

**COUNTY OF MONTGOMERY, NORTH CAROLINA
SUCCINCT ANNUAL FINANCIAL EXPRESSION (SAFE) REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

With Comparative Totals For the Years Ended June 30, 2019 and June 30, 2018

FOREWORD

In today's busy world, we face a relentless influx of facts, figures, statistics, and other data. Sorting through this information, deciding what is important, and putting that information to good use can prove to be a difficult task. To provide you with easily accessible and clear financial information, we are pleased to present the County's Succinct Annual Financial Expression (SAFE) Report for the fiscal year July 1, 2019 through June 30, 2020.

Purpose - Simple

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

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

Purpose - Easy to Understand

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

Purpose - Supplement

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

Finance Office Mission

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

More Financial Information

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

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EXPLANATIONS

Fund

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

Ending Reserves

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

Dual Statement Presentation

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

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

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

General Fund

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

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GENERAL FUND

SUMMARIZED ANNUAL ACTIVITY	. 2020 .	. 2019 .	. 2018 .
REVENUES (BY CATEGORY)			
Property Taxes	20,095,441	19,792,962	19,371,322
Sales & Other Taxes	6,123,427	5,622,509	5,175,445
Intergovernmental	5,089,912	4,674,028	4,654,225
Licenses, Fees, and Permits	2,952,819	2,962,678	2,844,958
Sales and Services	1,166,963	593,795	601,704
Investment Income	552,161	620,944	345,402
Transfers In	28,987	0	82,800
Miscellaneous	163,165	833,298	272,664
Total Revenues (1)	36,172,875	35,100,214	33,348,520
EXPENDITURES (BY FUNCTION)			
General Government	3,719,125	3,986,337	3,538,162
Transportation	191,477	162,171	152,685
Public Safety	7,244,536	6,757,913	6,235,746
Human Services	6,191,826	6,227,810	6,405,436
Environmental Protection	1,085,397	946,816	938,393
Education Funding	6,368,824	6,246,710	6,056,850
Economic and Physical Development	569,209	521,695	348,875
Cultural and Recreational	329,481	414,100	372,021
Loan Costs	2,173,601	2,286,746	2,398,403
Transfers Out	5,503,377	5,679,777	7,470,004
Total Expenditures (2)	33,376,853	33,230,075	33,916,575
NET CHANGE = (1) - (2)	2,796,022	1,870,139	(568,055)
BEGINNING RESERVES	18,589,352	16,719,213	17,287,268
ENDING RESERVES	21,385,374	18,589,352	16,719,213

SUMMARIZED YEAR-END BALANCES	. 2020 .	. 2019 .	. 2018 .
A. CASH AND INVESTMENTS	18,963,226	16,593,933	14,743,742
B. OTHER NON-CAPITAL ASSETS	4,463,050	4,688,302	4,554,741
C. UNPAID BILLS	1,016,593	1,030,441	1,016,465
D. OTHER NEAR-TERM LIABILITIES	1,024,309	1,662,442	1,562,805
E. ENDING RESERVES (A)+(B)-(C)-(D)	21,385,374	18,589,352	16,719,213
<i>Ending Reserves as a % of Expenditures</i>	<i>64.1%</i>	<i>55.9%</i>	<i>49.3%</i>

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

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EDUCATION PROJECTS FUND

SUMMARIZED ANNUAL ACTIVITY	. 2020 .	. 2019 .	. 2018 .
REVENUES (BY CATEGORY)			
Investment Income	319,553	1,301,260	247,397
Loan Proceeds	0	0	69,127,742
Transfers In	4,472,020	4,919,529	6,835,522
Miscellaneous	23,964	0	0
Total Revenues (1)	4,815,537	6,220,789	76,210,661
EXPENDITURES (BY PROJECT)			
Montgomery Central High School	19,184,876	36,426,290	10,772,259
MCS Existing Building Repairs	438,787	423,482	1,184,234
MCC Existing Building Repairs	73,791	131,683	120,639
Loan Costs	2,405,213	1,991,567	287,362
Total Expenditures (2)	22,102,667	38,973,022	12,364,494
NET CHANGE = (1) - (2)	(17,287,130)	(32,752,233)	63,846,167
BEGINNING RESERVES	37,555,236	70,307,469	6,461,302
ENDING RESERVES	20,268,106	37,555,236	70,307,469

SUMMARIZED YEAR-END BALANCES	. 2020 .	. 2019 .	. 2018 .
A. CASH AND INVESTMENTS	25,066,305	48,100,066	73,853,489
B. OTHER NON-CAPITAL ASSETS	872,646	575,262	222,323
C. UNPAID BILLS	5,670,845	11,120,092	3,768,343
D. OTHER NEAR-TERM LIABILITIES	0	0	0
E. ENDING RESERVES (A)+(B)-(C)-(D)	20,268,106	37,555,236	70,307,469
<i>Ending Reserves as a % of Expenditures</i>	<i>91.7%</i>	<i>96.4%</i>	<i>568.6%</i>

Education Projects Fund

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

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PUBLIC UTILITIES FUND

<u>SUMMARIZED ANNUAL ACTIVITY</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES (BY CATEGORY)			
Intergovernmental	347,972	306,871	142,500
Licenses, Fees, and Permits	57,977	59,788	59,788
Sales and Services	4,219,221	4,161,432	4,129,748
Investment Income	74,214	100,456	55,588
Loan Proceeds	434,384	0	0
Miscellaneous	5,438	15,535	3,793
Total Revenues (1)	5,139,206	4,644,082	4,391,417
EXPENDITURES (BY CATEGORY)			
Salaries and Employee Benefits	640,052	666,927	785,067
Various Professional Services	290,332	116,732	301,475
Supplies, Materials, Other Goods	552,951	385,463	255,991
Utilities	297,423	303,704	276,137
Repairs and Maintenance	345,718	120,721	256,217
Contracted Services	158,148	122,840	122,751
Sewer Processing Charges	74,246	76,812	71,239
Capital Outlays, Furniture, Tools, etc.	1,237,266	417,834	646,402
Loan Costs	915,445	927,532	1,102,881
Various Other Costs	184,775	144,752	98,949
Total Expenditures (2)	4,696,356	3,283,317	3,917,109
NET CHANGE = (1) - (2)	442,850	1,360,765	474,308
BEGINNING RESERVES	7,522,869	6,162,104	5,687,796
ENDING RESERVES	7,965,719	7,522,869	6,162,104

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. CASH AND INVESTMENTS	6,720,649	6,233,316	5,495,463
B. OTHER NON-CAPITAL ASSETS	1,576,396	1,442,133	1,066,717
C. UNPAID BILLS	331,326	152,580	400,076
D. OTHER NEAR-TERM LIABILITIES	0	0	0
E. ENDING RESERVES (A)+(B)-(C)-(D)	7,965,719	7,522,869	6,162,104
<i>Ending Reserves as a % of Expenditures</i>	<i>169.6%</i>	<i>229.1%</i>	<i>157.3%</i>

Public Utilities Fund

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

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REMAINING FUNDS

<u>SUMMARIZED ANNUAL ACTIVITY</u>	<u>. 2020 .</u>	<u>. 2019 .</u>	<u>. 2018 .</u>
REVENUES (BY CATEGORY)			
Property Taxes	648,467	626,960	624,717
Sales & Other Taxes	0	42,208	43,532
Intergovernmental	694,063	977,102	276,307
Investment Income	59	73	133
Transfers In	1,031,357	760,248	634,482
Miscellaneous	0	5,351	37,342
Total Revenues (1)	2,373,946	2,411,942	1,616,513
EXPENDITURES (BY FUNCTION)			
Transportation	355,956	714,330	6,756
Public Safety	954,975	750,645	748,189
Human Services	73,598	53,811	48,914
Economic and Physical Development	19	200,752	98,166
Loan Costs	0	94,556	94,556
Transfers Out	28,987	0	82,800
Total Expenditures (2)	1,413,535	1,814,094	1,079,381
NET CHANGE = (1) - (2)	960,411	597,848	537,132
BEGINNING RESERVES	3,568,783	2,970,935	2,433,803
ENDING RESERVES	4,529,194	3,568,783	2,970,935

<u>SUMMARIZED YEAR-END BALANCES</u>	<u>. 2020 .</u>	<u>. 2019 .</u>	<u>. 2018 .</u>
A. CASH AND INVESTMENTS	5,132,463	3,520,635	4,302,802
B. OTHER NON-CAPITAL ASSETS	141,669	397,550	66,642
C. UNPAID BILLS	64,557	331,819	9,401
D. OTHER NEAR-TERM LIABILITIES	680,381	17,583	1,389,108
E. ENDING RESERVES (A)+(B)-(C)-(D)	4,529,194	3,568,783	2,970,935
<i>Ending Reserves as a % of Expenditures</i>	320.4%	196.7%	275.2%

Remaining Funds

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

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"ALL FUNDS COMBINED PERSPECTIVE"

SUMMARIZED ANNUAL ACTIVITY	. 2020 .	. 2019 .	. 2018 .
REVENUES (BY CATEGORY)			
Property Taxes	20,743,908	20,419,922	19,996,039
Sales & Other Taxes	6,123,427	5,664,717	5,218,977
Intergovernmental	6,131,947	5,958,001	5,073,032
Licenses, Fees, and Permits	3,010,796	3,022,466	2,904,746
Sales and Services	5,386,184	4,755,227	4,731,452
Investment Income	945,987	2,022,733	648,520
Loan Proceeds	434,384	0	69,127,742
Transfers In	5,532,364	5,679,777	7,552,804
Miscellaneous	192,567	854,184	313,799
Total Revenues (1)	48,501,564	48,377,027	115,567,111
EXPENDITURES (BY FUNCTION)			
General Government	3,719,125	3,986,337	3,538,162
Transportation	547,433	876,501	159,441
Public Safety	8,199,511	7,508,558	6,983,935
Human Services	6,265,424	6,281,621	6,454,350
Environmental Protection	4,866,308	3,302,601	3,752,621
Education Funding	26,066,278	43,228,165	18,133,982
Economic and Physical Development	569,228	722,447	447,041
Cultural and Recreational	329,481	414,100	372,021
Loan Costs	5,494,259	5,300,401	3,883,202
Transfers Out	5,532,364	5,679,777	7,552,804
Total Expenditures (2)	61,589,411	77,300,508	51,277,559
NET CHANGE = (1) - (2)	(13,087,847)	(28,923,481)	64,289,552
BEGINNING RESERVES	67,236,240	96,159,721	31,870,169
ENDING RESERVES	54,148,393	67,236,240	96,159,721

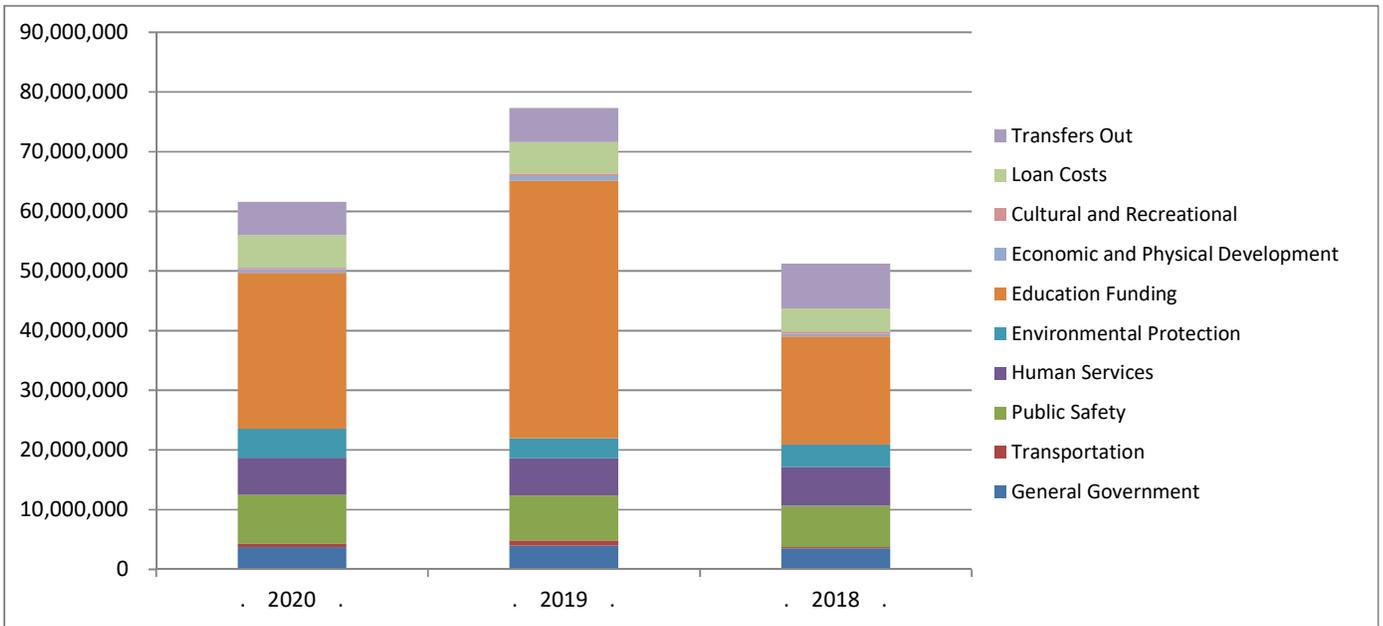
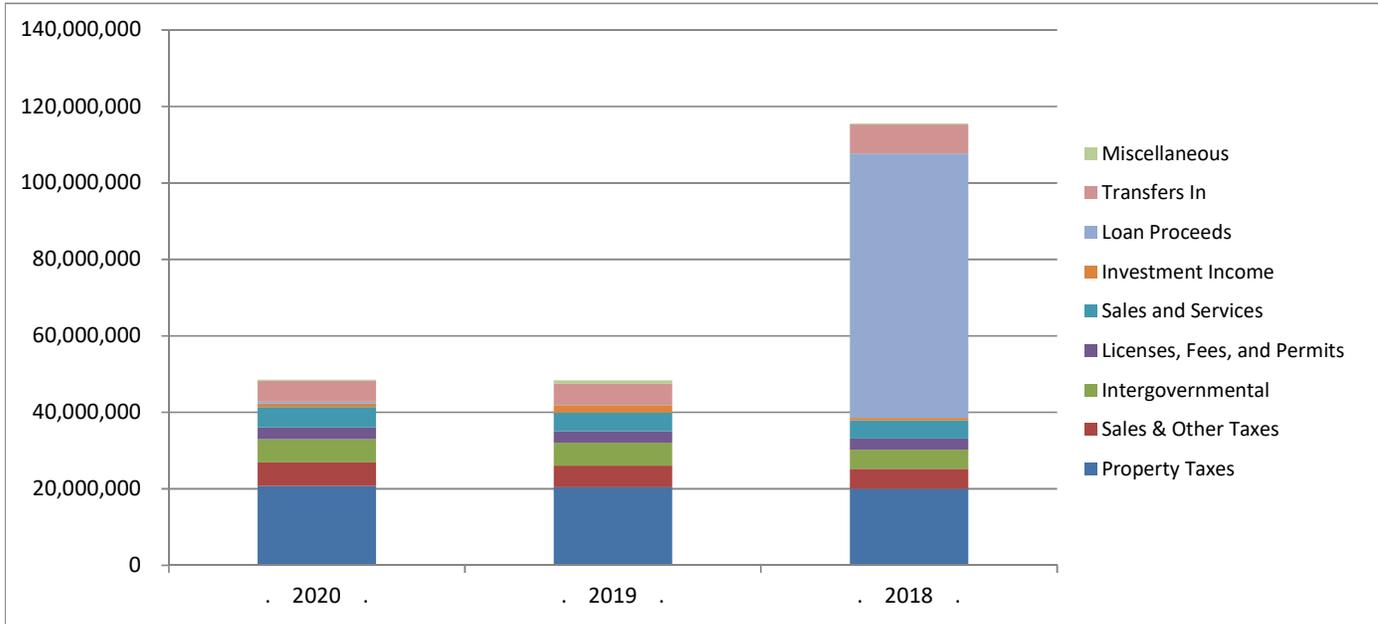
SUMMARIZED YEAR-END BALANCES	. 2020 .	. 2019 .	. 2018 .
A. CASH AND INVESTMENTS	55,882,643	74,447,950	98,395,496
B. OTHER NON-CAPITAL ASSETS	7,053,761	7,103,247	5,910,423
C. UNPAID BILLS	7,083,321	12,634,932	5,194,285
D. OTHER NEAR-TERM LIABILITIES	1,704,690	1,680,025	2,951,913
E. ENDING RESERVES (A)+(B)-(C)-(D)	54,148,393	67,236,240	96,159,721
<i>Ending Reserves as a % of Expenditures</i>	<i>87.9%</i>	<i>87.0%</i>	<i>187.5%</i>

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

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"ALL FUNDS COMBINED PERSPECTIVE" -- CHARTS



"All Funds Combined Perspective"

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