

**MONTGOMERY COUNTY  
NORTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

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# MONTGOMERY COUNTY, NORTH CAROLINA

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

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

### **Report On the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' and the Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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.

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

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

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

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

In accordance with *Government Auditing Standards*, we have issued our report dated October 31, 2013, on our consideration of Montgomery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 4, 2013

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## Management's Discussion and Analysis

As management of Montgomery County, North Carolina, we offer readers of Montgomery County's financial statements this narrative overview and analysis of the financial activities of Montgomery County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

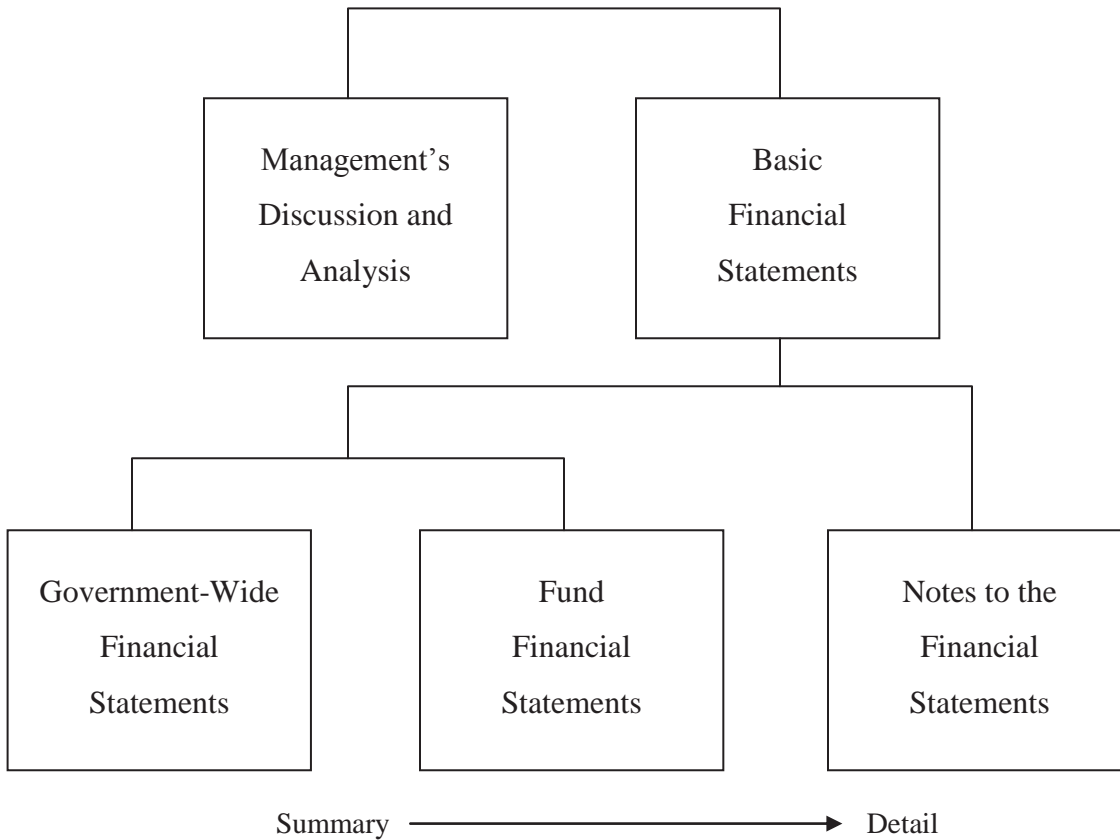
- The assets of Montgomery County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,374,317 (*net position*).
- The County's total net position increased by \$4,271,326.
- As of the close of the current fiscal year, Montgomery County's governmental funds reported combined ending fund balances of \$14,688,487, an increase of \$4,022,550, in comparison with the prior year. Approximately 52.7% of this total amount, or \$7,745,654, is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,745,654, or 28.8 percent, of total General Fund expenditures and transfers out for the fiscal year.
- Montgomery County's net total debt decreased by \$749,291, during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Montgomery County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Montgomery County.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through J) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. The various parts to the fund financial statements are: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-Wide Financial Statements**

The government-wide statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

The government-wide financial statements are on Exhibits A and B of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Montgomery County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Montgomery County can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is described in a reconciliation that is a part of the fund financial statements.

Montgomery County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

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

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



## Government-Wide Financial Analysis

### Montgomery County's Net position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 16,798,980	\$ 12,555,245	\$ 1,751,378	\$ 1,880,509	\$ 18,550,358	\$ 14,435,754
Capital assets	31,801,544	29,753,490	26,517,998	27,017,963	58,319,542	56,771,453
Total assets	<u>48,600,524</u>	<u>42,308,735</u>	<u>28,269,376</u>	<u>28,898,472</u>	<u>76,869,900</u>	<u>71,207,207</u>
<b>Liabilities:</b>						
Long-term liabilities	26,323,015	24,197,705	10,971,332	11,023,555	37,294,347	35,221,260
Other liabilities	4,658,542	945,057	414,264	470,839	5,072,806	1,415,896
Total liabilities	<u>30,981,557</u>	<u>25,142,762</u>	<u>11,385,596</u>	<u>11,494,394</u>	<u>42,367,153</u>	<u>36,637,156</u>
<b>Net Position:</b>						
Net investment in capital assets	8,561,776	7,268,829	15,644,651	16,084,891	24,206,427	23,353,720
Stabalization by Statute	1,729,429	2,237,646	-	-	1,729,429	2,237,646
Other restrictions	1,242,543	860,816	-	-	1,242,543	860,816
Unrestricted	9,956,789	6,798,682	1,239,129	1,319,187	11,195,918	8,117,869
Total net position	<u>\$ 21,490,537</u>	<u>\$ 17,165,973</u>	<u>\$ 16,883,780</u>	<u>\$ 17,404,078</u>	<u>\$ 38,374,317</u>	<u>\$ 34,570,051</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of Montgomery County exceeded liabilities by \$38,374,317 as of June 30, 2013. The County's net position increased by \$4,271,326 for the fiscal year ended June 30, 2013. Although Montgomery County's net investment in capital assets is net of related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.14% has positively influenced the total unrestricted governmental net position.

## Montgomery County's Changes in Net Position

**Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,887,632	\$ 4,212,614	\$ 4,241,553	\$ 3,423,780	\$ 8,129,185	\$ 7,636,394
Operating grants and contributions	6,684,674	6,076,890	-	-	6,684,674	6,076,890
Capital grants and contributions	-	340,362	27,815	485,950	27,815	826,312
General revenues:						
Property taxes	16,292,449	15,129,733	-	-	16,292,449	15,129,733
Other taxes	3,788,916	3,805,345	-	-	3,788,916	3,805,345
Other	7,958	9,931	1,642	2,714	9,600	12,645
Total revenues	<u>30,661,629</u>	<u>29,574,875</u>	<u>4,271,010</u>	<u>3,912,444</u>	<u>34,932,639</u>	<u>33,487,319</u>
<b>Expenses:</b>						
General government	4,181,930	4,941,888	-	-	4,181,930	4,941,888
Public safety	5,015,094	6,399,800	-	-	5,015,094	6,399,800
Transportation	39,453	30,555	-	-	39,453	30,555
Environmental protection	64,807	33,958	-	-	64,807	33,958
Economic and physical development	400,156	397,284	-	-	400,156	397,284
Human services	7,260,493	7,341,253	-	-	7,260,493	7,341,253
Culture and recreation	359,565	218,463	-	-	359,565	218,463
Intergovernmental education	8,334,696	5,569,742	-	-	8,334,696	5,569,742
Interest and fees	980,113	829,597	-	-	980,113	829,597
Water distribution system	-	-	4,025,006	3,650,072	4,025,006	3,650,072
Total expenses	<u>26,636,307</u>	<u>25,762,540</u>	<u>4,025,006</u>	<u>3,650,072</u>	<u>30,661,313</u>	<u>29,412,612</u>
Increase (decrease) in net assets before transfers	4,025,322	3,812,335	246,004	262,372	4,271,326	4,074,707
Transfers, net	299,242	254,800	(299,242)	(254,800)	-	-
Increase (decrease) in net position	4,324,564	4,067,135	(53,238)	7,572	4,271,326	4,074,707
<b>Net Position:</b>						
Beginning of year - July 1	<u>17,165,973</u>	<u>13,098,838</u>	<u>17,404,078</u>	<u>17,396,506</u>	<u>34,570,051</u>	<u>30,495,344</u>
Prior period adjustment	-	-	(467,060)	-	(467,060)	-
Beginning of year - restated	<u>17,165,973</u>	<u>13,098,838</u>	<u>16,937,018</u>	<u>17,396,506</u>	<u>34,102,991</u>	<u>30,495,344</u>
End of year - June 30	<u>\$ 21,490,537</u>	<u>\$ 17,165,973</u>	<u>\$ 16,883,780</u>	<u>\$ 17,404,078</u>	<u>\$ 38,374,317</u>	<u>\$ 34,570,051</u>

**Governmental Activities.** Governmental activities increased Montgomery County's net position by \$4,324,564. Key financial elements of this increase are as follows:

Monitoring budgets to ensure departments didn't overspend.

- Increased grant funding, especially for capital projects.
- A tax collection rate between 96.14%.
- Timing of scheduled FY13 expenditure for new fire truck to FY14.
- Interest free capital grants for school improvements.

**Business-Type Activities.** Business-type activities decreased Montgomery County's net position by \$53,238. Key financial elements of this increase are as follows:

- New water line installation projects and treatment plant capital projects
- Water sales stabilized.
- No transfers to the County General Fund from the Enterprise fund for administrative costs.

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

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

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

As of the end of the current fiscal year, Montgomery County's governmental funds reported combined ending fund balances of \$14,688,487, an increase of \$4,022,550 over the prior year. Of this total amount, \$7,745,654 constitutes unassigned fund balance. The remainder of fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of Montgomery County. At the end of the current fiscal year, available fund balance of the General Fund was \$7,965,746 while total fund balance was \$9,548,848. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 29.7 percent of the total General Fund expenditures and transfers out, while total fund balance represents 35.6 percent of that same amount. The fund balance of Montgomery County's General Fund increased by \$1,589,319, during the current fiscal year.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,963,401 and expenditures by \$1,906,272. This excess revenue increase over expenditures of \$57,129 was allocated toward increasing the County's fund balance.

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

## Capital Asset and Debt Administration

**Capital Assets.** Montgomery County's investment in capital assets for its governmental and business-type activities as of June 30, 2013 totals \$58,319,542 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Major pavement rehabilitation at County Airport.
- Water line installations.
- Reinstated vehicle purchases for County Departments and Sheriff Office.

### Montgomery County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 819,015	\$ 819,015	\$ 88,467	\$ 88,467	\$ 907,482	\$ 907,482
Buildings and system	28,282,996	25,906,946	26,137,271	25,516,892	54,420,267	51,423,838
Machinery and equipment	256,648	478,396	230,510	222,061	487,158	700,457
Vehicles and motorized equipment	737,623	842,151	-	-	737,623	842,151
Other capital assets	-	-	-	-	-	-
Construction in progress	1,705,262	1,706,982	61,750	1,190,543	1,767,012	2,897,525
Capital assets, net	<u>\$31,801,544</u>	<u>\$29,753,490</u>	<u>\$26,517,998</u>	<u>\$27,017,963</u>	<u>\$58,319,542</u>	<u>\$56,771,453</u>

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

**Long-Term Debt.** As of June 30, 2013, Montgomery County had a total installment debt outstanding of \$21,655,202. The debt of \$21,655,202 is debt backed by the full faith and credit of the County.

### Montgomery County's Outstanding Other Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation debt	\$ -	\$ -	\$ -	\$ 5,905,760	\$ -	\$ 5,905,760
QSCB	3,132,538	-	-	-	3,132,538	-
Installment purchases	21,655,202	22,656,856	5,897,335	303,627	27,552,537	22,960,483
Capitalized leases	37,429	69,462	4,976,012	5,190,746	5,013,441	5,260,208
Compensated absences	537,514	559,212	29,934	34,053	567,448	593,265
Deferred amounts	275,817	292,045	-	-	275,817	292,045
Special separation allowance	160,134	165,882	-	-	160,134	165,882
Other post-employment benefits	551,256	454,248	68,051	56,430	619,307	510,678
Total governmental activities	<u>\$ 26,349,890</u>	<u>\$ 24,197,705</u>	<u>\$ 10,971,332</u>	<u>\$ 11,490,616</u>	<u>\$ 37,321,222</u>	<u>\$ 35,688,321</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries.

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

### **Economic Factors for 2013 and Next Year's Budgets and Rates**

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

- The County received a \$3.5 million dollar Golden LEAF for economic development, intended to produce 500 new jobs and to add \$50 million to tax base.
- Restored fund balance allows for repairs to capital assets..
- Timber and timber related business improving significantly.
- Increase in DMV tax collections due to new state-wide tax collection system at license plate agencies.

### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

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

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

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Montgomery County, Post Office Box 425, Troy, North Carolina 27371.

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## MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Assets:</b>			
Cash and investments	\$ 11,853,802	\$ 1,321,260	\$ 13,175,062
Taxes receivable, net	1,114,834	-	1,114,834
Accounts receivable, net	1,639,461	240,049	1,879,510
Due from other governments	52,710	70,983	123,693
Interfund balances	252,146	(252,146)	-
Inventories	24,809	150,868	175,677
Restricted cash and investments	1,861,218	220,364	2,081,582
Capital assets:			
Non-depreciable assets	2,524,277	150,217	2,674,494
Depreciable assets, net	<u>29,277,267</u>	<u>26,367,781</u>	<u>55,645,048</u>
Total capital assets	<u>31,801,544</u>	<u>26,517,998</u>	<u>58,319,542</u>
Total assets	<u>48,600,524</u>	<u>28,269,376</u>	<u>76,869,900</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	725,488	193,900	919,388
Current portion of compensated absences	26,875	1,576	28,451
Current portion of long-term liabilities	1,576,908	610,215	2,187,123
Payable from restricted assets	<u>-</u>	<u>220,364</u>	<u>220,364</u>
Total current liabilities	2,329,271	1,026,055	3,355,326
Long-term liabilities:			
Due in more than one year	<u>24,746,107</u>	<u>10,359,541</u>	<u>35,105,648</u>
Total liabilities	<u>27,075,378</u>	<u>11,385,596</u>	<u>38,460,974</u>
<b>Deferred Inflows of Resources:</b>			
Prepaid taxes	<u>34,609</u>	<u>-</u>	<u>34,609</u>
Total deferred inflows of resources	<u>34,609</u>	<u>-</u>	<u>34,609</u>
<b>Net Position:</b>			
Net investment in capital assets	8,561,776	15,644,651	24,206,427
Restricted for:			
Stabilization by State statute	1,729,429	-	1,729,429
Other	1,242,543	-	1,242,543
Unrestricted	<u>9,956,789</u>	<u>1,239,129</u>	<u>11,195,918</u>
Total net position	<u>\$ 21,490,537</u>	<u>\$ 16,883,780</u>	<u>\$ 38,374,317</u>

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 4,181,930	\$ 3,291,765	\$ 135,135	\$ -
Public safety	5,015,094	408,546	637,408	-
Transportation	39,453	-	-	-
Environmental protection	64,807	-	-	-
Economic and physical development	400,156	-	1,233,626	-
Human services	7,260,493	156,538	4,666,591	-
Cultural and recreational	359,565	30,783	2,176	-
Intergovernmental education	8,334,696	-	9,738	-
Interest on long-term debt	980,113	-	-	-
Total governmental activities	<u>26,636,307</u>	<u>3,887,632</u>	<u>6,684,674</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Water distribution system	<u>4,025,006</u>	<u>4,241,553</u>	<u>-</u>	<u>27,815</u>
Total business-type activities	<u>4,025,006</u>	<u>4,241,553</u>	<u>-</u>	<u>27,815</u>
Total primary government	<u>\$ 30,661,313</u>	<u>\$ 8,129,185</u>	<u>\$ 6,684,674</u>	<u>\$ 27,815</u>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Total general revenues, excluding transfers

Transfers

Total general revenues and transfers

Change in net position

**Net Position:**

Beginning of year - July 1

Prior period adjustment

Beginning of year restated

End of year - June 30

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



**Exhibit B**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (755,030)	\$ -	\$ (755,030)
(3,969,140)	-	(3,969,140)
(39,453)	-	(39,453)
(64,807)	-	(64,807)
833,470	-	833,470
(2,437,364)	-	(2,437,364)
(326,606)	-	(326,606)
(8,324,958)	-	(8,324,958)
(980,113)	-	(980,113)
<u>(16,064,001)</u>	<u>-</u>	<u>(16,064,001)</u>
-	244,362	244,362
-	244,362	244,362
<u>(16,064,001)</u>	<u>244,362</u>	<u>(15,819,639)</u>
16,292,449	-	16,292,449
3,268,116	-	3,268,116
520,800	-	520,800
7,958	1,642	9,600
20,089,323	1,642	20,090,965
299,242	(299,242)	-
<u>20,388,565</u>	<u>(297,600)</u>	<u>20,090,965</u>
4,324,564	(53,238)	4,271,326
17,165,973	17,404,078	34,570,051
-	(467,060)	(467,060)
<u>17,165,973</u>	<u>16,937,018</u>	<u>34,102,991</u>
<u>\$ 21,490,537</u>	<u>\$ 16,883,780</u>	<u>\$ 38,374,317</u>

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

MONTGOMERY COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Major		Nonmajor	Total Governmental Funds
	General Fund	2013 QSCB School Rehab Fund	Other Governmental Funds	
<b>Assets:</b>				
Cash and investments	\$ 8,550,927	\$ 337,699	\$ 2,965,176	\$ 11,853,802
Taxes receivable	1,088,478	-	26,356	1,114,834
Accounts receivable, net	1,487,770	59,764	91,927	1,639,461
Due from other governments	33,265	-	19,445	52,710
Due from other funds	272,820	-	-	272,820
Inventory	24,809	-	-	24,809
Restricted cash and investments	20,092	1,599,469	241,657	1,861,218
Total assets	<u>\$ 11,478,161</u>	<u>\$ 1,996,932</u>	<u>\$ 3,344,561</u>	<u>\$ 16,819,654</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 570,664	\$ 111,364	\$ 43,460	\$ 725,488
Due to other funds	-	-	20,674	20,674
Total liabilities	<u>570,664</u>	<u>111,364</u>	<u>64,134</u>	<u>746,162</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	1,088,478	-	26,356	1,114,834
Prepaid taxes	34,609	-	-	34,609
Other receivables	235,562	-	-	235,562
Total deferred inflows of resources	<u>1,358,649</u>	<u>-</u>	<u>26,356</u>	<u>1,385,005</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	24,809	-	-	24,809
Restricted:				
Stabilization by State statute	1,558,293	59,764	111,372	1,729,429
Other	20,092	1,825,804	1,257,865	3,103,761
Committed	-	-	1,884,834	1,884,834
Assigned	200,000	-	-	200,000
Unassigned	7,745,654	-	-	7,745,654
Total fund balances	<u>9,548,848</u>	<u>1,885,568</u>	<u>3,254,071</u>	<u>14,688,487</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,478,161</u>	<u>\$ 1,996,932</u>	<u>\$ 3,344,561</u>	

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	31,801,544
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(26,349,890)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>1,350,396</u>
Net position of governmental activities per Exhibit A	<u>\$ 21,490,537</u>

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

## MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Major		Nonmajor	Total Governmental Funds
	General Fund	2013 QSCB School Rehab Fund	Other Governmental Funds	
<b>Revenues:</b>				
Ad valorem taxes	\$ 16,128,434	\$ -	\$ 193	\$ 16,128,627
Local option sales tax	2,903,555	364,561	-	3,268,116
Other taxes and licenses	64,924	-	269,668	334,592
Unrestricted intergovernmental	186,208	-	-	186,208
Restricted intergovernmental	5,100,821	-	1,930,043	7,030,864
Permits and fees	289,346	-	-	289,346
Sales and services	3,107,446	-	-	3,107,446
Investment earnings	7,160	-	798	7,958
Miscellaneous	53,719	-	-	53,719
Total revenues	<u>27,841,613</u>	<u>364,561</u>	<u>2,200,702</u>	<u>30,406,876</u>
<b>Expenditures:</b>				
Current:				
General government	5,641,138	-	1,301,534	6,942,672
Public safety	4,158,480	-	298,062	4,456,542
Transportation	25,000	-	-	25,000
Environmental protection	17,201	-	-	17,201
Economic and physical development	359,841	-	40,315	400,156
Human services	7,237,365	-	23,128	7,260,493
Cultural and recreational	365,546	-	-	365,546
Intergovernmental education	6,723,165	1,611,531	-	8,334,696
Debt service:				
Principal retirement	1,313,687	-	-	1,313,687
Interest and fees	980,113	-	-	980,113
Total expenditures	<u>26,821,536</u>	<u>1,611,531</u>	<u>1,663,039</u>	<u>30,096,106</u>
Revenues over (under) expenditures	<u>1,020,077</u>	<u>(1,246,970)</u>	<u>537,663</u>	<u>310,770</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	299,242	-	20,000	319,242
Transfers (to) other funds	(10,000)	-	(10,000)	(20,000)
Debt issued	-	3,132,538	-	3,132,538
Capital lease issued	280,000	-	-	280,000
Total other financing sources (uses)	<u>569,242</u>	<u>3,132,538</u>	<u>10,000</u>	<u>3,711,780</u>
Net change in fund balances	1,589,319	1,885,568	547,663	4,022,550
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>7,959,529</u>	<u>-</u>	<u>2,706,408</u>	<u>10,665,937</u>
End of year - June 30	<u>\$ 9,548,848</u>	<u>\$ 1,885,568</u>	<u>\$ 3,254,071</u>	<u>\$ 14,688,487</u>

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 4,022,550

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property Tax	163,822
Other receivables	199,071

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	3,369,041
--	-----------

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,299,361)
---	-------------

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,313,687
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Amortization of debt premiums is a reduction of expenses on the Statement of Activities.	16,228
--	--------

Gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	21,626
--	--------

The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(1,813,069)
--	-------------

Increases in other post-employment benefits accrued liability are reported as expenses in the in the entity-wide financial statements. However, it is not an expenditure in the governmental funds statement.	(97,008)
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Expenses related to compensated absences and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	27,446
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Total	\$ 5,924,033
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*The accompanying notes are an integral part of the financial statements.*

## MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 15,207,100	\$ 15,644,071	\$ 16,128,434	\$ 484,363
Local option sales tax	2,658,000	2,829,203	2,903,555	74,352
Other taxes and licenses	59,650	59,650	64,924	5,274
Unrestricted intergovernmental	95,500	171,534	186,208	14,674
Restricted intergovernmental	5,263,371	5,846,657	5,100,821	(745,836)
Permits and fees	302,787	302,787	289,346	(13,441)
Sales and services	2,449,250	3,185,657	3,107,446	(78,211)
Investment earnings	4,500	7,000	7,149	149
Miscellaneous	<u>72,800</u>	<u>29,800</u>	<u>53,719</u>	<u>23,919</u>
Total revenues	<u>26,112,958</u>	<u>28,076,359</u>	<u>27,841,602</u>	<u>(234,757)</u>
<b>Expenditures:</b>				
Current:				
General government	5,562,536	5,874,692	5,641,138	233,554
Public safety	4,155,681	4,314,866	4,158,480	156,386
Transportation	25,000	25,000	25,000	-
Environmental protection	-	50,000	17,201	32,799
Economic and physical development	392,812	392,839	359,841	32,998
Human services	7,412,610	7,842,082	7,237,365	604,717
Cultural and recreational	388,263	403,263	365,546	37,717
Intergovernmental education	5,782,730	6,723,162	6,723,165	(3)
Debt service:				
Principal retirement	1,325,731	1,320,731	1,313,687	7,044
Interest and fees	<u>980,000</u>	<u>985,000</u>	<u>980,113</u>	<u>4,887</u>
Total expenditures	<u>26,025,363</u>	<u>27,931,635</u>	<u>26,821,536</u>	<u>1,110,099</u>
Revenues over (under) expenditures	<u>87,595</u>	<u>144,724</u>	<u>1,020,066</u>	<u>875,342</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	67,000	-	299,242	299,242
Transfers to other funds	(10,000)	(10,000)	(10,000)	-
Capital lease issuance	-	-	280,000	280,000
Appropriated fund balance (contingency)	<u>(144,595)</u>	<u>(134,724)</u>	<u>-</u>	<u>134,724</u>
Total other financing sources (uses)	<u>(87,595)</u>	<u>(144,724)</u>	<u>569,242</u>	<u>713,966</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,589,308</u>	<u>\$ 1,589,308</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>7,936,923</u>	
End of year - June 30			<u>\$ 9,526,231</u>	

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

## MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Major Enterprise Funds			Total
	Water System Fund	Water District I Fund	Water District II Fund	
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 1,321,260	\$ -	\$ -	\$ 1,321,260
Accounts receivable, net	240,049	-	-	240,049
Due from other governments	70,983	-	-	70,983
Inventories	150,868	-	-	150,868
Restricted cash and investments	220,364	-	-	220,364
Total current assets	<u>2,003,524</u>	<u>-</u>	<u>-</u>	<u>2,003,524</u>
Land, improvements, and construction in progress	150,217	-	-	150,217
Other capital assets, net of depreciation	26,367,781	-	-	26,367,781
Total non-current assets	<u>26,517,998</u>	<u>-</u>	<u>-</u>	<u>26,517,998</u>
Total assets	<u>28,521,522</u>	<u>-</u>	<u>-</u>	<u>28,521,522</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	193,900	-	-	193,900
Due to other funds	252,146	-	-	252,146
Compensated absences, current	1,576	-	-	1,576
Long-term debt, due within one year	610,215	-	-	610,215
Liabilities payable from restricted assets:				
Customer deposits	220,364	-	-	220,364
Total current liabilities	<u>1,278,201</u>	<u>-</u>	<u>-</u>	<u>1,276,625</u>
Non-current liabilities:				
Long-term debt due in more than one year	10,359,541	-	-	10,359,541
Total non-current liabilities	<u>10,359,541</u>	<u>-</u>	<u>-</u>	<u>10,359,541</u>
Total liabilities	<u>11,637,742</u>	<u>-</u>	<u>-</u>	<u>11,637,742</u>
Net investment in capital assets	15,644,651	-	-	15,644,651
Unrestricted	1,239,129	-	-	1,239,129
Total net position	<u>\$ 16,883,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,883,780</u>

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

## MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION- PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Funds			Total
	Water System Fund	Water District I Fund	Water District II Fund	
<b>Operating Revenues:</b>				
Charges for services	\$ 3,198,008	\$ 344,776	\$ 698,769	\$ 4,241,553
Total operating revenues	<u>3,198,008</u>	<u>344,776</u>	<u>698,769</u>	<u>4,241,553</u>
<b>Operating Expenses:</b>				
Salaries and employee benefits	783,681	-	-	783,681
Water tank maintenance	161,235	-	-	161,235
Repairs and maintenance	255,229	734,110	-	989,339
Professional services	246,245	-	-	246,245
Depreciation	893,169	-	-	893,169
Other operating expenses	714,577	-	-	714,577
Total operating expenses	<u>3,054,136</u>	<u>734,110</u>	<u>-</u>	<u>3,788,246</u>
Operating income (loss)	<u>143,872</u>	<u>(389,334)</u>	<u>698,769</u>	<u>453,307</u>
<b>Non-Operating Revenues (Expenses):</b>				
Interest earned	1,315	131	196	1,642
Interest on long-term debt	<u>(236,760)</u>	<u>-</u>	<u>-</u>	<u>(236,760)</u>
Total non-operating revenue (expense)	<u>(235,445)</u>	<u>131</u>	<u>196</u>	<u>(235,118)</u>
Income (loss) before transfers and capital contributions	<u>(91,573)</u>	<u>(389,203)</u>	<u>698,965</u>	<u>218,189</u>
Capital contributions	27,815	-	-	27,815
Contributions from water districts	11,960,473	-	-	11,960,473
Contribution to water fund	-	(4,990,252)	(6,970,221)	(11,960,473)
Transfers to other funds	<u>-</u>	<u>(299,242)</u>	<u>-</u>	<u>(299,242)</u>
Total transfers and capital contributions	<u>11,988,288</u>	<u>(5,289,494)</u>	<u>(6,970,221)</u>	<u>(271,427)</u>
Change in net position	11,896,715	(5,678,697)	(6,271,256)	(53,238)
<b>Net Position:</b>				
Beginning of year - July 1	5,454,125	5,678,697	6,271,256	17,404,078
Prior period adjustment	<u>(467,060)</u>	<u>-</u>	<u>-</u>	<u>(467,060)</u>
Beginning of year, restated	<u>4,987,065</u>	<u>5,678,697</u>	<u>6,271,256</u>	<u>16,937,018</u>
End of year - June 30	<u>\$ 16,883,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,883,780</u>

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



MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Fund			Total
	Water System Fund	Water District I Fund	Water District II Fund	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 3,081,034	\$ 484,543	\$ 698,769	\$ 4,264,346
Cash paid for goods and services	(1,208,392)	(734,110)	-	(1,942,502)
Cash paid to employees for services	(756,594)	-	-	(756,594)
Customer deposits paid, net	-	-	-	-
Net cash provided (used) by operating activities	1,116,048	(249,567)	698,769	1,565,250
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Due to (from) other funds	1,421,731	-	(936,069)	485,662
Transfers in	-	-	-	-
Transfers (out)	-	(299,242)	-	(299,242)
Contribution to water fund	229,660	(138,356)	(91,304)	-
Net cash provided (used) by non-capital financing activities	1,651,391	(437,598)	(1,027,373)	186,420
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(491,399)	-	-	(491,399)
Proceeds from debt	5,961,310	-	-	5,961,310
Principal paid on debt	(6,488,096)	-	-	(6,488,096)
Interest paid on debt	(236,760)	-	-	(236,760)
Capital contributions - Federal and State grants	27,815	-	-	27,815
Net cash provided (used) by capital and related financing activities	(1,227,130)	-	-	(1,227,130)
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	1,315	131	196	1,642
Net cash provided (used) by investing activities	1,315	131	196	1,642
Net increase (decrease) in cash and cash equivalents	1,541,624	(687,034)	(328,408)	526,182
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	-	687,034	328,408	1,015,442
End of year, June 30	\$ 1,541,624	\$ -	\$ -	\$ 1,541,624

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

MONTGOMERY COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Fund			Total
	Water System Fund	Water District I Fund	Water District II Fund	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 143,872	\$ (389,334)	\$ 698,769	\$ 453,307
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	893,169	-	-	893,169
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(98,605)	(139,767)	307,829	69,457
(Increase) decrease in inventory and accrued liabilities	(29,538)	34,597	45,905	50,964
	(2,782)	135,565	269,525	402,308
Increase (decrease) in due to other funds	-	7,380	(707,203)	(699,823)
Increase (decrease) in customer deposits	209,932	106,754	87,624	404,310
Increase (decrease) in OPEB payable	-	(4,762)	(3,680)	(8,442)
Total adjustments	972,176	139,767	-	1,111,943
Net cash provided (used) by operating activities	\$ 1,116,048	\$ (249,567)	\$ 698,769	\$ 1,565,250
<b>Non-Cash Financing Activities:</b>				
Non-cash contributions	\$ 11,730,813	\$ (4,851,896)	\$ (6,878,917)	\$ -

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2013**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 134,712
Accounts receivable	238,881
Taxes receivable	<u>284,032</u>
Total assets	<u>\$ 657,625</u>
 <b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 373,593
Intergovernmental payables	<u>284,032</u>
Total liabilities	<u>\$ 657,625</u>

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### Discretely Presented Component Unit

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

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

#### Blended Component Unit

##### Montgomery County Water Districts I and II

Montgomery County Water Districts I and II (the "Districts") exists to provide and maintain a water system for the County residents within the districts. Under State law [G.S. 162A-89], the County's Board of Commissioners also serves as the governing board for the Districts. Therefore, the Districts are reported as enterprise funds in the County's financial statements. The Districts do not issue separate financial statements.

During the year, the County received approval from the Local Government Commission and adopted a Board resolution to consolidate the Water Districts into one primary Enterprise Fund (Water Fund).

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

**General Fund** The General Fund is the primary operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

**2013 QSCB School Rehab Fund** This fund accounts for the Qualified School Bonds issued to rehabilitate public school buildings in the County.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County reports the following nonmajor governmental funds:

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

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

The County reports the following major enterprise funds:

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

**Water District I Fund.** This fund is used to account for the distribution of water to residents in the District.

**Water District II Fund.** This fund is used to account for the distribution of water to residents in the District.

The County reports the following fund types:

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

- Social Services Fund, which accounts for monies deposited with the Social Services Department for the benefit of certain individuals.
- Fines and Forfeitures Fund, which accounts for collections to be remitted to the schools.
- Motor Vehicle Property Tax Fund, which accounts for real property and registered motor vehicle taxes which were levied on behalf of municipalities within the County.
- Inmate Trust Fund, which accounts for monies deposited with the Sheriff's Department for the benefit of certain inmates of the County Jail.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### C. Measurement Focus and Basis of Accounting

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Montgomery County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### **D. Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Special revenue funds (except for multi-year funds), and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds, multi-year special revenue funds, and the enterprise capital projects funds which are consolidated with the enterprise operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for multi-year funds. Transfers of appropriations between funds may be made only by the Board. The County Manager is authorized to transfer appropriations within a fund; however, the governing board must approve any revisions that alter total expenditures of any department or fund. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

#### Cash and Cash Equivalents

The County pools money from several funds, except the Water System Fund, Water District I Fund, Water District II Fund, the Drug Forfeiture Fund, the Inmate Trust Fund, and the Social Services Fund to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

#### Restricted Assets

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Ad Valorem Taxes Receivable**

In accordance with State laws [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowance for Doubtful Accounts**

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

### **Inventories**

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

### **Capital Assets**

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

The County holds title to certain Montgomery County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Montgomery County Board of Education.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

### Deferred Outflows/Inflows of Resources

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

### Long-Term Obligations

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

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Compensated Absences**

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

### **Net Position/Fund Balances**

#### **Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

#### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

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

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Restricted Fund Balance

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

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

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

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

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

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

Restricted fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>2013 QSCB School Rehab Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Restricted, All Other:</b>				
Human services	\$ 20,092	\$ -	\$ 36,956	\$ 1,882,852
Economic and physical development	-	-	107,185	107,185
Education	-	1,825,804	241,657	2,067,461
Public safety	-	-	872,067	872,067
<b>Total</b>	<u>\$ 20,092</u>	<u>\$ 1,825,804</u>	<u>\$ 1,257,865</u>	<u>\$ 4,929,565</u>

### Committed Fund Balance

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

*Committed for General Government* – portion of fund balance that can only be used for airport improvements.

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

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

*Committed for Economic and Physical Development* – portion of fund balance committed by the governing board for economic development incentives and projects.

<u>Purpose</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Committed:</b>		
General government	\$ 323,438	\$ 323,438
Education	782,798	782,798
Public safety	778,598	778,598
Economic and Physical Development	-	-
Total	<u>\$ 1,884,834</u>	<u>\$ 1,884,834</u>

**Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that Montgomery County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Director to make certain modifications without requiring Board approval.

**Unassigned Fund Balance**

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

The County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of audited expenditures for the previous fiscal year. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget. This policy is reevaluated and readopted each fiscal year during the budget process.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 9,548,848
Less:	
Inventories	24,809
Stabilization by State statute	<u>1,558,293</u>
Total available fund balance	<u>\$ 7,965,746</u>

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

Fund balance, ending - General Fund (Exhibit F)	<u>\$9,526,231</u>
<b>School Fund:</b>	
Revenues:	
Investment earnings	11
<b>Fund Balance:</b>	
Beginning of year - July 1	<u>22,606</u>
End of year, June 30	<u>22,617</u>
Total ending fund balance (Exhibit D)	<u>\$9,548,848</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 2. Stewardship, Compliance, and Accountability

#### A. Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, the expenditures exceeded authorized appropriations as follows:

<b>Fund</b>	<b>Amount</b>
<b>General Fund:</b>	
House keeping	\$ 177,560
Court Facilities	2,032
NC Forestry Service	616
<b>Special Revenue Funds:</b>	
Montgomery County TDA	\$ 1,655
Montgomery County EMPG	18,244
<b>Capital Project Fund:</b>	
Airport Block Grant	\$ 1,680,509
<b>Enterprise Funds:</b>	
<b>Water Fund:</b>	
Water Fund debt service	\$ 5,738,096
<b>Water District I Fund:</b>	
Transfer out	\$ 299,242
Repairs and maintenance	734,110

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



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 3. Detail Notes On All Funds

#### A. Assets

##### **Deposits**

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$4,581,820 and a bank balance of \$4,662,722. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,912,722 by collateral held under the Pooling Method. At June 30, 2013, the County had \$1,875 cash on hand.

##### **Investments**

At June 30, 2013, the County's investments consisted of \$9,208,192 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's.

*Credit Risk.* It is the policy of the County to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow requirements of the County and conforming to all State statutes governing the investment of idle funds. As of June 30, 2013, the County's investments in NC Capital Management Trust Cash portfolio carried a credit rating of AAAm by Standard & Poor's.

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Property Tax - Use-Value Assessment On Certain Lands**

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<b>Year Ended</b>			
<b>June 30</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 64,601	\$ 9,530	\$ 74,131
2011	72,637	4,184	76,821
2012	74,798	4,307	79,105
2013	<u>511,449</u>	<u>25,573</u>	<u>537,022</u>
Total	<u>\$ 723,485</u>	<u>\$ 43,594</u>	<u>\$ 767,079</u>

**Receivables**

Receivables at the government-wide level at June 30, 2013 were as follows:

	<b>Accounts</b>	<b>Taxes</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 1,487,770	\$ 1,571,900	\$ 3,059,670
2013 QSCB School Rehab	59,764	-	59,764
Other governmental	<u>91,927</u>	<u>26,356</u>	<u>118,283</u>
Total receivables	1,639,461	1,598,256	3,237,717
Allowance for doubtful accounts	<u>-</u>	<u>(483,422)</u>	<u>(483,422)</u>
Total governmental activities	<u>\$ 1,639,461</u>	<u>\$ 1,114,834</u>	<u>\$ 2,754,295</u>
<b>Business-Type Activities:</b>			
Water System	\$ 338,837	\$ -	\$ 338,837
Allowance for doubtful accounts	<u>(98,788)</u>	<u>-</u>	<u>(98,788)</u>
Total business-type activities	<u>\$ 240,049</u>	<u>\$ -</u>	<u>\$ 240,049</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Type of Receivable</u>			
<b>Due from other Governments:</b>			
<b>Governmental Activities:</b>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
	Sales tax refund	\$ 33,265	\$ 19,445
<b>Business-Type Activites</b>	<u>Water Fund</u>		
Sales tax refund	\$ 70,983		

**Capital Assets**

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 819,015	\$ -	\$ -	\$ 819,015
Construction in progress	<u>1,706,982</u>	<u>2,926,920</u>	<u>(2,928,640)</u>	<u>1,705,262</u>
Total non-depreciable capital assets	<u>2,525,997</u>	<u>2,926,920</u>	<u>(2,928,640)</u>	<u>2,524,277</u>
<b>Depreciable Capital Assets:</b>				
Buildings and improvements	32,372,223	3,192,316	(36,000)	35,528,539
Equipment	1,550,523	17,158	-	1,567,681
Vehicles and motorized equipment	<u>5,195,047</u>	<u>161,287</u>	<u>(37,988)</u>	<u>5,318,346</u>
Total depreciable capital assets	<u>39,117,793</u>	<u>3,370,761</u>	<u>(73,988)</u>	<u>42,414,566</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	6,465,277	794,640	(14,374)	7,245,543
Equipment and vehicles	1,072,127	238,906	-	1,311,033
Vehicles and motorized equipment	<u>4,352,896</u>	<u>265,815</u>	<u>(37,988)</u>	<u>4,580,723</u>
Total accumulated depreciation	<u>11,890,300</u>	<u>\$ 1,299,361</u>	<u>\$ (52,362)</u>	<u>13,137,299</u>
Total depreciable capital assets, net	<u>27,227,493</u>			<u>29,277,267</u>
Governmental activity capital assets, net	<u>\$ 29,753,490</u>			<u>\$ 31,801,544</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

General government	\$ 553,946
Public safety	714,159
Economic and physical development	764
Human services	20,228
Cultural and recreational	<u>10,264</u>
Total	<u>\$ 1,299,361</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
<b>Business-Type Activities:</b>					
<b>Water System Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 60,292	\$ -	\$ -	\$ 28,175	\$ 88,467
Construction in progress	1,190,543	425,951	-	(1,554,744)	61,750
Total non-depreciable capital assets	<u>1,250,835</u>	<u>425,951</u>	<u>-</u>	<u>(1,526,569)</u>	<u>150,217</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	12,978,332	-	-	8,735,235	21,713,567
Plant and distribution system	6,513,717	-	-	10,402,180	16,915,897
Equipment	955,796	65,448	(14,341)	-	1,006,903
Other fixed assets	6,750	-	-	-	6,750
Total depreciable capital assets	<u>20,454,595</u>	<u>65,448</u>	<u>(14,341)</u>	<u>19,137,415</u>	<u>39,643,117</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	4,486,415	457,352	-	1,614,180	6,557,947
Plant and distribution system	3,434,199	378,816	-	2,121,231	5,934,246
Equipment	733,733	57,001	(14,341)	-	776,393
Other capital assets	6,750	-	-	-	6,750
Total accumulated depreciation	<u>8,661,099</u>	<u>\$ 893,169</u>	<u>\$ (14,341)</u>	<u>3,735,411</u>	<u>13,275,336</u>
Total depreciable capital assets, net	<u>11,793,496</u>				<u>26,367,781</u>
Water System Fund capital assets, net	<u>13,044,331</u>				<u>26,517,998</u>
<b>Water District I:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	17,500	\$ -	\$ -	(17,500)	-
Total capital assets not being depreciated	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>(17,500)</u>	<u>-</u>
<b>Depreciable Capital Assets:</b>					
Water lines	7,180,491	-	-	(7,180,491)	-
Total capital assets being depreciated	<u>7,180,491</u>	<u>-</u>	<u>-</u>	<u>(7,180,491)</u>	<u>-</u>
<b>Less Accumulated Depreciation:</b>					
Water lines	1,614,180	\$ -	\$ -	(1,614,180)	-
Total accumulated depreciation	<u>1,614,180</u>				<u>-</u>
Total depreciable capital assets, net	<u>5,566,311</u>				<u>-</u>
Water District I capital assets, net	<u>5,583,811</u>				<u>-</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
<b>Water District II:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	10,675	\$ -	\$ -	(10,675)	-
Construction in progress	-	-	-	-	-
<b>Depreciable Capital Assets:</b>					
Plant and distribution system	10,500,377	-	(98,197)	(10,402,180)	-
Total depreciable capital assets	10,500,377	-	(98,197)	(10,402,180)	-
<b>Less Accumulated Depreciation:</b>					
Plant and distribution system	2,121,231	-	-	(2,121,231)	-
Total accumulated depreciation	2,121,231	\$ -	\$ -	\$(2,121,231)	-
Total depreciable capital assets, net	8,379,146				-
Water District II capital assets, net	8,389,821				-
Business-type activities capital assets, net	\$ 27,017,963				\$ 26,517,998

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 156,873	\$ 413,791	\$ 570,664
2013 QSCB School Rehab	111,364	-	111,364
Other governmental	43,460	-	43,460
Total governmental activities	\$ 311,697	\$ 413,791	\$ 725,488
<b>Business-Type Activities:</b>			
Water System	\$ 166,472	\$ 27,428	\$ 193,900
Total business-type activities	\$ 166,472	\$ 27,428	\$ 193,900

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Pension Plan Obligations**

#### **Local Government Employees' Retirement System**

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

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$477,835, \$501,763, and \$450,756 respectively. The contributions made by the County equaled the required contributions for each year.

#### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>35</u>
Total	<u><u>41</u></u>

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

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

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

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

The annual required contribution for the current year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.



**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

Annual required contribution	\$ 57,639
Interest on net pension obligation	9,484
Adjustment to annual required contribution	<u>(11,114)</u>
Annual pension cost	56,009
Contributions made	<u>61,757</u>
Increase (decrease) in net pension obligation	(5,748)
Net pension obligation:	
Beginning of year - July 1	<u>165,882</u>
End of year - June 30	<u><u>\$ 160,134</u></u>

**Three-Year Trend Information**

<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2013	\$ 56,009	110.26%	\$ 160,134
2012	56,009	105.31%	165,882
2011	54,987	86.64%	168,855

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The Actuarial Accrued Liability for benefits and the Unfunded Actuarial Accrued Liability (UAAL) was \$586,725. The covered payroll (annual payroll of active employees covered by the plan) was \$1,105,953, and the ratio of the UAAL to the covered payroll was 53.05 percent.

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013, were \$81,100, which consisted of \$51,059 from the County and \$30,041 from the law enforcement officers.

### **Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's deferred compensation plan, requiring all assets of the Plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan,"*, the County's deferred compensation plan is not reported within the County's agency funds.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

**Plan Description.** The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any County register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provision to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$2,171.

### **Other Post-Employment Benefits - Healthcare Benefits**

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Membership of the plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	34	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>198</u>	<u>35</u>
Total	<u>232</u>	<u>35</u>

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

The current ARC rate is 3.48% of annual covered payroll. For the current year, the County contributed \$118,405, or 1.6% of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

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

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

Annual required contribution	\$ 224,058
Interest on net OPEB obligation	21,554
Adjustments to annual required contribution	<u>(18,578)</u>
Annual OPEB cost (expense)	227,034
Contributions made	<u>(118,405)</u>
Increase (decrease) in net OPEB obligation	108,629
Net OPEB obligation:	
Beginning of year - July 1	<u>510,678</u>
End of year - June 30	<u>\$ 619,307</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 227,034	52.15%	\$ 619,307
2012	224,866	74.10%	510,678
2011	227,079	53.90%	452,458

**Funding Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The Actuarial Accrued Liability for benefits and, thus, the Unfunded Actuarial Accrued Liability (UAAL) was \$2,939,338. The covered payroll (annual payroll of active employees covered by the plan) was \$7,244,528, and the ratio of the UAAL to the covered payroll was 40.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

As of June 30, 2013, management had decided to continue funding the liability on a pay-as-you-go basis going into the next fiscal year.

### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Closure and Post-Closure Care Costs

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

### Deferred Outflows and Inflows of Resources

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

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>	<u>Total</u>
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 34,609	\$ 34,609
Health fees receivable (General Fund)	235,562	-	235,562
Taxes receivable, net (General Fund)	1,088,478	-	1,088,478
Taxes receivable, net (Special Revenue Fund)	26,356	-	26,356
			0
Total	<u>\$ 1,350,396</u>	<u>\$ 34,609</u>	<u>\$ 1,385,005</u>

### Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three risk management pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains general liability and auto liability coverage of \$2 million per occurrence, up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general

# **MONTGOMERY COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pools have an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the Tax Collector are each individually bonded for \$148,500 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

### **Contingent Liabilities**

At June 30, 2013, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### **Long-Term Obligations**

#### **Capital Leases**

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

The County entered into a lease agreement that was executed on August 2011 to lease four (4) Sheriff vehicles and requires monthly payments of \$1,800, including interest at 2% for 3 years.



**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

At June 30, 2013, the County leased equipment valued at:

<u>Class of Property</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Value</u>
Equipment	\$ 762,229	\$ (724,800)	\$ 37,429

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 20,537
2015	10,532
2016	8,649
2017	3,506
Total minimum lease payments	43,224
Less amounts representing interest	(5,795)
Present value of the minimum lease payments	\$ 37,429

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Installment Purchases**

**Serviced by the General Fund:**

\$15,790,000 2007 Public Facilities Project COPS Services debt, due in annual installments of \$210,000 to \$800,000 through 2030; interest at 4% to 5%	\$ 13,195,000
\$10,000,000 2007 Certificates of Participation, Series 2007B, due in annual installments of \$455,000 to \$450,000 through 2030; interest at 4% to 5%	7,725,000
\$2,592,709 1995 Wachovia Learning Center debt due in annual installments of \$103,458 through 2015; interest at 2.45%	455,202
\$100,000 installment debt due in annual installments of \$21,015 through 2018; interest at 1.60%	100,000
\$180,000 installment debt due in annual installments of \$38,163 through 2018; interest at 1.65%	<u>180,000</u>
Total serviced by General Fund	<u>21,655,202</u>

**Serviced by the Water System Fund:**

723,500 2009 ARM Loan debt, due in annual installments of \$159,000 through 2014; interest at 3.2%	66,035
\$5,831,300 of installment debt issued during 2013 to refund pieces of USDA debt; annual payments of \$411,338 at 3.47%	<u>5,831,300</u>
Total serviced by business-type activities	<u>5,897,335</u>
Total installment purchases	<u>\$ 27,552,537</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The future minimum payments of the installment purchases as of June 30, 2013 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,331,307	\$ 963,775	\$ 265,472	\$ 214,157	\$ 1,596,779	\$ 1,177,932
2015	1,327,139	913,606	216,326	195,426	1,543,465	1,109,032
2016	1,272,983	864,275	223,466	187,919	1,496,449	1,052,194
2017	1,317,273	808,028	230,594	180,165	1,547,867	988,193
2018	1,316,500	747,088	239,206	172,163	1,555,706	919,251
2019-2023	6,300,000	2,937,008	1,320,595	730,612	7,620,595	3,667,620
2024-2028	6,285,000	1,491,131	1,560,629	485,607	7,845,629	1,976,738
2029-2030	2,505,000	250,000	1,841,047	195,755	4,346,047	445,755
Total	<u>\$ 21,655,202</u>	<u>\$ 8,974,911</u>	<u>\$ 5,897,335</u>	<u>\$ 2,361,804</u>	<u>\$ 27,552,537</u>	<u>\$ 11,336,715</u>

### State Revolving Loans

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

The future minimum payments of the state revolving loans as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2014	344,743	110,517
2015	328,021	107,718
2016	328,021	100,150
2017	328,021	86,361
2018	328,021	83,238
2019-2023	1,640,105	292,021
2024-2028	1,640,101	98,103
2029-2032	38,979	1,778
Total	<u>\$ 4,976,012</u>	<u>\$ 879,886</u>

**Installment Purchase - Qualified School Construction Bonds**

On September 1 2012, the County issued \$3,132,538 of Qualified School Construction Bonds. The bonds are secured by the real estate and require the County to make annual contributions of \$340,715 to a Bond Sinking Fund, which is held in trust by a bank. The bonds mature in 2032, at which time the Sinking Fund balance is designed to be sufficient to retire the bonds based on the accumulation of the annual contributions and the earnings of the Sinking Fund. As of June 30, 2013, the outstanding balance was \$3,132,538.

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

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 208,836	\$ 131,879
2015	208,836	123,088
2016	208,836	114,296
2017	208,836	105,504
2018	208,836	96,712
2019-2023	1,044,180	333,046
2024-2028	1,044,178	78,710
Total	<u>\$ 3,132,538</u>	<u>\$ 983,235</u>

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Advance Refunding

On May 8th, the County issued \$5,831,300 of installment debt with BB&T governmental finance to provide resources to refund four USDA bonds. As a result, the refunded debt amounts are considered to be defeased and the liability has been removed from the business type activities column of the Statement of Net Position. The carrying account of the old debt exceeded the reacquisition price by \$55,500. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$2,088,285 and resulted in an economic gain of \$227,500.

### Changes in General Long-Term Obligations

The following is a summary of changes in the County's long-term obligations as of June 30, 2013:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due in</u> <u>Less than</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Installment purchases	\$ 22,656,856	\$ 280,000	\$ (1,281,654)	\$ 21,655,202	\$ 1,331,307
Capitalized leases	69,462	-	(32,033)	37,429	20,537
QSCB	-	3,132,538	-	3,132,538	208,836
Unamortized bond premium	292,045	-	(16,228)	275,817	16,228
Compensated absences	559,212	-	(21,698)	537,514	26,875
Other post-employment benefits	454,248	202,388	(105,380)	551,256	-
Special Separation Allowance	165,882	56,009	(61,757)	160,134	-
<b>Total governmental activities</b>	<b>\$ 24,197,705</b>	<b>\$ 3,670,935</b>	<b>\$ (1,518,750)</b>	<b>\$ 26,349,890</b>	<b>\$ 1,603,783</b>
	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due in</u> <u>Less than</u> <u>One Year</u>
<b>Business-Type Activities:</b>					
General obligation debt	\$ 5,905,760	\$ -	\$ (5,905,760)	\$ -	\$ -
State revolving loans	5,190,746	130,010	(344,744)	4,976,012	344,743
Installment purchases	303,627	5,831,300	(237,592)	5,897,335	265,472
Other post-employment benefits	56,430	24,646	(13,025)	68,051	-
Compensated absences	34,053	-	(4,119)	29,934	1,576
<b>Total business-type activities</b>	<b>\$ 11,490,616</b>	<b>\$ 5,985,956</b>	<b>\$ (6,505,240)</b>	<b>\$ 10,971,332</b>	<b>\$ 611,791</b>

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Net Investment in Capital Assets**

Net investment in capital assets at June 30, 2013 are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 31,801,544	\$ 26,517,998
Less capital debt:		
Gross debt	25,100,986	10,873,347
Less:		
Unexpended proceeds	<u>1,861,218</u>	<u>-</u>
Net capital debt	<u>23,239,768</u>	<u>10,873,347</u>
 Net investment in capital assets	 <u>\$ 8,561,776</u>	 <u>\$ 15,644,651</u>

**Interfund Balances and Activity**

Transfers to/from funds for the year ended June 30, 2013 were as follows:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 10,000	\$ -	
Revaluation Fund	-	10,000	Annually budgeted transfer
CDBG Scattered Site	10,000	-	
DSS Urgent Repair	-	10,000	Administrative costs
Water System Fund	299,242	-	
General Fund	<u>-</u>	<u>299,242</u>	Operations
Total	<u>\$ 319,242</u>	<u>\$ 319,242</u>	

**MONTGOMERY COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Internal Balances**

Due to/from other funds as of June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>	<u>Description</u>
General Fund	\$ 252,146	\$ -	
Water Fund	-	252,146	Repayment of internal loan
General Fund	17,324	-	
Emergency Telephone Fund	-	17,324	Repayment of internal loan
General Fund	3,350	-	
Montgomery County EMPG	-	3,350	Repayment of internal loan
Total	<u>\$ 272,820</u>	<u>\$ 272,820</u>	

**4. Joint Ventures**

**Montgomery Community College**

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

The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College’s operations. In addition to providing annual appropriations for the facilities, the County periodically issues long-term debt to provide financing for new and restructured facilities. Of the last long-term debt issued for this purpose, \$455,203 in debt is still outstanding. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College’s facilities. The County contributed 759,434 and \$10,000 to the Community College for operating purposes and capital outlay, respectively, during the fiscal year ended June 30, 2013. In addition, the County made debt service payments of \$192,014 during the fiscal year on long-term debt obligations for Community College capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2013. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at Troy, North Carolina 27371.

## **MONTGOMERY COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **Montgomery Economic Development Corporation**

The County appoints three members of the thirteen directors of the Montgomery Economic Development Corporation (“Corporation”). The remaining members are either appointed by the Chamber of Commerce, elected by the members of the Corporation, or appointed by various towns that participate. The County provides an annual appropriation to the Corporation, which represents a significant portion of their budget; however, the Corporation is not accountable to the County for its fiscal matters beyond this allocation. The County does not significantly influence the operations of the Corporation and had no authority to designate its management. For the year ended June 30, 2013, the County’s appropriation to the Corporation was \$82,800. The County does not have any equity interest in the Corporation; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2013. Complete financial statements for Montgomery Economic Development Corporation can be obtained from their administrative offices at Troy, North Carolina 27371.

#### **Sandhill Regional Library System**

The County participates in a joint venture to operate the Sandhill Regional Library System (“Library System”) with four other County governments (Anson, Hoke, Moore, and Richmond). Each participating government appoints three Board members to the fifteen-member Board of the Library System. The County has an ongoing financial responsibility for the joint venture, because the Library System’s continued existence depends on the participating governments’ continued funding. None of the participating governments have an equity interest in the Library System, so no equity interest has been reflected in the financial statements of the County at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$284,116 to the Library System to supplement its activities. Complete financial statements for the Library System can be obtained from the Library System’s office at 412 East Franklin Street, Montgomery, North Carolina 28379.

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

The Sandhills Center (“Center”) is a regional authority that was organized to provide the named services to a five-County area that consists of Montgomery, Moore, Hoke, Richmond, and Anson counties. Each participating government appoints members to the Center’s governing board, with Montgomery County appointing two. The County has an ongoing financial responsibility for the joint venture, because the Center’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$60,775 to the Center to supplement its activities. Complete financial statements for the Center can be obtained from the Center’s office in West End, North Carolina 27376.



# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 5. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 28,356,751	\$ 15,833,825
Health Choice	10,427	1,568
Women, Infants, and Children	1,125,537	-
Temporary Assistance to Needy Families	659,537	-
Low Income Energy Assistance	336,544	-
Title IV-E, Foster Care	99,556	15,511
State/County Special Assistance for Adults	-	348,236
Total	<u>\$ 30,588,352</u>	<u>\$ 16,199,140</u>

### 6. Summary Disclosure of Significant Contingencies

#### Federal and State-Assisted Programs

The County has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### 7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

### 8. Prior Period Adjustment

A prior period adjustment was made in the business-type activities Statement of Net Position and beginning net position was restated and decreased by \$467,060 to record the prior year debt issuance of State Revolving Loan debt.

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## MONTGOMERY COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of % of Percent of Covered Payroll ( (b-a) /c)
12/31/2005	\$ -	\$ 240,762	\$ 240,762	0.00%	\$ 953,852	25.24%
12/31/2006	-	276,739	276,739	0.00%	989,060	27.98%
12/31/2007	-	400,396	400,396	0.00%	998,910	40.08%
12/31/2008	-	424,664	424,664	0.00%	1,106,063	38.39%
12/31/2009	-	584,070	584,070	0.00%	1,109,700	52.63%
12/31/2010	-	591,428	591,428	0.00%	1,160,195	50.98%
12/31/2011	-	586,725	586,725	0.00%	1,105,953	53.05%
12/31/2012	-	586,725	586,725	0.00%	1,105,953	53.05%

## Schedule of Employer Contributions

Year Ended June 30	Annual Contributions Required (ARC)	Percentage of ARC Contributed
2011	\$ 55,559	85.74%
2012	57,639	102.33%
2013	57,639	93.33%

## Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortized method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value

## Actuarial assumptions:

Investment rate of return	5.00%
Projected salary increases	4.25-7.85 %
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

## MONTGOMERY COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of % of Percent of Covered Payroll ( (b-a) /c)
12/31/2010	\$ -	\$ 2,666,138	\$ 2,666,138	0.00%	\$ 7,462,874	35.73%
12/31/2011	-	2,939,338	2,939,338	0.00%	7,244,528	40.57%
12/31/2012	-	2,939,338	2,939,338	0.00%	7,244,528	40.57%

## Schedule of Employer Contributions

Year Ended June 30	Annual Contributions Required (ARC)	Percentage of ARC Contributed
2011	\$ 225,170	54.31%
2012	224,058	74.38%
2013	224,058	52.85%

## Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	9.50% - 5.00%
Year of Ultimate trend rate	2018

\* Includes inflation at 3.00%

## MONTGOMERY COUNTY, NORTH CAROLINA

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>School Fund</u>	<u>Total General Fund</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 16,128,434	\$ -	\$ 16,128,434
Local option sales tax	2,903,555	-	2,903,555
Other taxes and licenses	64,924	-	64,924
Unrestricted intergovernmental	186,208	-	186,208
Restricted intergovernmental	5,100,821	-	5,100,821
Permits and fees	289,346	-	289,346
Sales and services	3,107,446	-	3,107,446
Investment earnings	7,149	11	7,160
Miscellaneous	53,719	-	53,719
Total revenues	<u>27,841,602</u>	<u>11</u>	<u>27,841,613</u>
<b>Expenditures:</b>			
Current:			
General government	5,641,138	-	5,641,138
Public safety	4,158,480	-	4,158,480
Transportation	25,000	-	25,000
Environmental protection	17,201	-	17,201
Economic and physical development	359,841	-	359,841
Human services	7,237,365	-	7,237,365
Cultural and recreational	365,546	-	365,546
Intergovernmental education	6,723,165	-	6,723,165
Debt service:			
Principal retirement	1,313,687	-	1,313,687
Interest and fees	980,113	-	980,113
Total expenditures	<u>26,821,536</u>	<u>-</u>	<u>26,821,536</u>
Revenues over (under) expenditures	<u>1,020,066</u>	<u>11</u>	<u>1,020,077</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	299,242	-	299,242
Transfers to other funds	(10,000)	-	(10,000)
Capital lease issuance	280,000	-	280,000
Total other financing sources (uses)	<u>569,242</u>	<u>-</u>	<u>569,242</u>
Net change in fund balance	1,589,308	11	1,589,319
<b>Fund Balance:</b>			
Beginning of year - July 1	<u>7,936,923</u>	<u>22,606</u>	<u>7,959,529</u>
End of year - June 30	<u>\$ 9,526,231</u>	<u>\$ 22,617</u>	<u>\$ 9,548,848</u>

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

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 15,551,071	\$ 16,002,401	\$ 451,330	\$ 14,903,922
Penalties and interest	93,000	126,033	33,033	114,154
Total	<u>15,644,071</u>	<u>16,128,434</u>	<u>484,363</u>	<u>15,018,076</u>
<b>Local Option Sales Tax:</b>				
Article 39 and 44	974,288	859,194	(115,094)	1,002,876
Article 40 - 1/2 percent	1,198,543	1,212,977	14,434	1,191,677
Article 42 - 1/2 percent	656,372	674,345	17,973	641,762
Medicaid hold-harmless payment	-	157,039	157,039	240,552
Total	<u>2,829,203</u>	<u>2,903,555</u>	<u>74,352</u>	<u>3,076,867</u>
<b>Other Taxes and Licenses:</b>				
Franchise fees	-	5,086	5,086	15,753
Gross receipts tax - rental vehicles	450	538	88	573
Scrap tire disposal fee	30,000	34,862	4,862	41,060
White good disposal tax	4,600	8,606	4,006	6,529
Privilege license	100	730	630	485
Video program distribution	14,500	-	(14,500)	-
Solid waste disposal tax	10,000	15,102	5,102	12,604
Total	<u>59,650</u>	<u>64,924</u>	<u>5,274</u>	<u>77,004</u>
<b>Unrestricted Intergovernmental:</b>				
Payment in lieu of taxes	95,000	15,805	(79,195)	98,650
Beer and wine tax	500	81,225	80,725	87,805
Tax refund - gasoline	-	-	-	285
Funds from ABC Board	-	13,144	13,144	1,019
Forest service funds	76,034	76,034	-	84,877
Total	<u>171,534</u>	<u>186,208</u>	<u>14,674</u>	<u>272,636</u>
<b>Restricted Intergovernmental:</b>				
Federal and State grants	5,387,557	4,946,664	(440,893)	5,261,228
Lottery proceeds	331,600	-	(331,600)	340,362
Court facilities fees	108,000	103,124	(4,876)	109,675
ABC bottles tax	4,500	18,033	13,533	3,917
Concealed weapon fees	15,000	33,000	18,000	18,640
Total	<u>5,846,657</u>	<u>5,100,821</u>	<u>(745,836)</u>	<u>5,733,822</u>

MONTGOMERY COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Permits and Fees:</b>				
Building permits, zoning, and inspection fees	137,250	98,802	(38,448)	129,291
Register of Deeds	165,537	190,544	25,007	191,362
Total	<u>302,787</u>	<u>289,346</u>	<u>(13,441)</u>	<u>320,653</u>
<b>Sales and Services:</b>				
Rents, concession, and fees	36,500	55,951	19,451	40,151
Jail fees	482,000	360,546	(121,454)	487,768
Animal control	750	2,256	1,506	1,772
Landfill, other revenues	2,636,407	2,686,090	49,683	2,720,801
Vehicle tax collection fee	30,000	2,603	(27,397)	32,947
Total	<u>3,185,657</u>	<u>3,107,446</u>	<u>(78,211)</u>	<u>3,283,439</u>
<b>Investment Earnings</b>	<u>7,000</u>	<u>7,149</u>	<u>149</u>	<u>9,027</u>
<b>Miscellaneous:</b>				
Sale of capital assets	-	-	-	1,958
Library contribution fees	29,800	30,783	983	30,171
Other	-	22,936	22,936	41,343
Total	<u>29,800</u>	<u>53,719</u>	<u>23,919</u>	<u>73,472</u>
Total revenues	<u>28,076,359</u>	<u>27,841,602</u>	<u>(234,757)</u>	<u>27,864,996</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Board:</b>				
Salaries and employee benefits	428,915	427,922	993	150,022
Operating expenditures	2,008,320	1,896,319	112,001	1,351,446
Insurance other than property	10,000	2,155	7,845	119,799
Total	<u>2,447,235</u>	<u>2,326,396</u>	<u>120,839</u>	<u>1,621,267</u>
<b>Board of Elections:</b>				
Salaries and employee benefits	107,788	110,343	(2,555)	106,902
Operating expenditures	70,671	50,434	20,237	65,777
Total	<u>178,459</u>	<u>160,777</u>	<u>17,682</u>	<u>172,679</u>
<b>Administration:</b>				
Salaries and employee benefits	160,792	152,117	8,675	184,744
Operating expenditures	82,728	64,868	17,860	76,954
Total	<u>243,520</u>	<u>216,985</u>	<u>26,535</u>	<u>261,698</u>

MONTGOMERY COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Finance:</b>				
Salaries and employee benefits	263,947	224,577	39,370	255,120
Operating expenditures	24,875	9,421	15,454	12,732
Total	<u>288,822</u>	<u>233,998</u>	<u>54,824</u>	<u>267,852</u>
<b>Information Technology:</b>				
Salaries and employee benefits	90,572	86,906	3,666	83,379
Operating expenditures	109,335	101,231	8,104	61,024
Capital outlay	42,255	42,024	231	11,498
Total	<u>242,162</u>	<u>230,161</u>	<u>12,001</u>	<u>155,901</u>
<b>Human Resources:</b>				
Salaries and employee benefits	390,769	400,325	(9,556)	65,911
Operating expenditures	34,480	22,089	12,391	10,472
Total	<u>425,249</u>	<u>422,414</u>	<u>2,835</u>	<u>76,383</u>
<b>Recycling:</b>				
Operating expenditures	-	-	-	40,705
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,705</u>
<b>Taxes:</b>				
Salaries and employee benefits	351,656	330,248	21,408	347,238
Operating expenditures	64,310	63,934	376	79,384
Total	<u>415,966</u>	<u>394,182</u>	<u>21,784</u>	<u>426,622</u>
<b>Register of Deeds:</b>				
Salaries and employee benefits	141,522	141,330	192	147,257
Operating expenditures	54,873	54,555	318	26,305
Total	<u>196,395</u>	<u>195,885</u>	<u>510</u>	<u>173,562</u>
<b>Public Buildings:</b>				
Salaries and employee benefits	46,284	44,765	1,519	37,903
Operating expenditures	1,199,835	1,045,218	154,617	415,034
Capital outlay	-	-	-	759
Total	<u>1,246,119</u>	<u>1,089,983</u>	<u>156,136</u>	<u>453,696</u>
<b>Court Facilities:</b>				
Operating expenditures	31,000	36,965	(5,965)	9,857
Capital outlay	6,000	2,067	3,933	400
Total	<u>37,000</u>	<u>39,032</u>	<u>(2,032)</u>	<u>10,257</u>



**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Housekeeping:</b>				
Salaries and employee benefits	131,040	132,220	(1,180)	131,525
Operating expenditures	22,725	19,105	3,620	18,598
Capital outlay	-	180,000	(180,000)	-
Total	<u>153,765</u>	<u>331,325</u>	<u>(177,560)</u>	<u>150,123</u>
Total general government	<u>5,874,692</u>	<u>5,641,138</u>	<u>233,554</u>	<u>3,810,745</u>
<b>Public Safety:</b>				
<b>Sheriff's Department:</b>				
Salaries and employee benefits	1,586,334	1,559,434	26,900	1,559,716
Operating expenditures	374,345	354,975	19,370	346,813
Total	<u>1,960,679</u>	<u>1,914,409</u>	<u>46,270</u>	<u>1,906,529</u>
<b>Jail:</b>				
Salaries and employee benefits	843,252	842,460	792	761,257
Operating expenditures	421,612	421,062	550	386,887
Total	<u>1,264,864</u>	<u>1,263,522</u>	<u>1,342</u>	<u>1,148,144</u>
<b>NC Forestry Service</b>				
County appropriation	<u>168,200</u>	<u>168,816</u>	<u>(616)</u>	<u>156,400</u>
<b>Inspections:</b>				
Salaries and employee benefits	191,131	189,032	2,099	165,729
Operating expenditures	<u>17,163</u>	<u>15,171</u>	<u>1,992</u>	<u>15,817</u>
Total	<u>208,294</u>	<u>204,203</u>	<u>4,091</u>	<u>181,546</u>
<b>Ambulance Service:</b>				
Contract services	-	-	-	1,246,167
<b>Rescue Squads:</b>				
Operating expenditures	27,100	26,588	512	14,785
Capital outlay	<u>22,000</u>	-	<u>22,000</u>	<u>15,054</u>
Total	<u>49,100</u>	<u>26,588</u>	<u>22,512</u>	<u>29,839</u>
<b>Animal Control:</b>				
Salaries and employee benefits	75,129	75,931	(802)	75,347
Operating expenditures	<u>26,451</u>	<u>23,698</u>	<u>2,753</u>	<u>26,857</u>
Total	<u>101,580</u>	<u>99,629</u>	<u>1,951</u>	<u>102,204</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Community-Based Correction Program:</b>				
Salaries and employee benefits	27,271	15,097	12,174	15,058
Operating expenditures	49,152	19,636	29,516	99,049
Total	76,423	34,733	41,690	114,107
<b>Emergency Management Operations:</b>				
Salaries and employee benefits	429,182	412,731	16,451	439,032
Operating expenditures	56,544	33,849	22,695	64,149
Total	485,726	446,580	39,146	503,181
Total public safety	4,314,866	4,158,480	156,386	5,388,117
<b>Transportation:</b>				
Airport	25,000	25,000	-	22,500
Total transportation	25,000	25,000	-	22,500
<b>Non-Discretionary:</b>				
Operating expenditures	50,000	17,201	32,799	-
Total	50,000	17,201	32,799	-
Total non-discretionary	50,000	17,201	32,799	-
<b>Economic and Physical Development:</b>				
<b>Agricultural Extension:</b>				
Operating expenditures	169,420	169,394	26	158,360
Total	169,420	169,394	26	158,582
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits	76,028	75,846	182	75,479
Operating expenditures	4,275	3,222	1,053	3,711
Total	80,303	79,068	1,235	79,190
<b>Planning and Zoning:</b>				
Salaries and employee benefits	65,789	35,596	30,193	19,711
Contract services	70,827	69,919	908	80,000
Operating expenditures	6,500	5,864	636	2,854
Total	143,116	111,379	31,737	102,565
Total economic and physical development	392,839	359,841	32,998	340,337

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration and Clinical Services:</b>				
Salaries and employee benefits	231,518	227,569	3,949	181,050
Operating expenditures	193,700	189,703	3,997	174,940
Total	<u>425,218</u>	<u>417,272</u>	<u>7,946</u>	<u>355,990</u>
<b>Health Promotion:</b>				
Salaries and employee benefits	21,194	21,194	-	20,358
Operating expenditures	12,050	12,043	7	16,899
Total	<u>33,244</u>	<u>33,237</u>	<u>7</u>	<u>37,257</u>
<b>Communicable Diseases:</b>				
Salaries and employee benefits	84,926	63,946	20,980	86,902
Operating expenditures	15,370	16,133	(763)	13,961
Total	<u>100,296</u>	<u>80,079</u>	<u>20,217</u>	<u>100,863</u>
<b>Public Health/Emergency Planning:</b>				
Salaries and employee benefits	25,698	2,266	23,432	40,748
Operating expenses	20,439	10,655	9,784	2,088
Total	<u>46,137</u>	<u>12,921</u>	<u>33,216</u>	<u>42,836</u>
<b>Family Planning:</b>				
Salaries and employee benefits	189,117	167,579	21,538	170,605
Operating expenditures	66,861	63,847	3,014	61,877
Total	<u>255,978</u>	<u>231,426</u>	<u>24,552</u>	<u>232,482</u>
<b>Teen Outreach:</b>				
Salaries and employee benefits	45,363	31,283	14,080	43,901
Operating expenditures	19,637	6,676	12,961	18,776
Total	<u>65,000</u>	<u>37,959</u>	<u>27,041</u>	<u>62,677</u>
<b>Adult Health:</b>				
Salaried and employee benefits	63,720	47,491	16,229	50,556
Operating expenditures	13,939	13,939	-	12,773
Total	<u>77,659</u>	<u>61,430</u>	<u>16,229</u>	<u>63,329</u>

MONTGOMERY COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Childcare Coordination:</b>				
Salaries and employee benefits	75,410	72,443	2,967	-
Operating expenditures	5,449	2,999	2,450	-
Total	80,859	75,442	5,417	-
<b>Pregnancy Care Management:</b>				
Salaries and employee benefits	59,830	57,928	1,902	-
Operating expenditures	13,189	3,527	9,662	-
Total	73,019	61,455	11,564	-
<b>Maternal and Child Health:</b>				
Salaries and employee benefits	448,540	414,850	33,690	506,773
Operating expenditures	73,507	68,005	5,502	55,590
Total	522,047	482,855	39,192	562,363
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	228,723	214,251	14,472	222,273
Operating expenses	17,531	4,583	12,948	6,339
Total	246,254	218,834	27,420	228,612
<b>Environmental Health:</b>				
Salaries and employee benefits	139,110	118,274	20,836	152,108
Operating expenses	27,877	17,014	10,863	12,882
Total	166,987	135,288	31,699	164,990
Total health	2,092,698	1,848,198	244,500	1,851,399
<b>Social Services:</b>				
<b>Administrative and Services:</b>				
Salaries and employee benefits	2,991,957	2,721,606	270,351	2,943,494
Operating expenditures	146,250	116,707	29,543	619,983
Capital outlay	35,420	35,418	2	-
Total	3,173,627	2,873,731	299,896	3,563,477
<b>AFDC Program:</b>				
Assistance payments	60,000	52,853	7,147	2,536

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Medicaid:</b>				
Assistance payments	<u>1,619,342</u>	<u>1,622,205</u>	<u>(2,863)</u>	<u>1,592,861</u>
<b>DSS County Match</b>				
Operating	<u>439,760</u>	<u>384,812</u>	<u>54,948</u>	<u>-</u>
Total social services	<u>5,292,729</u>	<u>4,933,601</u>	<u>359,128</u>	<u>5,158,874</u>
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	<u>45,773</u>	<u>45,366</u>	<u>407</u>	<u>46,035</u>
Operating expenditures	<u>3,334</u>	<u>2,661</u>	<u>673</u>	<u>3,801</u>
Total	<u>49,107</u>	<u>48,027</u>	<u>1,080</u>	<u>49,836</u>
<b>NYPUM Program:</b>				
Salaries and employee benefits	<u>21,111</u>	<u>21,111</u>	<u>-</u>	<u>20,784</u>
Operating expenditures	<u>13,247</u>	<u>13,241</u>	<u>6</u>	<u>10,053</u>
Total	<u>34,358</u>	<u>34,352</u>	<u>6</u>	<u>30,837</u>
<b>Randolph Juvenile Day Reporting Center:</b>				
Operating expenditures	<u>162,090</u>	<u>162,087</u>	<u>3</u>	<u>-</u>
<b>Programs for the Aging:</b>				
County participation only	<u>211,100</u>	<u>211,100</u>	<u>-</u>	<u>226,084</u>
Total	<u>211,100</u>	<u>211,100</u>	<u>-</u>	<u>226,084</u>
Total human services	<u>7,842,082</u>	<u>7,237,365</u>	<u>1,086</u>	<u>7,317,030</u>
<b>Cultural and Recreational:</b>				
<b>Libraries:</b>				
Salaries and employee benefits	<u>212,166</u>	<u>211,883</u>	<u>283</u>	<u>209,262</u>
Operating expenditures	<u>70,878</u>	<u>45,765</u>	<u>25,113</u>	<u>46,500</u>
Books and magazines	<u>16,161</u>	<u>16,161</u>	<u>-</u>	<u>12,274</u>
Total	<u>299,205</u>	<u>273,809</u>	<u>25,396</u>	<u>268,036</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Historical Society</b>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<b>Summer Recreational Program:</b>				
Salaries and employee benefits	-	-	-	41,195
Operating expenditures	<u>60</u>	<u>60</u>	<u>-</u>	<u>16,110</u>
Total	<u>60</u>	<u>60</u>	<u>-</u>	<u>57,305</u>
<b>Recreation Outreach Program</b>	<u>97,498</u>	<u>87,071</u>	<u>10,427</u>	<u>34,714</u>
<b>County Gym Projects</b>	<u>5,000</u>	<u>3,106</u>	<u>1,894</u>	<u>7,338</u>
Total cultural and recreational	<u>403,263</u>	<u>365,546</u>	<u>37,717</u>	<u>368,893</u>
<b>Education:</b>				
Public schools - current expenditures	5,877,694	5,877,697	(3)	4,718,297
Community college - current expenditures	835,468	835,468	-	839,711
Community college - capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,833</u>
Total	<u>6,723,162</u>	<u>6,723,165</u>	<u>(3)</u>	<u>5,568,841</u>
Total education	<u>6,723,162</u>	<u>6,723,165</u>	<u>(3)</u>	<u>5,568,841</u>
<b>Debt Service:</b>				
Principal	1,320,731	1,313,687	7,044	1,519,890
Interest	<u>985,000</u>	<u>980,113</u>	<u>4,887</u>	<u>829,597</u>
Total	<u>2,305,731</u>	<u>2,293,800</u>	<u>11,931</u>	<u>2,349,487</u>
Total debt service	<u>2,305,731</u>	<u>2,293,800</u>	<u>11,931</u>	<u>2,349,487</u>
Total expenditures	<u>27,931,635</u>	<u>26,821,536</u>	<u>1,110,096</u>	<u>25,165,950</u>
Revenues over (under) expenditures	<u>144,724</u>	<u>1,020,066</u>	<u>875,339</u>	<u>2,699,046</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Transfers in (out):				
Revaluation Fund	(10,000)	(10,000)	-	(15,000)
Airport Grant Fund	-	-	-	(16,667)
Water Fund	-	-	-	254,800
Water District I	-	299,242	299,242	
Capital lease issuance	-	280,000	280,000	-
Appropriated fund balance (contingency)	(134,724)	-	134,727	-
Total other financing sources (uses)	(144,724)	569,242	713,969	223,133
Net change in fund balance	\$ -	1,589,308	\$ 1,589,308	2,922,179
<b>Fund Balance:</b>				
Beginning of year - July 1		7,936,923		5,014,744
End of year - June 30		\$ 9,526,231		\$ 7,936,923

## MONTGOMERY COUNTY, NORTH CAROLINA

## SCHOOL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Investment earnings	\$ 10	\$ 11	\$ 1	\$ 13
<b>Other Financing Sources (Uses):</b>				
Transfers in (out):				
General Fund	(10)	-	10	-
Net change in fund balance	\$ -	11	\$ 11	13
<b>Fund Balance:</b>				
Beginning of year - July 1		22,606		22,593
End of year - June 30		\$ 22,617		\$ 22,606



## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 1,276,722	\$ 1,688,454	\$ 2,965,176
Taxes receivable	26,356	-	26,356
Accounts receivable, net	73,619	18,308	91,927
Due from other governments	19,445	-	19,445
Restricted cash and investments	<u>-</u>	<u>241,657</u>	<u>241,657</u>
Total assets	<u>\$ 1,396,142</u>	<u>\$ 1,948,419</u>	<u>\$ 3,344,561</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 43,451	\$ 9	\$ 43,460
Due to other funds	<u>20,674</u>	<u>-</u>	<u>20,674</u>
Total liabilities	<u>64,125</u>	<u>9</u>	<u>64,134</u>
<b>Deferred inflows of resources:</b>			
Taxes receivable	<u>26,356</u>	<u>-</u>	<u>26,356</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	93,064	18,308	111,372
Other	1,016,208	241,657	1,257,865
Committed	<u>196,389</u>	<u>1,688,445</u>	<u>1,884,834</u>
Total fund balances	<u>1,305,661</u>	<u>1,948,410</u>	<u>3,254,071</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,396,142</u>	<u>\$ 1,948,419</u>	<u>\$ 3,344,561</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 193	\$ -	\$ 193
Other taxes and licenses	269,668	-	269,668
Restricted intergovernmental	805,900	1,124,143	1,930,043
Investment earnings	145	653	798
Total revenues	<u>1,075,906</u>	<u>1,124,796</u>	<u>2,200,702</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	77,076	1,224,458	1,301,534
Public safety	298,062	-	298,062
Human services	23,128	-	23,128
Economic and physical development	40,315	-	40,315
Total expenditures	<u>438,581</u>	<u>1,224,458</u>	<u>1,663,039</u>
Revenues over (under) expenditures	<u>637,325</u>	<u>(99,662)</u>	<u>537,663</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	10,000	-	10,000
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	647,325	(99,662)	547,663
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>658,336</u>	<u>2,048,072</u>	<u>2,706,408</u>
End of year - June 30	<u>\$ 1,305,661</u>	<u>\$ 1,948,410</u>	<u>\$ 3,254,071</u>

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**MONTGOMERY COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013**

	<b>911 Emergency Telephone Fund</b>	<b>Revaluation Fund</b>	<b>Badin Lake Fire District Fund</b>	<b>Lake Tillery Fire District Fund</b>	<b>Drug Forfeiture Fund</b>
<b>Assets:</b>					
Cash and investments	\$ 154,232	\$ 100,504	\$ 18,094	\$ 20,536	\$ 105,657
Taxes receivable	-	-	17,504	8,852	-
Accounts receivable, net	38,433	-	-	1,543	-
Due from other governments	13,292	193	-	-	2,178
Total assets	<u>\$ 205,957</u>	<u>\$ 100,697</u>	<u>\$ 35,598</u>	<u>\$ 30,931</u>	<u>\$ 107,835</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,432	\$ 3,278	\$ -	\$ -	\$ 6,494
Due to other funds	17,324	-	-	-	-
Total liabilities	<u>18,756</u>	<u>3,278</u>	<u>-</u>	<u>-</u>	<u>6,494</u>
<b>Deferred Inflows of Resources:</b>					
Taxes receivable	-	-	17,504	8,852	-
<b>Fund Balances:</b>					
Restricted:					
Stabilization by State statute	51,725	193	-	1,543	2,178
Other	135,476	-	18,094	20,536	-
Committed	-	97,226	-	-	99,163
Total fund balances	<u>187,201</u>	<u>97,419</u>	<u>18,094</u>	<u>22,079</u>	<u>101,341</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 205,957</u>	<u>\$ 100,697</u>	<u>\$ 35,598</u>	<u>\$ 30,931</u>	<u>\$ 107,835</u>

Schedule D-1

<u>DSS Restricted Child Support Fund</u>	<u>2-Cent Fire Tax Restricted VFD Fund</u>	<u>2008 CDBG Scattered Housing Fund</u>	<u>Montgomery County Tourism Development Fund</u>	<u>Montgomery County EMPG Fund</u>	<u>DSS Urgent Repair Fund</u>	<u>Total</u>
\$ 37,909	\$ 649,497	\$ 12,303	\$ 49,334	\$ 81,156	\$ 47,500	\$ 1,276,722
-	-	-	-	-	-	26,356
2,016	398	-	2,766	28,463	-	73,619
137	3,368	-	-	277	-	19,445
<u>\$ 40,062</u>	<u>\$ 653,263</u>	<u>\$ 12,303</u>	<u>\$ 52,100</u>	<u>\$ 109,896</u>	<u>\$ 47,500</u>	<u>\$ 1,396,142</u>
\$ 953	\$ 790	\$ -	\$ 1,952	\$ 28,552	\$ -	\$ 43,451
-	-	-	-	3,350	-	20,674
<u>953</u>	<u>790</u>	<u>-</u>	<u>1,952</u>	<u>31,902</u>	<u>-</u>	<u>64,125</u>
-	-	-	-	-	-	26,356
2,153	3,766	-	2,766	28,740	-	93,064
36,956	648,707	12,303	47,382	49,254	47,500	1,016,208
-	-	-	-	-	-	196,389
<u>39,109</u>	<u>652,473</u>	<u>12,303</u>	<u>50,148</u>	<u>77,994</u>	<u>47,500</u>	<u>1,305,661</u>
<u>\$ 40,062</u>	<u>\$ 653,263</u>	<u>\$ 12,303</u>	<u>\$ 52,100</u>	<u>\$ 109,896</u>	<u>\$ 47,500</u>	<u>\$ 1,396,142</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>911</b>		<b>Badin Lake</b>	<b>Lake Tillery</b>	<b>Drug</b>
	<b>Emergency</b>	<b>Revaluation</b>	<b>Fire District</b>	<b>Fire District</b>	<b>Forfeiture</b>
	<b>Telephone</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ 193	\$ -	\$ -	\$ -
Other taxes and licenses	241,693	-	-	-	-
Restricted intergovernmental	13,109	-	-	-	63,255
Investment earnings	-	-	-	-	145
Total revenues	<u>254,802</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>63,400</u>
<b>Expenditures:</b>					
Current:					
General government	-	77,076	-	-	-
Public safety	132,624	-	2,762	-	76,453
Human services	-	-	-	-	-
Economic and physical development	-	-	-	-	-
Total expenditures	<u>132,624</u>	<u>77,076</u>	<u>2,762</u>	<u>-</u>	<u>76,453</u>
Revenues over (under) expenditures	<u>122,178</u>	<u>(76,883)</u>	<u>(2,762)</u>	<u>-</u>	<u>(13,053)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers (to) from other funds	-	10,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	122,178	(66,883)	(2,762)	-	(13,053)
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>65,023</u>	<u>164,302</u>	<u>20,856</u>	<u>22,079</u>	<u>114,394</u>
End of year - June 30	<u>\$ 187,201</u>	<u>\$ 97,419</u>	<u>\$ 18,094</u>	<u>\$ 22,079</u>	<u>\$ 101,341</u>

<u>DSS Restricted Child Support Fund</u>	<u>2-Cent Fire Tax Restricted VFD Fund</u>	<u>2008 CDBG Scattered Housing Fund</u>	<u>Montgomery County Tourism Development Fund</u>	<u>Montgomery County EMPG Fund</u>	<u>DSS Urgent Repair Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193
-	-	-	27,975	-	-	269,668
24,490	558,063	33,275	-	76,208	37,500	805,900
-	-	-	-	-	-	145
<u>24,490</u>	<u>558,063</u>	<u>33,275</u>	<u>27,975</u>	<u>76,208</u>	<u>37,500</u>	<u>1,075,906</u>
-	-	-	-	-	-	77,076
-	39,979	-	-	46,244	-	298,062
23,128	-	-	-	-	-	23,128
-	-	-	40,315	-	-	40,315
<u>23,128</u>	<u>39,979</u>	<u>-</u>	<u>40,315</u>	<u>46,244</u>	<u>-</u>	<u>438,581</u>
<u>1,362</u>	<u>518,084</u>	<u>33,275</u>	<u>(12,340)</u>	<u>29,964</u>	<u>37,500</u>	<u>637,325</u>
-	-	(10,000)	-	-	10,000	10,000
-	-	(10,000)	-	-	10,000	10,000
1,362	518,084	23,275	(12,340)	29,964	47,500	647,325
<u>37,747</u>	<u>134,389</u>	<u>(10,972)</u>	<u>62,488</u>	<u>48,030</u>	<u>-</u>	<u>658,336</u>
<u>\$ 39,109</u>	<u>\$ 652,473</u>	<u>\$ 12,303</u>	<u>\$ 50,148</u>	<u>\$ 77,994</u>	<u>\$ 47,500</u>	<u>\$ 1,305,661</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**911 EMERGENCY TELEPHONE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Other taxes and licenses:				
911 system subscriber fees	\$ 150,000	\$ 241,693	\$ 91,693	\$ 348,338
Restricted intergovernmental	-	13,109	13,109	-
Total revenues	<u>150,000</u>	<u>254,802</u>	<u>104,802</u>	<u>348,338</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
911 system subscriber fees:				
Salaries and employee benefits	46,180	52,258	(6,078)	39,772
Operating expenditures	<u>103,820</u>	<u>80,366</u>	<u>23,454</u>	<u>427,605</u>
Total expenditures	<u>150,000</u>	<u>132,624</u>	<u>17,376</u>	<u>467,377</u>
Net change in fund balance	<u>\$ -</u>	<u>122,178</u>	<u>\$ 122,178</u>	<u>(119,039)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>65,023</u>		<u>184,062</u>
End of year - June 30		<u>\$ 187,201</u>		<u>\$ 65,023</u>



## MONTGOMERY COUNTY, NORTH CAROLINA

## REVALUATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ -	\$ 193	\$ 193	\$ -
Total revenues	-	193	193	-
<b>Expenditures:</b>				
General government:				
Professional fees	83,000	77,076	5,924	108,977
Total expenditures	83,000	77,076	5,924	108,977
Revenues over (under) expenditures	(83,000)	(76,883)	6,117	(108,977)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	10,000	10,000	-	15,000
Appropriated fund balance	73,000	-	(73,000)	-
Total other financing sources (uses)	83,000	10,000	(73,000)	15,000
Net change in fund balance	\$ -	(66,883)	\$ (66,883)	(93,977)
<b>Fund Balance:</b>				
Beginning of year - July 1		164,302		258,279
End of year - June 30		\$ 97,419		\$ 164,302

## MONTGOMERY COUNTY, NORTH CAROLINA

## BADIN LAKE FIRE DISTRICT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ 414,965	\$ -	\$ (414,965)	\$ -
Total revenues	<u>414,965</u>	<u>-</u>	<u>(414,965)</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Operating expenditures	<u>414,965</u>	<u>2,762</u>	<u>412,203</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,762)</u>	<u>\$ (2,762)</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>20,856</u>		<u>20,856</u>
End of year - June 30		<u>\$ 18,094</u>		<u>\$ 20,856</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**LAKE TILLERY FIRE DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE -BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		2012	
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Ad valorem taxes	\$ 177,405	\$ -	\$ (177,405)	\$ -
Total revenues	<u>177,405</u>	<u>-</u>	<u>(177,405)</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Operating expenditures	<u>177,405</u>	<u>-</u>	<u>177,405</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>22,079</u>		<u>22,079</u>
End of year - June 30		<u>\$ 22,079</u>		<u>\$ 22,079</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

## DRUG FORFEITURE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE -BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 1,856	\$ 1,856	\$ -
State controlled substance tax	40,000	61,399	21,399	41,958
Drug forfeiture funds	-	-	-	(5,715)
Investment earnings	-	145	145	169
Total revenues	<u>40,000</u>	<u>63,400</u>	<u>23,400</u>	<u>36,412</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Operating expenditures	<u>79,000</u>	<u>76,453</u>	<u>2,547</u>	<u>52,428</u>
Revenues over (under) expenditures	<u>(39,000)</u>	<u>(13,053)</u>	<u>25,947</u>	<u>(16,016)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	<u>39,000</u>	<u>-</u>	<u>(39,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(13,053)</u>	<u>\$ (13,053)</u>	<u>(16,016)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>114,394</u>		<u>130,410</u>
End of year - June 30		<u>\$ 101,341</u>		<u>\$ 114,394</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**DSS RESTRICTED CHILD SUPPORT INCENTIVE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE -BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental				
Child Support Enforcement	\$ 46,700	\$ 24,490	\$ (22,210)	\$ 51,284
Total revenues	<u>46,700</u>	<u>24,490</u>	<u>(22,210)</u>	<u>51,284</u>
<b>Expenditures:</b>				
Current:				
Human services:				
Operating expenditures	<u>46,700</u>	<u>23,128</u>	<u>23,572</u>	<u>24,223</u>
Net change in fund balance	<u>\$ -</u>	<u>1,362</u>	<u>\$ 1,362</u>	<u>27,061</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>37,747</u>		<u>10,686</u>
End of year - June 30		<u>\$ 39,109</u>		<u>\$ 37,747</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**2-CENT FIRE TAX RESTRICTED VFD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE -BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental				
State controlled substance tax	\$ 547,775	\$ 558,063	\$ 10,288	\$ 447,497
Total revenues	<u>547,775</u>	<u>558,063</u>	<u>10,288</u>	<u>447,497</u>
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	<u>547,775</u>	<u>39,979</u>	<u>507,796</u>	<u>382,140</u>
Net change in fund balance	<u>\$ -</u>	<u>518,084</u>	<u>\$ 518,084</u>	<u>65,357</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>134,389</u>		<u>69,032</u>
End of year - June 30		<u>\$ 652,473</u>		<u>\$ 134,389</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**2008 CDBG SCATTERED HOUSING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
CDBG funds	\$ 135,148	\$ 261,610	\$ -	\$ 261,610	\$ 126,462
CDBG funds - 2008 Scattered Housing	400,000	400,000	33,275	433,275	33,275
Total revenues	<u>535,148</u>	<u>661,610</u>	<u>33,275</u>	<u>694,885</u>	<u>159,737</u>
<b>Expenditures:</b>					
Economic and physical development:					
2005 Scattered Housing:					
Relocation	-	124,053	-	124,053	(124,053)
Clearance	-	7,700	-	7,700	(7,700)
Rehabilitation	122,016	98,073	-	98,073	23,943
Administration	<u>13,132</u>	<u>31,684</u>	<u>-</u>	<u>31,684</u>	<u>(18,552)</u>
Total	<u>135,148</u>	<u>261,510</u>	<u>-</u>	<u>261,510</u>	<u>(126,362)</u>
Economic and physical development:					
2008 Scattered Housing:					
Rehabilitation, relocation, demolition	320,000	322,552	-	322,552	(2,552)
Rehabilitation	40,000	40,000	-	40,000	-
Administration	<u>270,221</u>	<u>39,736</u>	<u>-</u>	<u>39,736</u>	<u>230,485</u>
Total	<u>630,221</u>	<u>402,288</u>	<u>-</u>	<u>402,288</u>	<u>227,933</u>
County:					
Rehabilitation, relocation, demolition	<u>-</u>	<u>8,800</u>	<u>-</u>	<u>8,800</u>	<u>(8,800)</u>
Total expenditures	<u>765,369</u>	<u>672,598</u>	<u>-</u>	<u>672,598</u>	<u>92,771</u>
Revenues over (under) expenditures	<u>(230,221)</u>	<u>(10,988)</u>	<u>33,275</u>	<u>22,287</u>	<u>252,508</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from/(to) other funds	<u>230,221</u>	<u>16</u>	<u>(10,000)</u>	<u>(9,984)</u>	<u>(240,205)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,972)</u>	<u>23,275</u>	<u>\$ 12,303</u>	<u>\$ 12,303</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>(10,972)</u>		
End of year - June 30			<u>\$ 12,303</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

**MONTGOMERY COUNTY TOURISM DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Taxes	\$ 38,660	\$ 27,975	\$ (10,685)	\$ 30,500
<b>Expenditures:</b>				
Current:				
Economic development:				
Operating expenditures	38,660	40,315	(1,655)	23,672
Net change in fund balance	<u>\$ -</u>	(12,340)	<u>\$ (12,340)</u>	6,828
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>62,488</u>		<u>55,660</u>
End of year - June 30		<u>\$ 50,148</u>		<u>\$ 62,488</u>



## MONTGOMERY COUNTY, NORTH CAROLINA

**MONTGOMERY COUNTY EMPG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental:				
EMPG Funds	\$ 28,000	\$ 76,208	\$ 48,208	\$ 20,625
<b>Expenditures:</b>				
Economic development:				
Operating expenditures	28,000	46,244	(18,244)	14,945
Net change in fund balance	\$ -	29,964	\$ 29,964	5,680
<b>Fund Balance:</b>				
Beginning of year - July 1		48,030		42,350
End of year - June 30		\$ 77,994		\$ 48,030

## MONTGOMERY COUNTY, NORTH CAROLINA

**MONTGOMERY COUNTY CDBG URGENT REPAIR  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2013</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental:			
CDBG Funds	\$ 37,500	\$ 37,500	\$ -
<b>Expenditures:</b>			
Economic development:			
Operating expenditures	42,500	-	42,500
Revenues over (under) expenditures	(5,000)	37,500	42,500
<b>Other Financing Sources (Uses):</b>			
Transfers in/(out)	5,000	10,000	5,000
Total other financing sources	5,000	10,000	5,000
Net change in fund balance	\$ -	47,500	\$ 47,500
<b>Fund Balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		\$ 47,500	

## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2013

	<b>Airport Block Grant Fund</b>	<b>Green Ridge Elementary School</b>	<b>Jail Project Fund</b>	<b>DSS Building Project Fund</b>	<b>Total</b>
<b>Assets:</b>					
Cash and investments	\$ 29,652	\$ 782,798	\$ 679,435	\$ 196,569	\$ 1,688,454
Accounts receivable	18,308	-	-	-	18,308
Restricted cash and investments	-	193,603	48,054	-	241,657
Total assets	<u>\$ 47,960</u>	<u>\$ 976,401</u>	<u>\$ 727,489</u>	<u>\$ 196,569</u>	<u>\$ 1,948,419</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 9	\$ -	\$ -	\$ -	\$ 9
Total liabilities	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
<b>Fund Balances:</b>					
Non-spendable					
Restricted					
Stabilization by State Statute	18,308	-	-	-	18,308
Other	-	193,603	48,054	-	241,657
Committed	<u>29,643</u>	<u>782,798</u>	<u>679,435</u>	<u>196,569</u>	<u>1,688,445</u>
Total fund balances	<u>47,951</u>	<u>976,401</u>	<u>727,489</u>	<u>196,569</u>	<u>1,948,410</u>
Total liabilities and fund balances	<u>\$ 47,960</u>	<u>\$ 976,401</u>	<u>\$ 727,489</u>	<u>\$ 196,569</u>	<u>\$ 1,948,419</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Airport Block Grant Fund</b>	<b>Green Ridge Elementary School</b>	<b>Jail Project Fund</b>	<b>DSS Building Project Fund</b>	<b>Total</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,124,143	\$ -	\$ -	\$ -	\$ 1,124,143
Investment earnings	<u>-</u>	<u>479</u>	<u>174</u>	<u>-</u>	<u>653</u>
Total revenues	<u>1,124,143</u>	<u>479</u>	<u>174</u>	<u>-</u>	<u>1,124,796</u>
<b>Expenditures:</b>					
Current:					
General government	<u>1,224,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,458</u>
Total expenditures	<u>1,224,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,458</u>
Net change in fund balances	<u>(100,315)</u>	<u>479</u>	<u>174</u>	<u>-</u>	<u>(99,662)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1	<u>148,266</u>	<u>975,922</u>	<u>727,315</u>	<u>196,569</u>	<u>2,048,072</u>
End of year - June 30	<u>\$ 47,951</u>	<u>\$ 976,401</u>	<u>\$ 727,489</u>	<u>\$ 196,569</u>	<u>\$ 1,948,410</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**AIRPORT BLOCK GRANT CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
Airport Block Grant	\$ 1,908,330	\$ 2,289,353	\$ 1,124,143	\$ 3,413,496	\$ 1,505,166
Miscellaneous revenue	-	16,500	-	16,500	16,500
Total revenues	<u>1,908,330</u>	<u>2,305,853</u>	<u>1,124,143</u>	<u>3,429,996</u>	<u>1,521,666</u>
<b>Expenditures:</b>					
General government:					
Construction	1,227,457	1,679,679	1,224,458	2,904,137	(1,676,680)
Engineering	146,963	146,963	-	146,963	-
Inspection	-	7,000	-	7,000	(7,000)
Land acquisitions	620,671	617,500	-	617,500	3,171
Administration	2,240	2,240	-	2,240	-
Total expenditures	<u>1,997,331</u>	<u>2,453,382</u>	<u>1,224,458</u>	<u>3,677,840</u>	<u>(1,680,509)</u>
Revenues over (under) expenditures	<u>(89,001)</u>	<u>(147,529)</u>	<u>(100,315)</u>	<u>(247,844)</u>	<u>(158,843)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>89,001</u>	<u>295,795</u>	<u>-</u>	<u>295,795</u>	<u>206,794</u>
Total other financing sources (uses)	<u>89,001</u>	<u>295,795</u>	<u>-</u>	<u>295,795</u>	<u>206,794</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 148,266</u>	<u>(100,315)</u>	<u>\$ 47,951</u>	<u>\$ 47,951</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>148,266</u>		
End of year - June 30			<u>\$ 47,951</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

GREEN RIDGE ELEMENTARY SCHOOL  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 679,195	\$ 682,319	\$ 479	\$ 682,798	\$ 3,603
Miscellaneous revenue	100,000	-	-	-	(100,000)
Total revenues	<u>779,195</u>	<u>682,319</u>	<u>479</u>	<u>682,798</u>	<u>(96,397)</u>
<b>Expenditures:</b>					
Capital outlay:					
Interest expense	8,978	8,978	-	8,978	-
Professional services	271,584	129,275	-	129,275	142,309
Engineering design	264,464	287,182	-	287,182	(22,718)
Advertising	14,173	1,538	-	1,538	12,635
Administration	1,791,067	308,609	-	308,609	1,482,458
Construction	13,468,929	13,393,183	-	13,393,183	75,746
Furniture, fixtures, and equipment	-	1,467,632	-	1,467,632	(1,467,632)
Contingency	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
Total expenditures	<u>16,569,195</u>	<u>15,596,397</u>	<u>-</u>	<u>15,596,397</u>	<u>972,798</u>
Revenues over (under) expenditures	<u>(15,790,000)</u>	<u>(14,914,078)</u>	<u>479</u>	<u>(14,913,599)</u>	<u>876,401</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	100,000	-	100,000	100,000
COPs issued	<u>15,790,000</u>	<u>15,790,000</u>	<u>-</u>	<u>15,790,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,790,000</u>	<u>15,890,000</u>	<u>-</u>	<u>15,890,000</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 975,922</u>	<u>479</u>	<u>\$ 976,401</u>	<u>\$ 976,401</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>975,922</u>		
End of year - June 30			<u>\$ 976,401</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

**JAIL CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Interest revenue	\$ 421,223	\$ 421,310	\$ 174	\$ 421,484	\$ 261
Total revenues	<u>421,223</u>	<u>421,310</u>	<u>174</u>	<u>421,484</u>	<u>261</u>
<b>Expenditures:</b>					
General government:					
Construction	8,884,741	9,625,206	-	9,625,206	(740,465)
Administration	348,847	42,359	-	42,359	306,488
Design	221,405	221,405	-	221,405	-
Contingency	412,690	-	-	-	412,690
Bid	38,350	-	-	-	38,350
Total expenditures	<u>9,906,033</u>	<u>9,888,970</u>	<u>-</u>	<u>9,888,970</u>	<u>17,063</u>
Revenues over (under) expenditures	<u>(9,484,810)</u>	<u>(9,467,660)</u>	<u>174</u>	<u>(9,467,486)</u>	<u>17,324</u>
<b>Other Financing Sources (Uses):</b>					
COPs issued	9,467,000	9,937,024	-	9,937,024	470,024
Transfers from other funds	340,810	580,951	-	580,951	240,141
Transfer to other funds	<u>(323,000)</u>	<u>(323,000)</u>	<u>-</u>	<u>(323,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>9,484,810</u>	<u>10,194,975</u>	<u>-</u>	<u>10,194,975</u>	<u>710,165</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 727,315</u>	<u>174</u>	<u>\$ 727,489</u>	<u>\$ 727,489</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>727,315</u>		
End of year - June 30			<u>\$ 727,489</u>		

## MONTGOMERY COUNTY, NORTH CAROLINA

**DSS BUILDING PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

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



**MONTGOMERY COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - WATER SYSTEM FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL - (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services:				
Water sales	\$ 501,976	\$ 2,987,523	\$ 2,485,547	\$ 55,744
Other	2,964,023	121,467	(2,842,556)	427,532
Total operating revenues	<u>3,465,999</u>	<u>3,108,990</u>	<u>(357,009)</u>	<u>483,276</u>
<b>Non-Operating Revenues:</b>				
Interest earned on investments	<u>500</u>	<u>1,315</u>	<u>815</u>	<u>249</u>
Total non-operating revenues	<u>500</u>	<u>1,315</u>	<u>815</u>	<u>249</u>
Total revenues	<u>3,466,499</u>	<u>3,110,305</u>	<u>(356,194)</u>	<u>483,525</u>
<b>Operating Expenditures:</b>				
Salaries and employee benefits	794,983	783,928	11,055	19,400
Repairs and maintenance	175,000	255,229	(80,229)	1,075
Contractual services	942,361	355,975	586,386	-
Other operating expenses	750,000	714,577	35,423	165,493
Capital outlay	<u>75,000</u>	<u>65,448</u>	<u>9,552</u>	<u>-</u>
Total operating expenditures	<u>2,737,344</u>	<u>2,175,157</u>	<u>562,187</u>	<u>185,968</u>
<b>Debt Service:</b>				
Debt principal	750,000	6,488,096	(5,738,096)	401,261
Interest	<u>269,613</u>	<u>236,760</u>	<u>32,853</u>	<u>414,823</u>
Total debt service	<u>1,019,613</u>	<u>6,724,856</u>	<u>(5,705,243)</u>	<u>816,084</u>
Total expenditures	<u>3,756,957</u>	<u>8,900,013</u>	<u>(5,143,056)</u>	<u>1,002,052</u>
Revenues over (under) expenditures	<u>(290,458)</u>	<u>(5,789,708)</u>	<u>(5,499,250)</u>	<u>(518,527)</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER SYSTEM FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(529,186)	-	529,186	20,861
Refunding debt issued	2,075,000	5,831,300	-	-
Contingency	(1,255,356)	-	(1,255,356)	-
Total other financing sources (uses)	<u>290,458</u>	<u>5,831,300</u>	<u>(726,170)</u>	<u>20,861</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	41,592	<u>\$ 41,592</u>	(497,666)
<b>Reconciliation from Modified Accrual to Full Accrual Basis:</b>				
Reconciling items:				
Payment of debt principal		6,488,096		401,261
Capital outlay		65,448		-
Depreciation		(893,169)		(461,750)
Capital contribution from water districts		11,960,473		445,950
Transfer from projects		-		(20,861)
Phase II Waterline Extension Project Fund		65,575		-
Proceeds from issuance of debt		<u>(5,831,300)</u>		<u>-</u>
Total reconciling items		<u>11,855,123</u>		<u>364,600</u>
Change in net position		<u>\$ 11,896,715</u>		<u>\$ (133,066)</u>

MONTGOMERY COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT I FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services:				
Water sales	\$ 287,390	\$ 338,951	\$ 51,561	\$ 1,233,864
Sewer fees	-	-	-	16,174
Reconnect and tap fees	-	-	-	77,515
Other	-	5,825	5,825	13,418
Total operating revenues	287,390	344,776	57,386	1,340,971
<b>Non-Operating Revenue:</b>				
Interest income (loss)	-	131	131	986
Restricted Intergovernmental	-	-	-	40,000
Total non-operating revenue	-	131	131	40,986
Total revenues	287,390	344,907	57,517	1,381,957
<b>Operating Expenditures:</b>				
Salaries and benefits	-	-	-	280,692
Operating expenditures	-	-	-	501,897
Repairs and maintenance	-	734,110	(734,110)	20,920
Total operating expenditures	-	734,110	(734,110)	803,509
<b>Debt Service:</b>				
Debt principal paid	140,821	-	140,821	50,000
Interest paid	146,569	-	146,569	124,945
Total debt service	287,390	-	287,390	174,945
Total expenditures	287,390	734,110	(446,720)	978,454
Revenues over (under) expenditures	-	(389,203)	(389,203)	403,503
<b>Other Financing Sources (Uses):</b>				
Transfer out	-	(299,242)	(299,242)	(101,400)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(688,445)	\$ (688,445)	302,103

**MONTGOMERY COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - WATER DISTRICT I FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/Under</u>	
<b>Reconciliation from Modified Accrual to Full Accrual Basis:</b>			
Reconciling items:			
Contribution to water fund		(4,990,252)	-
Payment of debt principal		-	50,000
Depreciation		-	(145,270)
Total reconciling items		<u>(4,990,252)</u>	<u>(95,270)</u>
Change in net position		<u>\$ (5,678,697)</u>	<u>\$ 206,833</u>

MONTGOMERY COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT II FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services:				
Water sales	\$ 255,793	\$ 698,769	\$ 442,976	\$ 1,640,242
Sewer fees	-	-	-	16,491
Reconnect and tap fees	-	-	-	36,852
Other	-	-	-	1,207
Total operating revenues	<u>255,793</u>	<u>698,769</u>	<u>442,976</u>	<u>1,694,792</u>
<b>Non-Operating Revenues:</b>				
Interest income (loss)	-	196	196	1,479
Total revenues	<u>255,793</u>	<u>698,965</u>	<u>443,172</u>	<u>1,696,271</u>
<b>Operating Expenditures:</b>				
Salaries and benefits	-	-	-	449,645
Operating expenditures	-	-	-	409,687
Repairs and maintenance	-	-	-	21,108
Professional services	-	-	-	270,999
Total operating expenditures	-	-	-	<u>1,151,439</u>
<b>Debt Service:</b>				
Debt principal paid	52,368	-	52,368	57,500
Interest paid	<u>203,425</u>	-	<u>203,425</u>	<u>211,366</u>
Total debt service	<u>255,793</u>	-	<u>255,793</u>	<u>268,866</u>
Total expenditures	<u>255,793</u>	-	<u>255,793</u>	<u>1,420,305</u>
Revenues over (under) expenditures	-	<u>698,965</u>	<u>698,965</u>	<u>275,966</u>
Transfer in (out)	-	-	-	(153,400)
Total other financing sources (uses)	-	-	-	<u>(153,400)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 698,965</u>	<u>\$ 698,965</u>	<u>\$ 122,566</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - WATER DISTRICT II FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
<b>Reconciliation from Modified Accrual to Full Accrual Basis:</b>			
Reconciling items:			
Contribution to water fund		(6,970,221)	-
Depreciation		-	(246,261)
Payment of debt principal		-	57,500
Total reconciling items		<u>(6,970,221)</u>	<u>(188,761)</u>
Change in net position		<u>\$ (6,271,256)</u>	<u>\$ (66,195)</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

**HIGH SERVICE PUMP ENTERPRISE CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Over/Under</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	
<b>Expenditures:</b>					
Other professional services	\$ 485,260	\$ 5,000	\$ -	\$ 5,000	\$ 480,260
Total expenditures	<u>485,260</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>480,260</u>
Revenues over (under) expenditures	<u>(485,260)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>480,260</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from (to) other fund	485,260	-	-	-	(485,260)
Total other financing sources (uses)	<u>485,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(485,260)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

PHASE II WATERLINE EXTENSION CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Water fees	\$ 20,000	\$ 16,078	\$ -	\$ 16,078	\$ (3,922)
Restricted intergovernmental	-	301,261	65,575	366,836	366,836
Interest income	-	520	-	520	520
Miscellaneous	-	267	-	267	267
Total revenues	<u>20,000</u>	<u>318,126</u>	<u>65,575</u>	<u>383,701</u>	<u>363,701</u>
<b>Expenditures:</b>					
Professional services	303,825	378,758	59,045	437,803	(133,978)
Other professional services	200,000	170,683	-	170,683	29,317
Construction	5,408,187	5,076,748	366,906	5,443,654	(35,467)
Total expenditures	<u>5,912,012</u>	<u>5,626,189</u>	<u>425,951</u>	<u>6,052,140</u>	<u>(140,128)</u>
Revenues over (under) expenditures	<u>(5,892,012)</u>	<u>(5,308,063)</u>	<u>(360,376)</u>	<u>(5,668,439)</u>	<u>223,573</u>
<b>Other Financing Sources (Uses):</b>					
Rural Center Grant	4,376,535	4,345,162	-	4,345,162	(31,373)
SRF loan proceeds	<u>1,515,477</u>	<u>1,384,466</u>	<u>130,010</u>	<u>1,514,476</u>	<u>(1,001)</u>
Total other financing sources (uses)	<u>5,892,012</u>	<u>5,729,628</u>	<u>130,010</u>	<u>5,859,638</u>	<u>(32,374)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 421,565</u>	<u>\$ (230,366)</u>	<u>\$ 191,199</u>	<u>\$ 191,199</u>



## MONTGOMERY COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

## AGENCY FUNDS

JUNE 30, 2013

	<u>Social Services Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Motor Vehicle Property Tax Fund</u>	<u>Inmates Trust Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and investments	\$ 13,946	\$ -	\$ 11,898	\$ 108,868	\$ 134,712
Accounts receivable	-	238,881	-	-	238,881
Taxes receivable	-	-	284,032	-	284,032
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 13,946</u>	<u>\$ 238,881</u>	<u>\$ 295,930</u>	<u>\$ 108,868</u>	<u>\$ 657,625</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 13,946	\$ 238,881	\$ 11,898	\$ 108,868	\$ 373,593
Intergovernmental payables	-	-	284,032	-	284,032
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 13,946</u>	<u>\$ 238,881</u>	<u>\$ 295,930</u>	<u>\$ 108,868</u>	<u>\$ 657,625</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<b>Social Services Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 19,819	\$ 144,405	\$ 150,278	\$ 13,946
Total assets	<u>\$ 19,819</u>	<u>\$ 144,405</u>	<u>\$ 150,278</u>	<u>\$ 13,946</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 19,819	\$ 144,405	\$ 150,278	\$ 13,946
Total liabilities	<u>\$ 19,819</u>	<u>\$ 144,405</u>	<u>\$ 150,278</u>	<u>\$ 13,946</u>
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Accounts receivable	\$ 27,176	\$ 211,705	\$ -	\$ 238,881
Total assets	<u>\$ 27,176</u>	<u>\$ 211,705</u>	<u>\$ -</u>	<u>\$ 238,881</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 27,176	\$ 211,705	\$ -	\$ 238,881
Total liabilities	<u>\$ 27,176</u>	<u>\$ 211,705</u>	<u>\$ -</u>	<u>\$ 238,881</u>
<b>Motor Vehicle Property Tax Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 5,526	\$ 6,372	\$ -	\$ 11,898
Taxes receivable	247,544	223,551	-	284,032
Total assets	<u>\$ 253,070</u>	<u>\$ 229,923</u>	<u>\$ -</u>	<u>\$ 295,930</u>
<b>Liabilities:</b>				
Accounts payable	\$ 5,526	\$ 6,372	\$ -	\$ 11,898
Intergovernmental payables	247,544	223,551	-	284,032
Total liabilities	<u>\$ 253,070</u>	<u>\$ 229,923</u>	<u>\$ -</u>	<u>\$ 295,930</u>
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 906	\$ 107,962	\$ -	\$ 108,868
Total assets	<u>\$ 906</u>	<u>\$ 107,962</u>	<u>\$ -</u>	<u>\$ 108,868</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 906	\$ 107,962	\$ -	\$ 108,868
	<u>\$ 906</u>	<u>\$ 107,962</u>	<u>\$ -</u>	<u>\$ 108,868</u>

MONTGOMERY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 26,251	\$ 258,739	\$ 150,278	\$ 134,712
Accounts receivable	27,176	211,705	-	238,881
Taxes receivable	247,544	223,551	-	284,032
Total assets	<u>\$ 300,971</u>	<u>\$ 693,995</u>	<u>\$ 150,278</u>	<u>\$ 657,625</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 53,427	\$ 470,444	\$ 150,278	\$ 373,593
Intergovernmental payables	247,544	223,551	-	284,032
Total liabilities	<u>\$ 300,971</u>	<u>\$ 693,995</u>	<u>\$ 150,278</u>	<u>\$ 657,625</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2013**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 16,566,009	\$ 15,926,109	\$ 639,900
2011-2012	575,194	-	269,903	305,291
2010-2011	292,382	-	60,706	231,676
2009-2010	109,034	-	24,385	84,649
2008-2009	70,894	-	2,358	68,536
2007-2008	67,246	-	387	66,859
2006-2007	45,329	-	148	45,181
2005-2006	44,886	-	74	44,812
2004-2005	42,782	-	99	42,683
2003-2004	42,484	-	171	42,313
2002-2003	42,434	-	42,434	-
<b>Total</b>	<u>\$ 1,332,665</u>	<u>\$ 16,566,009</u>	<u>\$ 16,326,774</u>	1,571,900
Less: Allowance for doubtful accounts				<u>(483,422)</u>
Ad valorem taxes receivable - General Fund				<u>\$ 1,088,478</u>
 <b>Reconciliation of Collections and Credits with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 16,128,434
Reconciling items:				
Interest collected				(126,033)
Releases, prior years				21,447
Taxes written off - statutory				42,434
Other adjustments				<u>260,492</u>
Total collections and credits				<u>\$ 16,326,774</u>

**MONTGOMERY COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>County-Wide Total Levy</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 2,747,971,053	\$ 0.57	\$ 15,663,435	\$ 14,978,668	\$ 684,767
Property taxed at prior year's rate	68,648,358	0.67	459,944	-	459,944
Penalties	1,261,194	0.67	8,450	8,450	-
Total	<u>2,817,880,605</u>		<u>16,131,829</u>	<u>14,987,118</u>	<u>1,144,711</u>
<b>Discoveries:</b>					
Current year taxes	79,386,140		452,501	452,501	-
Penalties	273,333		1,558	1,558	-
Deferred tax due	275,088		1,568	1,568	-
Total	<u>79,934,561</u>		<u>455,627</u>	<u>455,627</u>	<u>-</u>
<b>Abatements</b>	<u>(3,762,632)</u>		<u>(21,447)</u>	<u>(6,560)</u>	<u>(14,887)</u>
Total property valuation	<u>\$ 2,894,052,535</u>		16,566,009	15,436,185	1,129,824
Less uncollected tax at June 30, 2013			<u>639,900</u>	<u>407,885</u>	<u>232,015</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 15,926,109</u>	<u>\$ 15,028,300</u>	<u>\$ 897,809</u>
<b>Current Levy Collection Percentage</b>			<u>96.14%</u>	<u>97.36%</u>	<u>79.46%</u>

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

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

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

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

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 4, 2013.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies, 2013-001, 2013-002, 2013-003, 2013-004, 2013-005, and 2013-006 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003.

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

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 4, 2013



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

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

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

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

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

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

We have audited the compliance of Montgomery County with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Montgomery County's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

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

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

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

In our opinion, Montgomery County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

### **Report On Internal Control Over Compliance**

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 4, 2013

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

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

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

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

To the Board of Commissioners  
Montgomery County  
Troy, North Carolina

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

We have audited the compliance of Montgomery County with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Montgomery County's major State programs for the year ended June 30, 2013. Montgomery County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

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

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

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085  
Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

### ***Opinion On Each Major State Program***

In our opinion, Montgomery County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

### **Report On Internal Control Over Compliance**

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

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 4, 2013

**MONTGOMERY COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted?   X   Yes        No

**Federal Awards**

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget, Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, section .510(a)?        Yes   X   No

Identification of major federal programs:

Federal Program/Cluster Name	CFDA#
Medicaid Cluster	93.720, 93.775, 93.777, 93.778
Women, Infants, and Children (WIC)	10.557

Dollar threshold used to distinguish between Type A and Type B Programs   \$973,634  

Auditee qualified as low-risk auditee?        Yes   X   No



# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### **Finding 2013-001: Internal Control over Cash Reconciliations**

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

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

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

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

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

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

**Name of Contact Person:** Angela Sedberry, Finance Officer

**Management Response/Corrective Action Plan:** Management will implement control procedures to require staff to reconcile cash accounts on a monthly basis and reconcile those reports to the general ledger control account as part of the month-end closing procedures. The control procedure will require the reconciliation to be completed by the 15<sup>th</sup> of each month.

**Proposed Completion Date:** Immediately

#### **Finding 2013-002: Significant Audit Adjustments**

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

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

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

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

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

**Name of Contact Person:** Angela Sedberry, Finance Officer

**Management Response/Corrective Action:** Management is aware that year-end audit adjustments are typically required. Management will examine controls in place to see if they can be strengthened with the available resources and reduce the number of audit adjustments required at year-end. In the areas where the cost benefit does not justify improving the control system, management will exercise due caution in performing their oversight function. Some of the year-end audit adjustments are the result of the manual processes that are currently in place. We are in the process of upgrading our software system and this will help eliminate these. In addition, we are looking at the previous two-year audit adjustments and see which adjustments we should be doing throughout the year.

**Proposed Completion Date:** Immediately



# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### **Finding 2013-003: Excess of Expenditures Over Appropriations**

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

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

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

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

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

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

**Name of Contact Person:** Angela Sedberry, Finance Officer

**Management's Response/Corrective Action:** Management concurs with the condition and the recommendation. The County is going to amend their practices regarding budget amendments during the fiscal year and amend the budget as the need arises. The County will consult with auditors prior to year-end to discuss measures for developing estimates for year-end closeout.

**Proposed Completion Date:** Immediately

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### Findings 2013-004: Financial Statement Preparation

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

**Condition:** Financial reporting under the accounting standards promulgated by the Financial Accounting Standards Board and the Governmental Accounting Standards Board requires a level of technical expertise not possessed by the County's personnel with regards to drafting full accrual, full disclosure financial statements.

**Effect:** The County requires assistance from the external auditor in drafting the financial statements.

**Cause:** The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above is cost prohibitive.

**Context:** County personnel cannot draft full disclosure GAAP financial statements.

**Recommendation:** The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears cost prohibitive. Therefore, the County should exercise due care in reviewing the financial statements drafted by the external auditor as the County is responsible for the accuracy of the audited financial statements.

**Name of Contact Person:** Angela Sedberry, Finance Officer

**Management's Response/Corrective Action:** Management is aware of the weakness, but after considering cost versus benefit, it will continue to rely on the external auditor to draft the year-end financial statements. The County will exercise due care in reviewing the financial statements drafted by the external auditor. The County acknowledges and accepts responsibility for the accuracy of the audited financial statements. The County Manager and Finance Officer will carefully review the audited financial statements.

**Proposed Completion Date:** Immediately

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### **Finding 2013-005: Reconciliation of Subsidiary Ledgers**

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

**Condition:** Subsidiary ledgers for accounts receivable and accounts payable are not being reconciled to the general ledger.

**Effect:** Transactions could be mishandled resulting in misstatements within the financial statements. The Finance Officer does not reconcile liability accounts to the control documents on a periodic basis. This control procedure would help prevent revenues, expenditures, and employee withholdings from being recorded improperly and not being detected until year-end.

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

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

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

**Name of Contact Person:** Angela Sedberry, Finance Officer

**Management's Response/Corrective Action:** Management agrees with this finding and is working to put a system in place to reconcile subsidiary ledgers monthly. We have put into place a monthly reconciliation process for all accounts receivable, accounts payable, and tax receivable. All of these subsidiary ledgers will be reconciled monthly and placed in a notebook for inspection and verification.

**Proposed Completion Date:** Immediately

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### **Finding 2013-006: Prior Period Adjustment**

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

**Condition:** Business-type activities in the Statement of Net Position have been restated by \$750,345 to record prior year issuance of State Revolving Fund..

**Context:** For the statements affected, the prior year financial statements were misstated.

**Effect:** For the statements affected, the prior year financial statements were misstated.

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

**Recommendation:** Additional review of the audited financial statements should be implemented to prevent prior period adjustments in the future.

**Contact Person:** Angela Sedberry, Finance Officer

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with the finding and will continue to review financial statements to prevent prior period adjustments.

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

None reported.

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

None reported.

**MONTGOMERY COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Finding:** 2012-01  
**Status:** Repeated as 2013-001

**Finding:** 2012-02  
**Status:** Repeated as 2013-002

**Finding:** 2012-03  
**Status:** Repeated as 2013-003

**Finding:** 2012-04  
**Status:** Repeated as 2013-004

**Finding:** 2012-05  
**Status:** Repeated as 2013-005

**Finding:** 2012-06  
**Status:** Corrected

**Finding:** 2012-07  
**Status:** Corrected

**Finding:** 2012-08  
**Status:** Corrected

**Finding:** 2012-09  
**Status:** Corrected

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
<b>Federal Awards:</b>			
<b>U.S. Department of Health and Human Services:</b>			
Administration for Children and Families			
Passed-through the N.C. Department of Health and Human Services			
<b>Division of Social Services:</b>			
Child Support Enforcement IV-D	93.563	\$ 380,334	\$ -
AFDC Payments-Direct Benefit Payment	93.560	(39)	(11)
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families:			
Administration	93.558	234,091	-
Direct Benefit Payment	93.558	198,531	-
Total Temporary Assistance for Needy Families Cluster		<u>432,622</u>	<u>-</u>
Foster Care and Adoption Cluster: (Note 3)			
Title IV-E Foster Care:			
Administration	93.658	46,036	11,688
Direct Benefit Payments	93.658	43,376	3,823
Title IV-E Adoption Assistance Program:			
Administration	93.659	976	-
Direct Benefit Payments	93.659	43,344	11,500
Total Foster Care and Adoption Cluster		<u>133,732</u>	<u>27,011</u>
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	336,544	-
Total Low-Income Home Energy Assistance Block Grant		<u>336,544</u>	<u>-</u>
LINKS	93.674	1,510	377
Social Services Block Grant-Administration	93.667	110,204	11,158
Refugee and Entrant Assistance			
Refugee Assistance-Administration	93.566	489	-
Direct Benefit Payments	93.566	543	-
Family Preservation	93.556	1,151	-
Child Welfare Services - State Grants			
Child Welfare Services-Permanency Planning:	93.645	15,615	1,072
Subtotal		<u>129,512</u>	<u>12,607</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
<b>Subsidized Childcare Cluster: (Note 3)</b>			
<b>Division of Social Services:</b>			
CCDF-Administration	93.596	74,005	-
<b>Division of Child Development:</b>			
CCDF-Discretionary	93.575	415,543	-
CCDF-Mandatory	93.596	181,362	-
CCDF-Match	93.596	51,256	-
Total Child Care Development Fund Cluster		722,166	-
Temporary Assistance for Needy Families	93.558	226,915	-
Social Security Block Grant	93.667	402	-
Foster Care Title IV-E	93.658	10,144	4,961
State Appropriations		-	6,938
TANF - MOE		-	32,584
Total Subsidized Childcare Cluster		959,627	44,483
<b>U.S. Department of Agriculture:</b>			
Passed-through N.C. Department of Health & Human Services			
<b>Division of Public Health:</b>			
Administration:			
Special Supplemental Nutrition Program for Women Infant and Children (WIC)	10.557	232,920	-
Child nutrition cluster	10.559	234	-
Direct Benefit Payments:			
WIC - Direct Benefit Payment	10.557	892,537	-
Total Division of Public Health		1,125,691	-
<b>HealthCare Financing Administration:</b>			
Passed-through the N.C. Department of Health and Human Services			
<b>Division of Medical Assistance:</b>			
Direct Benefit Payments:			
Medical Assistance Program Cluster	93.778	27,961,079	15,800,899
Health Choice	93.767	-	-
<b>Division of Social Services:</b>			
Administration:			
Health Choice	93.767	10,427	1,568
Medical Assistance Program Cluster	93.778	395,672	32,926
Total Health Care Financing Administration		28,367,178	15,835,393
<b>U.S. Department of Agriculture:</b>			
Passed-through N.C. Department of Health & Human Services			
Food and Consumer Service:			
<b>Division of Social Services:</b>			
Food and Nutrition Services:			
Administration:			
Supplemental Nutrition Assist. Program Cluster			
Food and Nutrition Services	10.561	256,460	-
Total Supplemental Nutrition Assist. Program Cluster		256,460	-

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
<b><u>U.S. Department of Health and Human Services:</u></b>			
<b>Centers for Disease Control and Prevention:</b>			
Passed-through N.C. Department of Health and Human Services			
<b>Division of Public Health:</b>			
<u>Immunization</u>			
Immunization Program/Aid to County Funding	93.268	11,199	-
Total Immunization		11,199	-
Project Grants and Cooperative Agreement for Tuberculosis Control Program	93.116	36,003	-
Public Health Emergency Preparedness	93.069	22,800	-
Prevention Investigations and Tech. Assistance	93.283	493	-
HIV Prevention Activities_Health Department Based	93.940	3,130	-
Statewide Health Promotion Program	93.991	9,640	-
Total Division of Public Health		83,265	-
<b>Adminstration of Children and Families:</b>			
Passed through the NC Dept of Health and Human Services			
Division of Social Services			
Social Service Block Grant	93.667	6,342	6,540
Temporary Assistance for Needy Families	93.558	3,835	-
Passed through NC Dept of Health and Human Services			
Maternal and Child Health Services Block Grant	93.994	71,002	53,258
<b>Office of Populaton Affairs</b>			
Passed through NC Dept of Health and Human Services			
Family Planning Services	93.217	24,024	-
<b>Administration of Aging:</b>			
Passed-through Piedmont Triad Council of Governments			
<b>Division of Aging:</b>			
Aging Cluster:			
Access Title III B	93.044	25,463	21,534
In-Home Services:			
State Funds		-	66,065
Title IIIB	93.044	12,346	723
Congregate Nutrition:			
Congregate Nutrition	93.045	44,860	2,641
Home-Delivered Meals	93.045	47,343	36,792
Total Division of Aging Cluster		130,012	127,755
NSIP Supplement	10.570	14,337	-
Total Division of Aging		144,349	127,755
<b>Total Federal Awards</b>		<b>\$ 32,454,478</b>	<b>\$ 16,107,036</b>



## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
<b>State Awards:</b>			
<b>Division of Social Services:</b>			
Administration:			
Energy Assistance-private grants		\$	6,118
AFDC Incentive/Program Integrity			1,472
State County Special Assistance			603
TANF Incentive/Program Integrity			-
Direct Benefit Payments:			
SC/SA Domiciliary Care			348,236
SFHF Maximization			153
CWS Adoption Subsidy & Vendor			36,636
State Foster Home			14,589
Total Division of Social Services			407,807
<b>N.C. Department of Health and Human Services:</b>			
<b>Division of Public Health:</b>			
Women's Preventive Health			14,374
General Communicable Disease Control			11,139
General Aid to Counties			80,565
Tuberculosis			5,295
TB Medical Services			1,034
Maternal Health (HMHC)			12,082
TPPI-Pregnancy Prevention			43,617
General Aid-to-County			80,565
Food and Lodging Fees			4,082
Environmental Health			4,000
Preparedness and Response-Bioterrorism			21,177
Women's Health Service Fund			14,374
Healthy Communities			2,840
School Nurse Funding Initiative			100,000
Risk Reduction / Heath Promotion			6,206
Total Division of Public Health			401,350
Total N.C. Department of Health and Human Services			809,157

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<b>N.C. Department of Transportation:</b>			
Rural Operating Assistance Program-Airport			79,658
Rural Operating Assistance Program			56,722
State Aid to Airports			1,124,143
Elderly and Disabled Transportation			50,943
Work First			11,373
Total N.C. Department of Transportation			<u>1,322,839</u>
<b>N.C. Department of Public Safety:</b>			
EMPG			76,162
Fire and Rescue			8,031
Youth Services			25,645
Day Reporting			70,347
Total N.C. Department of Public Safety			<u>180,185</u>
<b>N.C. Department of Cultural Resources:</b>			
Grassroots Art Program			<u>9,738</u>
<b>Total State Awards</b>			<u>2,321,919</u>
<b>Total Federal and State Awards</b>		<u>\$ 32,454,478</u>	<u>\$ 18,428,955</u>

## MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>

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

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

**2 Subrecipients**

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

<u>Subrecipient/Program Name</u>	<u>CFDA Number</u>	<u>Federal</u>	<u>State</u>
Piedmont Triad Council of Governments			
Access Title III B	93.044	\$ 25,463	\$ 21,534
In-Home Services:			
State Funds		-	66,065
Title IIIB	93.044	12,346	723
Congregate Nutrition:			
Congregate Nutrition	93.045	44,860	2,641
Home-Delivered Meals	93.045	47,343	36,792
NSIP Supplement	93.053	14,337	-
Social Services Block Grant	93.667	110,204	11,158

**2 The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes:**

    Subsidized Child Care and Foster Care and Adoption

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