interest subsidy	73,747	73,747	74,459	712
Court facilities fees	50,000	50,000	43,719	(6,281)
Share of nationwide timber receipts	69,000	69,000	55,824	(13,176)
Library contribution fees	24,000	24,000	24,800	800
ABC bottle tax	5,000	5,000	7,046	2,046
Total restricted intergovernmental revenues	4,335,900	5,575,862	4,704,756	(871,106)
Licenses, fees and permits:				
Landfill revenues	1,908,377	1,908,377	2,018,146	109,769
Inmate housing fees	220,000	280,000	365,598	85,598
Building permit and inspection fees	111,000	111,000	316,389	205,389
Register of Deeds fees and permits	182,500	182,500	133,003	(49,497)
Environmental health permits	40,000	40,000	51,624	11,624
Civil, pistol, and concealed weapons permits	48,000	48,000	50,231	2,231
Library fines	6,000	6,000	466	(5,534)
Zoning permits fees	10,000	10,000	12,355	2,355
Animal control fees	1,000	1,000	510	(490)
Elections fees	-	-	1,622	1,622
Marriage licenses	-	-	2,875	2,875
Total licenses, fees and permits	2,526,877	2,586,877	2,952,819	365,942

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues (Continued)				
Sales and services:				
Medicaid/Medicare service fees	\$ 399,878	\$ 399,878	\$ 310,602	\$ (89,276)
Contracted revenues	21,000	37,904	24,084	(13,820)
Department of Health fees	82,500	82,500	59,391	(23,109)
Rental fees	66,280	66,280	67,109	829
Vending and phone commissions	20,000	20,000	52,016	32,016
Department of Social Services fees	13,500	13,500	20,061	6,561
Sales of aviation fuel	-	6,000	6,702	702
County program fees	2,500	2,500	1,396	(1,104)
Total sales and services	605,658	628,562	541,361	(87,201)
Investment earnings	360,000	360,000	552,161	192,161
Miscellaneous revenues:				
Contributions/donations	6,000	58,769	64,781	6,012
Sales of used surplus equipment and vehicles	-	-	10,693	10,693
Insurance proceeds and legal settlements	-	19,131	52,907	33,776
Miscellaneous other	200	24,369	34,784	10,415
Total miscellaneous revenues	6,200	102,269	163,165	60,896
Total revenues	31,794,370	33,338,305	35,518,286	2,179,981
Expenditures				
General government:				
Commissioners				
Salaries and employee benefits	506,429	404,750	(72,691)	477,441
Other operating expenditures	823,513	731,796	534,460	197,336
Capital and equipment outlays	25,000	31,056	31,055	1
Total	1,354,942	1,167,602	492,824	674,778
County administration/manager's office				
Salaries and employee benefits	193,259	205,984	208,675	(2,691)
Other operating expenditures	30,050	18,550	15,735	2,815
Total	223,309	224,534	224,410	124
Finance				
Salaries and employee benefits	277,924	284,355	275,330	9,025
Other operating expenditures	35,000	9,000	6,405	2,595
Total	312,924	293,355	281,735	11,620
Information technology				
Other operating expenditures	205,000	224,375	205,922	18,453
Capital and equipment outlays	339,208	319,833	126,404	193,429
Total	544,208	544,208	332,326	211,882
Human resources				
Salaries and employee benefits	80,419	74,245	74,454	(209)
Other operating expenditures	5,750	5,750	4,597	1,153
Total	86,169	79,995	79,051	944
Property tax administration				
Salaries and employee benefits	379,709	399,468	400,354	(886)
Other operating expenditures	54,500	54,500	46,697	7,803
Total	434,209	453,968	447,051	6,917

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
General government (continued):				
Property tax revaluation				
Salaries and employee benefits	\$ 7,010	\$ 7,010	\$ 5,460	\$ 1,550
Other operating expenditures	512,490	502,490	353,405	149,085
Total	519,500	509,500	358,865	150,635
Elections and Board of Elections				
Salaries and employee benefits	135,316	170,380	158,249	12,131
Other operating expenditures	72,417	72,417	63,007	9,410
Total	207,733	242,797	221,256	21,541
Register of Deeds' office				
Salaries and employee benefits	141,340	145,102	146,477	(1,375)
Other operating expenditures	33,000	33,000	29,286	3,714
Total	174,340	178,102	175,763	2,339
Custodial services				
Salaries and employee benefits	168,750	174,119	167,353	6,766
Other operating expenditures	31,000	25,000	20,141	4,859
Total	199,750	199,119	187,494	11,625
Facilities management				
Salaries and employee benefits	116,091	120,659	121,368	(709)
Other operating expenditures	655,000	755,000	688,644	66,356
Capital and equipment outlays	255,000	80,000	40,321	39,679
Total	1,026,091	955,659	850,333	105,326
Court facilities				
Other operating expenditures	9,000	38,500	30,616	7,884
Capital and equipment outlays	11,000	16,500	16,248	252
Total	20,000	55,000	46,864	8,136
Property and liability insurance				
Other operating expenditures	35,000	35,000	21,153	13,847
Total	35,000	35,000	21,153	13,847
Total general government	5,138,175	4,938,839	3,719,125	1,219,714
Public safety:				
Sheriff's office (including School Resource Officers)				
Salaries and employee benefits	1,785,746	1,817,820	1,689,143	128,677
Other operating expenditures	340,066	353,235	213,630	139,605
Capital and equipment outlays	90,000	149,420	130,829	18,591
Total	2,215,812	2,320,475	2,033,602	286,873
Jail and detention center				
Salaries and employee benefits	1,021,362	1,106,407	1,087,257	19,150
Other operating expenditures	455,824	485,224	428,850	56,374
Total	1,477,186	1,591,631	1,516,107	75,524
Animal and rabies control				
Salaries and employee benefits	115,797	119,804	117,451	2,353
Other operating expenditures	27,500	27,500	14,079	13,421
Total	143,297	147,304	131,530	15,774

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
Public safety (continued):				
Volunteer fire departments				
Other operating expenditures	\$ 650,000	\$ 750,000	\$ 321,091	\$ 428,909
Capital and equipment outlays	500,000	500,000	500,000	-
Total	<u>1,150,000</u>	<u>1,250,000</u>	<u>821,091</u>	<u>428,909</u>
Building inspections				
Salaries and employee benefits	239,830	247,971	243,736	4,235
Other operating expenditures	25,500	23,060	22,870	190
Total	<u>265,330</u>	<u>271,031</u>	<u>266,606</u>	<u>4,425</u>
Medical examiner				
Other operating expenditures	20,000	30,000	29,050	950
Total	<u>20,000</u>	<u>30,000</u>	<u>29,050</u>	<u>950</u>
Ambulance and rescue squads				
Employee benefits - retirement contributions	3,600	3,600	-	3,600
Third-party ambulance services	1,585,551	1,585,551	1,560,384	25,167
Other operating expenditures	19,400	18,520	28,407	(9,887)
Capital and equipment outlays	21,000	31,880	34,258	(2,378)
Total	<u>1,629,551</u>	<u>1,639,551</u>	<u>1,623,049</u>	<u>16,502</u>
Emergency management				
Salaries and employee benefits	71,699	81,699	74,162	7,537
Other operating expenditures	4,500	4,500	3,756	744
Total	<u>76,199</u>	<u>86,199</u>	<u>77,918</u>	<u>8,281</u>
E911 communications				
Salaries and employee benefits	640,014	652,694	618,761	33,933
Operating expenditures	26,000	21,630	9,295	12,335
Capital and equipment outlays	-	-	6,863	(6,863)
Total	<u>666,014</u>	<u>674,324</u>	<u>634,919</u>	<u>39,405</u>
Juvenile Crime Prevention Council				
Other operating expenditures	100,000	116,456	110,664	5,792
Total	<u>100,000</u>	<u>116,456</u>	<u>110,664</u>	<u>5,792</u>
Total public safety	<u>7,743,389</u>	<u>8,126,971</u>	<u>7,244,536</u>	<u>882,435</u>
Transportation:				
Airport operations				
Salaries and employee benefits	-	3,063	3,062	1
Other operating expenditures	30,000	32,937	23,167	9,770
Total	<u>30,000</u>	<u>36,000</u>	<u>26,229</u>	<u>9,771</u>
Rural Operating Assistance Program (ROAP)				
Other operating expenditures	145,000	165,250	165,248	2
Total	<u>145,000</u>	<u>165,250</u>	<u>165,248</u>	<u>2</u>
Total transportation	<u>175,000</u>	<u>201,250</u>	<u>191,477</u>	<u>9,773</u>

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
Human services:				
Health administration				
Salaries and employee benefits	\$ 231,944	\$ 258,108	\$ 259,354	\$ (1,246)
School nurses at Montgomery County Schools	100,000	100,000	100,000	-
Other operating expenditures	107,892	115,327	72,117	43,210
Total	<u>439,836</u>	<u>473,435</u>	<u>431,471</u>	<u>41,964</u>
Communicable diseases				
Salaries and employee benefits	97,426	100,729	90,013	10,716
Other operating expenditures	19,000	19,000	18,679	321
Total	<u>116,426</u>	<u>119,729</u>	<u>108,692</u>	<u>11,037</u>
Public health/emergency planning				
Salaries and employee benefits	-	1,000	173	827
Other operating expenditures	31,033	30,033	18,883	11,150
Total	<u>31,033</u>	<u>31,033</u>	<u>19,056</u>	<u>11,977</u>
Health promotions				
Salaries and employee benefits	45,657	45,739	45,801	(62)
Other operating expenditures	-	-	-	-
Total	<u>45,657</u>	<u>45,739</u>	<u>45,801</u>	<u>(62)</u>
Women, Infants & Children (WIC)				
Salaries and employee benefits	152,288	157,596	152,652	4,944
Other operating expenditures	12,250	18,063	11,965	6,098
Total	<u>164,538</u>	<u>175,659</u>	<u>164,617</u>	<u>11,042</u>
Child health				
Salaries and employee benefits	252,412	252,412	148,771	103,641
Other operating expenditures	24,000	24,000	22,998	1,002
Total	<u>276,412</u>	<u>276,412</u>	<u>171,769</u>	<u>104,643</u>
Maternal health				
Salaries and employee benefits	191,339	191,339	166,425	24,914
Other operating expenditures	34,867	39,867	35,128	4,739
Total	<u>226,206</u>	<u>231,206</u>	<u>201,553</u>	<u>29,653</u>
Adult health				
Salaries and employee benefits	73,707	74,284	69,630	4,654
Other operating expenditures	35,100	35,100	32,295	2,805
Total	<u>108,807</u>	<u>109,384</u>	<u>101,925</u>	<u>7,459</u>
Family planning				
Salaries and employee benefits	194,676	194,676	169,782	24,894
Other operating expenditures	62,550	75,496	60,257	15,239
Total	<u>257,226</u>	<u>270,172</u>	<u>230,039</u>	<u>40,133</u>
Care Coordination for Children (CC4C)				
Salaries and employee benefits	84,424	86,347	86,201	146
Other operating expenditures	1,350	1,350	1,046	304
Total	<u>85,774</u>	<u>87,697</u>	<u>87,247</u>	<u>450</u>

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
Human services (continued):				
Pregnancy care management				
Salaries and employee benefits	\$ 84,578	\$ 86,663	\$ 86,307	\$ 356
Other operating expenditures	4,420	4,420	2,641	1,779
Total	88,998	91,083	88,948	2,135
Infant health improvement				
Other operating expenditures	104,727	97,167	87,386	9,781
Capital and equipment outlays	2,986	2,986	2,895	91
Total	107,713	100,153	90,281	9,872
COVID-19 relief				
Other operating expenditures	-	62,956	2,751	60,205
Total	-	62,956	2,751	60,205
Social services administration and service delivery				
Salaries and employee benefits	2,905,316	2,803,585	2,428,724	374,861
Other operating expenditures	1,083,841	1,379,340	1,388,943	(9,603)
Capital and equipment outlays	28,500	28,500	397	28,103
Total	4,017,657	4,211,425	3,818,064	393,361
Environmental health				
Salaries and employee benefits	146,122	149,425	151,889	(2,464)
Other operating expenditures	7,000	12,892	4,994	7,898
Total	153,122	162,317	156,883	5,434
Mental health (Sandhills Center) allocations				
Other operating expenditures	60,775	60,775	60,775	-
Total	60,775	60,775	60,775	-
Home Community and Care Block Grant (HCCBG)				
Salaries and employee benefits	8,009	42,404	43,539	(1,135)
Other operating expenditures	369,394	381,001	314,507	66,494
Total	377,403	423,405	358,046	65,359
Programs for the aging				
Salaries and employee benefits	-	13,000	13,641	(641)
Other operating expenditures	35,000	36,870	40,267	(3,397)
Total	35,000	49,870	53,908	(4,038)
Total human services	6,592,583	6,982,450	6,191,826	790,624
Education (intergovernmental):				
Public schools				
Current expenditures	5,249,000	5,249,000	5,249,000	-
Timber receipts from US Forest	69,000	69,000	55,824	13,176
Pass-thru grant for behavior consultants	-	250,000	250,000	-
Aid to Communities in Schools	30,000	30,000	30,000	-
Total	5,348,000	5,598,000	5,584,824	13,176
Montgomery Community College				
Current expenditures	784,000	784,000	784,000	-
Total	784,000	784,000	784,000	-
Total education (intergovernmental)	6,132,000	6,382,000	6,368,824	13,176

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
Environmental protection:				
Solid waste collection and recycling				
Salaries and employee benefits	\$ 305,663	\$ 286,963	\$ 266,064	\$ 20,899
Other operating expenditures	515,000	608,700	628,654	(19,954)
Total	820,663	895,663	894,718	945
NC Forestry				
Other operating expenditures	105,000	105,000	105,000	-
Total	105,000	105,000	105,000	-
Soil and water conservation district				
Salaries and employee benefits	82,297	82,461	82,922	(461)
Other operating expenditures	4,800	4,800	2,757	2,043
Total	87,097	87,261	85,679	1,582
Total environmental protection	1,012,760	1,087,924	1,085,397	2,527
Economic and physical development:				
Planning and zoning				
Salaries and employee benefits	71,169	71,251	71,653	(402)
Other operating expenditures	9,193	6,693	3,605	3,088
Total	80,362	77,944	75,258	2,686
Economic development				
Salaries and employee benefits	107,145	112,868	113,704	(836)
Other operating expenditures	332,500	357,500	89,622	267,878
Total	439,645	470,368	203,326	267,042
Cooperative (Agricultural) Extension				
Salaries and employee benefits	13,435	13,435	10,819	2,616
Other operating expenditures	235,644	235,644	146,473	89,171
Total	249,079	249,079	157,292	91,787
Economic development grants				
Other operating expenditures	-	633,334	133,333	500,001
Total	-	633,334	133,333	500,001
Total economic and physical development	769,086	1,430,725	569,209	861,516
Culture and recreational:				
Library system				
Salaries and employee benefits	242,970	246,620	218,192	28,428
Books and magazines	29,100	29,100	28,197	903
Other operating expenditures	40,900	40,900	38,351	2,549
Total	312,970	316,620	284,740	31,880
Recreation support				
Contributions to area recreation groups	40,000	40,000	26,800	13,200
Other operating expenditures	750	750	100	650
Total	40,750	40,750	26,900	13,850
Other				
Haltiwanger Retreat	12,000	12,000	5,852	6,148
County gym allocations	11,000	11,000	11,989	(989)
Total	23,000	23,000	17,841	5,159
Total culture and recreational	376,720	380,370	329,481	50,889

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
Debt service:				
Principal retirement	\$ 1,852,508	\$ 1,852,508	\$ 1,852,507	\$ 1
Interest and fiscal charges	321,444	321,469	321,094	375
Total debt service	<u>2,173,952</u>	<u>2,173,977</u>	<u>2,173,601</u>	<u>376</u>
Total expenditures	<u>30,113,665</u>	<u>31,704,506</u>	<u>27,873,476</u>	<u>3,831,030</u>
Other financing sources (uses):				
Transfers in	50,000	60,000	28,987	(31,013)
Transfers out	(2,609,964)	(5,234,964)	(5,503,377)	(268,413)
Fund balance appropriated	1,281,886	3,843,792	-	(3,843,792)
Fund balance contingency	(402,627)	(302,627)	-	302,627
Total other financing sources (uses)	<u>(1,680,705)</u>	<u>(1,633,799)</u>	<u>(5,474,390)</u>	<u>(3,840,591)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,170,420</u>	<u>\$ 2,170,420</u>
Fund balance, beginning of year, restated			<u>19,214,954</u>	
Fund balance, end of year			<u>\$ 21,385,374</u>	

**MONTGOMERY COUNTY, NORTH CAROLINA
EDUCATIONAL FACILITIES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2020**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Investment earnings	\$ 2,077,205	\$ 1,548,657	\$ 319,553	\$ 1,868,210
Miscellaneous	291,898	41,897	23,964	65,861
Total revenues	<u>2,369,103</u>	<u>1,590,554</u>	<u>343,517</u>	<u>1,934,071</u>
EXPENDITURES				
Education				
Montgomery Central High School (new)				
Administration	570,000	68,274	86,363	154,637
Construction and renovation	69,369,118	42,657,383	17,794,725	60,452,108
Engineering, legal, and other professional	4,334,799	4,176,600	712,737	4,889,337
Capital and equipment outlays	3,250,000	2,051,714	137,128	2,188,842
Other expenses	475,694	358,642	453,923	812,565
Contingency	9,138,989	-	-	-
Debt service:				
Principal retirement	67,675,000	-	-	-
Interest and fiscal charges	3,922,508	1,990,773	2,402,463	4,393,236
Issuance costs and other fees	288,158	288,156	2,750	290,906
Total expenditures	<u>159,024,266</u>	<u>51,591,542</u>	<u>21,590,089</u>	<u>73,181,631</u>
Deficiency of revenues over expenditures	(156,655,163)	(50,000,988)	(21,246,572)	(71,247,560)
OTHER FINANCING SOURCES				
Transfers in from General Fund	21,302,163	17,877,400	3,285,214	21,162,614
Proceeds from loan issuance	67,675,000	69,127,742	-	69,127,742
Proceeds from USDA loan issuance	67,678,000	-	-	-
Total other financing sources	<u>156,655,163</u>	<u>87,005,142</u>	<u>3,285,214</u>	<u>90,290,356</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 37,004,154</u>	<u>(17,961,358)</u>	<u>\$ 19,042,796</u>
FUND BALANCE, beginning of year			<u>37,004,154</u>	
FUND BALANCE, end of year			<u>\$ 19,042,796</u>	

**MONTGOMERY COUNTY, NORTH CAROLINA
COMMUNITY DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2020**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Restricted intergovernmental:				
Project URP-1224	\$ 100,000	\$ 91,300	\$ -	\$ 91,300
Miscellaneous	10,617	10,616	-	10,616
Total revenues	<u>110,617</u>	<u>101,916</u>	<u>-</u>	<u>101,916</u>
EXPENDITURES				
Economic and physical development:				
Administration	18,617	10,800	-	10,800
Housing rehabilitation	92,000	82,135	-	82,135
Total expenditures	<u>110,617</u>	<u>92,935</u>	<u>-</u>	<u>92,935</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,981</u>	<u>-</u>	<u>\$ 8,981</u>
FUND BALANCE, beginning of year			<u>8,981</u>	
FUND BALANCE, end of year			<u>\$ 8,981</u>	

**MONTGOMERY COUNTY, NORTH CAROLINA
GOLDEN LEAF - ASEPTIA FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2020**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Restricted intergovernmental:				
State of North Carolina	\$ 3,500,000	\$ 3,499,099	\$ -	\$ 3,499,099
Miscellaneous	92,500	379,777	-	379,777
Total revenues	<u>3,592,500</u>	<u>3,878,876</u>	<u>-</u>	<u>3,878,876</u>
EXPENDITURES				
Economic and physical development:				
Administration	92,500	833	-	833
Equipment purchases	3,500,000	3,499,099	-	3,499,099
Other	-	179,595	-	179,595
Total expenditures	<u>3,592,500</u>	<u>3,679,527</u>	<u>-</u>	<u>3,679,527</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 199,349</u>	<u>\$ -</u>	<u>\$ 199,349</u>
FUND BALANCE, beginning of year			<u>199,349</u>	
FUND BALANCE, end of year			<u>\$ 199,349</u>	

**MONTGOMERY COUNTY, NORTH CAROLINA
SCHOOLS PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2020**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
EXPENDITURES				
Schools capital outlay:				
MCS building repairs:				
Construction and renovation	\$ 2,861,557	\$ 1,913,859	\$ 408,537	\$ 2,322,396
Engineering, legal, and other professional	177,928	149,219	-	149,219
Repairs and maintenance	-	-	30,250	30,250
MCC building repairs:				
Capital and equipment outlays	4,966	30,591	-	30,591
Engineering, legal, and other professional	2,721	2,721	-	2,721
Repairs and maintenance	1,675,883	636,448	49,791	686,239
Other	99,626	50,000	24,000	74,000
Total expenditures	<u>4,822,681</u>	<u>2,782,838</u>	<u>512,578</u>	<u>3,295,416</u>
Deficiency of revenues under expenditures	(4,822,681)	(2,782,838)	(512,578)	(3,295,416)
OTHER FINANCING SOURCES				
Transfers in from General Fund (MCS repairs)	3,039,485	2,306,158	506,744	2,812,902
Transfers in from General Fund (MCC repairs)	1,783,196	1,027,762	680,062	1,707,824
Total other financing sources	<u>4,822,681</u>	<u>3,333,920</u>	<u>1,186,806</u>	<u>4,520,726</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 551,082</u>	674,228	<u>\$ 1,225,310</u>
FUND BALANCE, beginning of year			<u>551,082</u>	
FUND BALANCE, end of year			<u>\$ 1,225,310</u>	

MONTGOMERY COUNTY, NORTH CAROLINA
AIRPORT PROJECTS FUNDS

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)**
PROJECT LIFE AS OF JUNE 30, 2020

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Restricted intergovernmental:				
Airport Block Grant - Fueling station	\$ 386,660	\$ 284,421	\$ 35,970	\$ 320,391
Airport Block Grant - Perimeter fence	581,567	397,820	167,540	565,360
Airport Block Grant - Airport layout plan	212,440	38,845	147,881	186,726
Total revenues	<u>1,180,667</u>	<u>721,086</u>	<u>351,391</u>	<u>1,072,477</u>
EXPENDITURES				
Transportation:				
Airport Block Grant - Fueling station				
Construction	223,070	179,864	18,330	198,194
Capital and equipment outlays	29,000	15,832	5,000	20,832
Engineering, legal, and other professional	134,590	88,726	17,199	105,925
Airport Block Grant - Perimeter fence				
Construction	500,000	328,895	134,909	463,804
Engineering, legal, and other professional	118,232	68,924	32,637	101,561
Airport Block Grant - Airport layout plan				
Engineering, legal, and other professional	212,440	38,845	147,881	186,726
Airport Block Grant - Future project	83,335	-	-	-
Total expenditures	<u>1,300,667</u>	<u>721,086</u>	<u>355,956</u>	<u>1,077,042</u>
Deficiency of revenues under expenditures	(120,000)	-	(4,565)	(4,565)
OTHER FINANCING SOURCES				
Transfers in:				
from General Fund (past projects, unspent)	-	38,936	-	38,936
from General Fund (perimeter fence)	36,665	-	-	-
from General Fund (upcoming projects)	83,335	83,335	-	83,335
Total other financing sources	<u>120,000</u>	<u>122,271</u>	<u>-</u>	<u>122,271</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 122,271</u>	<u>(4,565)</u>	<u>\$ 117,706</u>
FUND BALANCE, beginning of year			<u>122,271</u>	
FUND BALANCE, end of year			<u>\$ 117,706</u>	

**MONTGOMERY COUNTY, NORTH CAROLINA
COUNTY PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2020**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Restricted intergovernmental:				
Coronavirus Relief Funds (CRF)	\$ -	\$ -	\$ 30,757	\$ 30,757
State of North Carolina DHHS	150,000	-	-	-
Total revenues	<u>150,000</u>	<u>-</u>	<u>30,757</u>	<u>30,757</u>
EXPENDITURES				
General government:				
Future projects	2,594,735	-	-	-
Public safety:				
Animal shelter replacement				
Construction	224,550	5,340	187,883	193,223
Capital and equipment outlays	5,000	-	-	-
Other	15,450	-	-	-
Food pantry and community kitchen facility				
Capital and equipment outlays	282,670	-	8,181	8,181
Other	-	-	17,398	17,398
Total expenditures	<u>3,122,405</u>	<u>5,340</u>	<u>213,462</u>	<u>218,802</u>
Deficiency of revenues under expenditures	(2,972,405)	(5,340)	(182,705)	(188,045)
OTHER FINANCING SOURCES				
Transfers in:				
from General Fund (past projects, unspent)	-	398,005	-	398,005
from General Fund (animal shelter)	95,000	-	-	-
from General Fund (COVID-19 response)	282,670	-	282,670	282,670
from General Fund (upcoming projects)	2,594,735	2,187,043	743,322	2,930,365
Total other financing sources	<u>2,972,405</u>	<u>2,585,048</u>	<u>1,025,992</u>	<u>3,611,040</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,579,708</u>	843,287	<u>\$ 3,422,995</u>
FUND BALANCE, beginning of year			<u>2,579,708</u>	
FUND BALANCE, end of year			<u>\$ 3,422,995</u>	

MONTGOMERY COUNTY, NORTH CAROLINA
EMERGENCY 911 TELEPHONE SYSTEM

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Restricted intergovernmental - wireless funding	\$ 200,723	\$ 200,723	\$ 200,338	\$ (385)
Investment earnings	-	-	59	59
Total revenues	<u>200,723</u>	<u>200,723</u>	<u>200,397</u>	<u>(326)</u>
EXPENDITURES				
Public safety:				
Phone and furniture expenditures	62,916	62,916	55,189	7,727
Software maintenance expenditures	36,000	36,000	26,815	9,185
Hardware maintenance expenditures	113,757	113,757	34,420	79,337
Training expenditures	600	600	235	365
Other expenditures	2,450	2,450	564	1,886
Total expenditures	<u>215,723</u>	<u>215,723</u>	<u>117,223</u>	<u>98,500</u>
Excess (deficiency) of revenues over expenditures	(15,000)	(15,000)	83,174	98,174
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,365	5,365
Transfers out	-	(60,000)	(28,987)	31,013
Appropriated fund balance	15,000	75,000	-	(75,000)
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>(23,622)</u>	<u>(38,622)</u>
Net change in fund balances	-	-	59,552	59,552
FUND BALANCE, beginning of year	<u>68,465</u>	<u>68,465</u>	<u>68,465</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 68,465</u>	<u>\$ 68,465</u>	<u>\$ 128,017</u>	<u>\$ 59,552</u>

**MONTGOMERY COUNTY, NORTH CAROLINA
EMERGENCY MANAGEMENT PLANNING GRANT**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Restricted intergovernmental	\$ 40,000	\$ 40,000	\$ 38,904	\$ (1,096)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>38,904</u>	<u>(1,096)</u>
EXPENDITURES				
Public safety:				
Supplies	1,000	1,000	-	1,000
Travel expenditures	800	800	797	3
Postage, shipping, and delivery charges	100	100	-	100
Membership dues and subscriptions	100	100	50	50
Contracted services	1,000	1,000	563	437
Capital and equipment outlays	37,000	37,000	-	37,000
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>1,410</u>	<u>38,590</u>
Net change in fund balances	-	-	37,494	37,494
FUND BALANCE, beginning of year	<u>187,120</u>	<u>187,120</u>	<u>187,120</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 187,120</u>	<u>\$ 187,120</u>	<u>\$ 224,614</u>	<u>\$ 37,494</u>

**MONTGOMERY COUNTY, NORTH CAROLINA
BADIN LAKE FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes:				
Current year	\$ 417,000	\$ 417,000	\$ 417,658	\$ 658
Prior years	11,000	11,000	4,071	(6,929)
Penalties and interest	-	-	1,784	1,784
Total revenues	<u>428,000</u>	<u>428,000</u>	<u>423,513</u>	<u>(4,487)</u>
EXPENDITURES				
Public safety:				
Payments to Volunteer Fire Department	428,000	428,000	423,510	4,490
Total expenditures	<u>428,000</u>	<u>428,000</u>	<u>423,510</u>	<u>4,490</u>
Net change in fund balances	-	-	3	3
FUND BALANCE, beginning of year	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ (3)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ 3</u>

**MONTGOMERY COUNTY, NORTH CAROLINA
LAKE TILLERY FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes:				
Current year	\$ 205,000	\$ 205,000	\$ 199,895	\$ (5,105)
Prior years	7,000	7,000	5,377	(1,623)
Penalties and interest	-	-	1,235	1,235
Total revenues	<u>212,000</u>	<u>212,000</u>	<u>206,507</u>	<u>(5,493)</u>
EXPENDITURES				
Public safety:				
Payments to Volunteer Fire Department	212,000	212,000	206,502	5,498
Total expenditures	<u>212,000</u>	<u>212,000</u>	<u>206,502</u>	<u>5,498</u>
Net change in fund balances	-	-	5	5
FUND BALANCE, beginning of year	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 5</u>

**MONTGOMERY COUNTY, NORTH CAROLINA
WADEVILLE FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes:				
Current year	\$ 20,000	\$ 20,000	\$ 18,417	\$ (1,583)
Penalties and interest	-	-	30	30
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>18,447</u>	<u>(1,553)</u>
EXPENDITURES				
Public safety:				
Payments to Volunteer Fire Department	20,000	20,000	18,447	1,553
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>18,447</u>	<u>1,553</u>
Net change in fund balances	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MONTGOMERY COUNTY, NORTH CAROLINA
CHILD SUPPORT INCENTIVES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Restricted intergovernmental	\$ 68,400	\$ 68,400	\$ 72,673	\$ 4,273
Total revenues	<u>68,400</u>	<u>68,400</u>	<u>72,673</u>	<u>4,273</u>
EXPENDITURES				
Human services:				
Legal fees	60,000	60,000	37,139	22,861
Other expenditures	8,400	8,400	10,880	(2,480)
Total expenditures	<u>68,400</u>	<u>68,400</u>	<u>48,019</u>	<u>20,381</u>
Net change in fund balances	-	-	24,654	24,654
FUND BALANCE, beginning of year	<u>229,369</u>	<u>229,369</u>	<u>229,369</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 229,369</u>	<u>\$ 229,369</u>	<u>\$ 254,023</u>	<u>\$ 24,654</u>

**MONTGOMERY COUNTY, NORTH CAROLINA
PUBLIC UTILITIES OPERATIONS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 3,884,000	\$ 3,884,000	\$ 4,219,221	\$ 335,221
Other operating	61,500	61,500	63,415	1,915
Investment earnings	75,000	75,000	74,214	(786)
Total revenues	<u>4,020,500</u>	<u>4,020,500</u>	<u>4,356,850</u>	<u>336,350</u>
EXPENDITURES				
Administration and operations:				
Salaries and employee benefits	760,189	760,189	640,052	120,137
Various professional services	69,950	279,450	290,332	(10,882)
Supplies and materials	416,250	496,750	527,286	(30,536)
Automotive fuels and supplies	25,000	25,000	25,665	(665)
Penalties and fines	-	-	101	(101)
Postage, shipping, delivery costs	42,500	42,500	44,230	(1,730)
Utilities	275,000	277,500	297,423	(19,923)
Repairs and maintenance	209,000	235,000	345,718	(110,718)
Rental / lease expenditures	34,610	30,310	30,509	(199)
Contracted services	155,300	174,300	158,148	16,152
Landfill charges and sludge removal	15,500	34,500	30,156	4,344
Furniture, equipment and tools	165,000	8,200	7,076	1,124
Sewer processing charges	59,250	74,750	74,246	504
Other	33,470	49,770	67,800	(18,030)
Debt service:				
Principal	693,763	693,763	693,762	1
Interest and fiscal charges	228,373	228,373	221,683	6,690
Capital outlays	-	33,000	34,157	(1,157)
Total expenditures	<u>3,183,155</u>	<u>3,443,355</u>	<u>3,488,344</u>	<u>(44,989)</u>
Excess of revenues over expenditures	837,345	577,145	868,506	291,361
OTHER FINANCING USES				
Transfers out	(837,345)	(577,145)	(422,292)	154,853
Total other financing sources uses	<u>(837,345)</u>	<u>(577,145)</u>	<u>(422,292)</u>	<u>154,853</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	446,214	<u>\$ 446,214</u>
Adjustments to full accrual:				
Payments of debt service - principal			693,762	
Change in compensated absences			(5,558)	
Change in net pension liability and related deferred outflows and inflows			41,606	
Change in accrued interest			909	
Depreciation expense			(1,188,153)	
Purchases of capital assets			34,157	
Water Projects Fund - change in net position			795,923	
Change in net position - GAAP Basis			<u>\$ 818,860</u>	

MONTGOMERY COUNTY, NORTH CAROLINA
WATER PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Actual		Totals
		Prior Years	Current Year	
REVENUES				
Intergovernmental:				
NC Department of Environmental Quality	\$ 2,068,650	\$ 347,645	\$ 342,772	\$ 690,417
NC Department of Transportation	102,000	46,800	5,200	52,000
Charges for services	-	246,577	-	246,577
Total revenues	2,170,650	641,022	347,972	988,994
EXPENDITURES				
Environmental protection:				
Correll Road hydraulic improvements				
Capital outlays for property and equipment	23,000	7,398	-	7,398
Construction	194,950	207,355	-	207,355
Engineering and other professional services	62,050	50,800	-	50,800
Biscoe meter vault				
Construction	108,200	105,741	-	105,741
Engineering and other professional services	10,800	12,200	-	12,200
Asset inventory and assessment				
Administration and legal	-	4,250	-	4,250
Capital outlays for property and equipment	33,000	6,000	-	6,000
Engineering and other professional services	294,300	253,355	3,946	257,301
Other	22,700	-	-	-
Chemical feed rehab				
Administration and legal	-	109	9,325	9,434
Construction	371,000	-	-	-
Engineering and other professional services	97,000	55,642	7,675	63,317
Other	132,000	940	1,048	1,988
Booster pump stations 1 & 2 rehab				
Administration and legal	-	1,000	4,000	5,000
Capital outlays for property and equipment	35,000	4,949	-	4,949
Construction	1,461,600	-	-	-
Engineering and other professional services	412,400	195,180	45,500	240,680
Other	191,000	363	867	1,230
Fairway Shores				
Administration and legal	95,700	18,809	45,904	64,713
Capital outlays for property and equipment	-	5,012	-	5,012
Construction	1,063,200	-	876,792	876,792
Engineering and other professional services	123,500	132,029	27,730	159,759
Other	242,600	-	-	-
Livingston Point improvements				
Administration and legal	-	-	-	-
Construction	232,000	25,413	-	25,413
Engineering and other professional services	44,400	6,300	10,000	16,300
Other	23,600	1,116	-	1,116
Subtotal	5,274,000	1,093,961	1,032,787	2,126,748

continued

MONTGOMERY COUNTY, NORTH CAROLINA
WATER PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Actual		Totals
		Prior Years	Current Year	
EXPENDITURES (Continued)				
Environmental protection (continued):				
Sewer consolidation study				
Administration and legal	\$ 6,500	\$ 1,500	\$ -	\$ 1,500
Engineering and other professional services	93,750	3,613	45,887	49,500
Raw water pump station				
Administration and legal	56,300	-	-	-
Construction	1,314,300	-	-	-
Engineering and other professional services	194,000	15,000	119,235	134,235
Other	185,400	-	-	-
Waterline relocation and betterment				
Construction	59,025	-	-	-
Engineering and other professional services	102,000	46,800	5,200	52,000
Other	13,975	-	-	-
Total expenditures	<u>7,299,250</u>	<u>1,160,874</u>	<u>1,203,109</u>	<u>2,363,983</u>
(Deficiency) of revenues (under) expenditures	(5,128,600)	(519,852)	(855,137)	(1,374,989)
OTHER FINANCING SOURCES				
Transfers in from Public Utilities Fund	2,060,900	925,940	422,292	1,348,232
Issuance of State revolving loans	<u>3,067,700</u>	-	<u>434,384</u>	<u>434,384</u>
Total other financing sources	<u>5,128,600</u>	<u>925,940</u>	<u>856,676</u>	<u>1,782,616</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 406,088</u>	1,539	<u>\$ 1,782,616</u>
Adjustments to full accrual:				
Issuance of State revolving loans			(434,384)	
Purchase of capital assets			1,228,768	
Change in net position - GAAP Basis			<u>\$ 795,923</u>	

MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2020

	SSA		Fines and Forfeitures Agency Fund	Inmate Trust Agency Fund	Soil and Water Conservation Trust Fund	Agricultural Advisory Board Trust Fund	Total
	Representative Payee	Property Tax					
	Conserved Trust Fund	Agency Fund					
<u>ASSETS</u>							
Cash	\$ 51,840	\$ 35,738	\$ -	\$ 20,868	\$ 8,062	\$ 6,062	\$ 122,570
Taxes receivable	-	361,546	-	-	-	-	361,546
Total assets	<u>\$ 51,840</u>	<u>\$ 397,284</u>	<u>\$ -</u>	<u>\$ 20,868</u>	<u>\$ 8,062</u>	<u>\$ 6,062</u>	<u>\$ 484,116</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 51,840	\$ 35,738	\$ -	\$ 20,868	\$ 8,062	\$ 6,062	\$ 122,570
Uncollected taxes	-	361,546	-	-	-	-	361,546
Total liabilities	<u>\$ 51,840</u>	<u>\$ 397,284</u>	<u>\$ -</u>	<u>\$ 20,868</u>	<u>\$ 8,062</u>	<u>\$ 6,062</u>	<u>\$ 484,116</u>

MONTGOMERY COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
<u>SSA Representative Payee Conserved Trust Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 28,325	\$ 176,405	\$ (152,890)	\$ 51,840
Total assets	<u>\$ 28,325</u>	<u>\$ 176,405</u>	<u>\$ (152,890)</u>	<u>\$ 51,840</u>
LIABILITIES				
Accounts payable	\$ 28,325	\$ 176,405	\$ (152,890)	\$ 51,840
Total liabilities	<u>\$ 28,325</u>	<u>\$ 176,405</u>	<u>\$ (152,890)</u>	<u>\$ 51,840</u>
<u>Property Tax Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 41,211	\$ 2,341,293	\$ (2,346,766)	\$ 35,738
Taxes receivable	332,716	2,248,214	(2,219,384)	361,546
Total assets	<u>\$ 373,927</u>	<u>\$ 4,589,507</u>	<u>\$ (4,566,150)</u>	<u>\$ 397,284</u>
LIABILITIES				
Accounts payable	\$ 41,211	\$ 2,341,293	\$ (2,346,766)	\$ 35,738
Uncollected taxes	332,716	2,248,214	(2,219,384)	361,546
Total liabilities	<u>\$ 373,927</u>	<u>\$ 4,589,507</u>	<u>\$ (4,566,150)</u>	<u>\$ 397,284</u>
<u>Fines and Forfeitures Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 192,150	\$ (192,150)	\$ -
Total assets	<u>\$ -</u>	<u>\$ 192,150</u>	<u>\$ (192,150)</u>	<u>\$ -</u>
LIABILITIES				
Due to other taxing units	\$ -	\$ 192,150	\$ (192,150)	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 192,150</u>	<u>\$ (192,150)</u>	<u>\$ -</u>
<u>Inmate Trust Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 17,178	\$ 55,758	\$ (52,068)	\$ 20,868
Total assets	<u>\$ 17,178</u>	<u>\$ 55,758</u>	<u>\$ (52,068)</u>	<u>\$ 20,868</u>
LIABILITIES				
Accounts payable	\$ 17,178	\$ 55,758	\$ (52,068)	\$ 20,868
Total liabilities	<u>\$ 17,178</u>	<u>\$ 55,758</u>	<u>\$ (52,068)</u>	<u>\$ 20,868</u>

continued

MONTGOMERY COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
<u>Soil and Water Conservation Trust Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 18,608	\$ 10,020	\$ (20,566)	\$ 8,062
Total assets	<u>\$ 18,608</u>	<u>\$ 10,020</u>	<u>\$ (20,566)</u>	<u>\$ 8,062</u>
LIABILITIES				
Accounts payable	\$ 18,608	\$ 10,020	\$ (20,566)	\$ 8,062
Total liabilities	<u>\$ 18,608</u>	<u>\$ 10,020</u>	<u>\$ (20,566)</u>	<u>\$ 8,062</u>
<u>Agricultural Advisory Board Trust Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 9,022	\$ 40	\$ (3,000)	\$ 6,062
Total assets	<u>\$ 9,022</u>	<u>\$ 40</u>	<u>\$ (3,000)</u>	<u>\$ 6,062</u>
LIABILITIES				
Accounts payable	\$ 9,022	\$ 40	\$ (3,000)	\$ 6,062
Total liabilities	<u>\$ 9,022</u>	<u>\$ 40</u>	<u>\$ (3,000)</u>	<u>\$ 6,062</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 114,344	\$ 2,775,666	\$ (2,767,440)	\$ 122,570
Taxes receivable	332,716	2,248,214	(2,219,384)	361,546
Total assets	<u>\$ 447,060</u>	<u>\$ 5,023,880</u>	<u>\$ (4,986,824)</u>	<u>\$ 484,116</u>
LIABILITIES				
Accounts payable	\$ 114,344	\$ 2,583,516	\$ (2,575,290)	\$ 122,570
Due to other taxing units	-	192,150	(192,150)	-
Uncollected taxes	332,716	2,248,214	(2,219,384)	361,546
Total liabilities	<u>\$ 447,060</u>	<u>\$ 5,023,880</u>	<u>\$ (4,986,824)</u>	<u>\$ 484,116</u>

MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE JUNE 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 20,275,389	\$ 19,561,468	\$ 713,921
2018-2019	494,323	-	209,623	284,700
2017-2018	449,261	-	266,558	182,703
2016-2017	148,157	-	22,685	125,472
2015-2016	105,694	-	10,470	95,224
2014-2015	76,452	-	6,615	69,837
2013-2014	84,813	-	2,719	82,094
2012-2013	85,877	-	1,791	84,086
2011-2012	86,682	-	1,480	85,202
2010-2011	70,892	-	1,538	69,354
Older	174,811	-	62,678	112,133
	<u>\$ 1,776,962</u>	<u>\$ 20,275,389</u>	<u>\$ 20,147,625</u>	<u>1,904,726</u>
				Less: allowance for uncollectible accounts - General Fund
				<u>(792,998)</u>
				Ad valorem taxes receivable - net
				<u>\$ 1,111,728</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund
				\$ 20,095,441
				Reconciling items:
				Interest and penalties
				(123,850)
				Amounts written off for tax years per Statute of limitations
				62,678
				Discoveries and rollback
				53,630
				Miscellaneous other adjustments
				59,726
				Total collections and credits
				<u>\$ 20,147,625</u>

MONTGOMERY COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY JUNE 30, 2020

	County-wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$3,176,351,613	0.620	\$19,693,380	\$18,062,615	\$1,630,765
Penalties	-		30,539	30,539	-
Total	<u>3,176,351,613</u>		<u>19,723,919</u>	<u>18,093,154</u>	<u>1,630,765</u>
Discoveries	<u>104,525,806</u>	0.620	<u>648,060</u>	<u>648,060</u>	<u>-</u>
Releases	<u>(15,579,032)</u>	0.620	<u>(96,590)</u>	<u>(96,590)</u>	<u>-</u>
Total property valuation	<u><u>\$3,265,298,387</u></u>				
Net levy			20,275,389	18,644,624	1,630,765
Uncollected taxes at June 30, 2020			<u>(713,921)</u>	<u>(713,921)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$19,561,468</u></u>	<u><u>\$17,930,703</u></u>	<u><u>\$1,630,765</u></u>
Current levy collection percentage			<u><u>96.48%</u></u>	<u><u>96.17%</u></u>	<u><u>100.00%</u></u>