

**REPORT ON  
TOWN OF COMO  
COMO, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2019**

**TOWN OF COMO, NORTH CAROLINA  
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JUNE 30, 2019**

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## Independent Auditor's Report

Honorable Mayor and Town Council Members  
Town of Como  
Como, North Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Como, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Como'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Como, North Carolina as of June 30, 2019, 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 Management's Discussion and Analysis 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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 to provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Como's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules, are the responsibility of management and were derived from and relates 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 audit standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

  
Johnson, McLean & Company  
November 15, 2019

## Management's Discussion and Analysis

As management of the Town of Como, we offer readers of the Town of Como's financial statements this narrative overview and analysis of the financial activities of the Town of Como for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

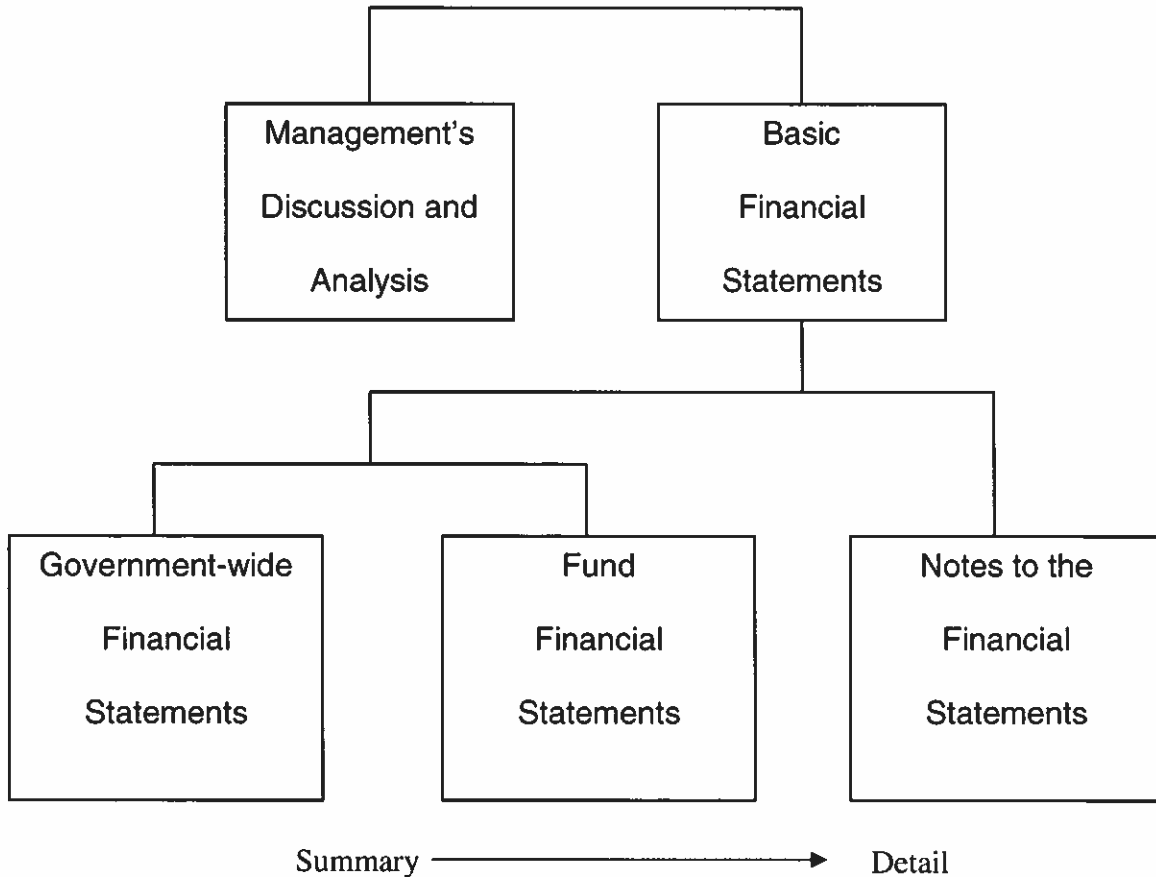
- The assets and deferred outflows of resources of the Town of Como exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$106,608 (*net position*).
- The government's total net position increased by \$6,353.
- As of the close of the current fiscal year, the Town of Como's governmental funds reported combined ending fund balances of \$65,185 an increase of \$8,396 in comparison with the prior year. Approximately 97.8 percent of this total amount, or \$63,703 is available for spending at the government's discretion (assigned fund balance).
- At the end of the current fiscal year, there was no assigned fund balance for the subsequent years expenditures.
- The Town of Como's total debt did not change as no debt was incurred during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Como's basic financial statements. The Town'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 Town 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 the Town of Como.

### Required Components of Annual Financial Report

Figure 1



#### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary 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 Town's individual funds. Budgetary information required by the General Statutes also can be found in the part of the statements.

## Management Discussion and Analysis- Town of Como

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town'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 Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position are the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town'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 Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. There are no business-type activities offered by the Town of Como. The final category is the component unit. There are no component units of the Town.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town'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. The Town of Como, 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 Town's budget ordinance. All of the funds of Town of Como are governmental 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 Town'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* that provides a short-term spending 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 Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

## **Management Discussion and Analysis- Town of Como**

The Town of Como 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 Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town 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.

**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 are included in this report, and begin on page 8.

**Interdependence with Other Entities:** The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.



Management Discussion and Analysis-  
**Town of Como**

**Government-Wide Financial Analysis**

**The Town of Como's Net Position**

**Figure 2**

**Governmental Activities**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 66,595	\$ 58,380
Capital assets	40,687	42,626
Total assets	107,282	101,006
Long-term liabilities outstanding	\$ -	\$ -
Other liabilities	674	751
Total liabilities	\$ 674	\$ 751
Net assets:		
Invested in capital assets, net of related debt	\$ 40,687	\$ 42,626
Restricted	1,482	225
Unrestricted	64,439	57,404
Total net position	\$ 106,608	\$ 100,255

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Como exceeded liabilities by \$106,608 as of June 30, 2019. The Town's net position increased by \$6,353 for the fiscal year ended June 30, 2019. However, the largest portion (60.44%) reflects unrestricted net position. The Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), represents 38.17% of net position. The Town of Como uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Como's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Como's net position, \$1,482, represents resources that are subject to external restrictions on how they may be used.

Management Discussion and Analysis-  
Town of Como

**Town of Como Changes in Net Position**

**Figure 3**

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
General revenues:		
Property taxes	17,105	16,547
Other taxes	15,557	12,783
Other	77	100
Total revenues	<u>\$ 32,739</u>	<u>\$ 29,430</u>
Expenses:		
General government	<u>\$ 26,386</u>	<u>\$ 26,429</u>
Total expenses	<u>\$ 26,386</u>	<u>\$ 26,429</u>
Increase in net position	6,353	3,001
Net assets, July 1	<u>100,255</u>	<u>97,254</u>
Net assets, June 30	<u>\$ 106,608</u>	<u>\$ 100,255</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$6,353.

Management Discussion and Analysis-  
**Town of Como**

**Financial Analysis of the Town's Funds**

As noted earlier, the Town of Como uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town of Como's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Como's financing requirements.

The general fund is the chief operating fund of the Town of Como. At the end of the current fiscal year, Town of Como's fund balance available in the General Fund was \$63,703, while total fund balance reached \$65,185. The Governing Body has determined that the Town should maintain an available fund balance in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 261% of general fund expenditures, while total fund balance represents 267% of the same amount.

At June 30, 2019, the governmental funds of Town of Como reported a combined fund balance of \$65,185, a 14.78% increase over last year.

**General Fund Budgetary Highlights.** During the fiscal year, the Town made one revision to the budget. 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. Expenditures were held in check to compensate for the lack of funding.

Management Discussion and Analysis-  
**Town of Como**

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Como's investment in capital assets for its governmental activities as of June 30, 2019, totals \$40,687 (net of accumulated depreciation).

Major capital asset transactions during the year include the following:

- None

**Town of Como's Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities	
	2019	2018
Land	\$ 1,500	\$ 1,500
Buildings and improvements	39,187	41,126
Machinery and equipment	-	-
Total	<u>\$ 40,687</u>	<u>\$ 42,626</u>

Additional information on the Town capital assets can be found in note 4, Capital Assets, of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2019, the Town of Como had no long term debt.

**Management Discussion and Analysis-**  
**Town of Como**

**Economic Factors and Next Year's Budgets and Rates:**

The following key economic indicators reflect the growth and prosperity of the Town:

The Town historically maintains its population.

The Town contains a low unemployment rate.

The Town lacks manufacturing, but is big as a small farming community.

The Town's occupancy rate was approximately 90% for the year and continues to be stable in that regard.

**Budget Highlights for the Fiscal Year Ending June 30, 2020:**

**Governmental Activities:** Property taxes and revenues from other sources are expected to remain constant but slow to materialize due to the state of the economy.

**Requests for Information**

This report is designed to provide an overview of the Town'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 Town Clerk, Town of Como, P. O. Box 117, Como, NC 27818.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF COMO, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 64,377
Taxes receivables (net)	648
Accrued interest receivable on taxes	88
Accounts receivable (net)	1,482
Total current assets	66,595
Capital assets (Note 1):	
Land	1,500
Other capital assets, net of depreciation	39,187
Total capital assets	40,687
Total assets	107,282
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	674
Total liabilities	674
<b>NET POSITION</b>	
Net investment in capital assets	40,687
Restricted:	
Stabilization by State Statute	1,482
Unrestricted	64,439
Total net position	\$ 106,608

The notes to the financial statements are an integral part of this statement.

TOWN OF COMO, NORTH CAROLINA  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental Activities:					
General government	\$ 26,386	\$ -	\$ -	\$ -	\$ (26,386)
Public safety	-	-	-	-	-
Total governmental activities (See Note 1)	26,386	-	-	-	(26,386)
<b>Total primary government</b>	<b>\$ 26,386</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(26,386)</b>

General revenues:

Taxes:	
Property taxes, levied for general purpose	17,105
Other taxes	15,557
Permits and Fees	-
Unrestricted investment earnings	77
Miscellaneous	-
Total general revenues, special items, and transfers	32,739
Change in net assets	6,353
Net position-beginning	100,255
Net position-ending	\$ 106,608



**TOWN OF COMO, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	<b>Major Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 64,377	\$ 64,377
Receivables:		
Taxes	648	648
Accounts	1,482	1,482
Total assets	66,507	66,507
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	674	674
Total liabilities	674	674
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax receivable	648	648
Total deferred inflows of resources	648	648
 Fund balances:		
Restricted		
Stabilization by state statute	1,482	1,482
Assigned		
Subsequent year's expenditures	-	-
Unassigned	63,703	63,703
Total fund balances	65,185	65,185
Total liabilities and fund balances	\$ 66,507	\$ 66,507

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,687
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	88
Liabilities for earned but deferred revenues in fund statements.	648
Net assets of governmental activities	\$ 106,608

The notes to the financial statement are an integral part of this statement.

**TOWN OF COMO, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	<u>Major Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 17,209	\$ 17,209
Unrestricted intergovernmental	15,557	15,557
Restricted intergovernmental	-	-
Permits and fees	-	-
Other revenue	-	-
Investment earnings	77	77
Total revenues	<u>32,843</u>	<u>32,843</u>
<b>EXPENDITURES</b>		
Current:		
General government	24,447	24,447
Public safety	-	-
Total expenditures	<u>24,447</u>	<u>24,447</u>
Excess (deficiency) of revenues over expenditures	8,396	8,396
<b>OTHER FINANCING SOURCES (USES)</b>	-	-
Net change in fund balance	8,396	8,396
Fund balances-beginning	56,789	56,789
Fund balances-ending	<u>\$ 65,185</u>	<u>\$ 65,185</u>

**TOWN OF COMO, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds	\$	8,396
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures		-
Depreciation expense		(1,939)

Losses on the sale or disposition of capital assets are recorded to the Statement of Activities. These losses do not require the use of current financial resources and, therefore, are not reported in governmental funds.

Owed interest on tax receivable		-
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		-
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Change in deferred revenue for tax revenues		<u>(104)</u>
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Total changes in net assets of governmental activities	<u>\$</u>	<u>6,353</u>
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**TOWN OF COMO, NORTH CAROLINA  
GENERAL FUND AND ANNUALLY BUDGETED  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2019

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 15,735	\$ 15,735	\$ 17,209	\$ 1,474
Unrestricted intergovernmental	20,100	20,200	15,557	(4,643)
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Other revenue	4,000	4,000	-	(4,000)
Investment earnings	-	-	77	77
<b>Total revenues</b>	<b>39,835</b>	<b>39,935</b>	<b>32,843</b>	<b>(7,092)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	39,835	39,835	24,447	15,388
Public safety	-	-	-	-
<b>Total expenditures</b>	<b>39,835</b>	<b>39,835</b>	<b>24,447</b>	<b>15,388</b>
Revenues over (under) expenditures	-	100	8,396	(8,296)
<b>Other financing sources (uses):</b>				
Fund balance appropriated	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 100</u>	<u>8,396</u>	<u>\$ 8,296</u>
Fund balances, beginning of year			56,789	
Fund balances, end of year			<u>\$ 65,185</u>	

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
TOWN OF COMO, NORTH CAROLINA  
JUNE 30, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Como conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town of Como is a municipal corporation which is governed by an elected mayor and a four-member council.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town'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 Town's funds. Statements for the fund category – *governmental* – are presented. The emphasis of fund financial statements is on major governmental, displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following non-major governmental funds:

None.

**C. Measurement Focus and Basis of Accounting**

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

*Government-wide Fund Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

## TOWN OF COMO, NORTH CAROLINA NOTES TO THE BASIC FINANCIAL STATEMENTS

*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.

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2015, 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, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2015 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Como because the tax is levied by Hertford County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town 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 assets available to finance the program. It is the Town'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 Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. 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 the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board.

### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity**

#### **1. Deposits and Investments**

All deposits of the Town are made in board-designated official depositories and are collateralized as required by G.S. 159-31. The Town may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town 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 Town 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**TOWN OF COMO, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**2. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on July 1, the beginning of the fiscal year. These taxes are due on September 1; however, interest does not accrue until the following January 6. The taxes levied are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**3. Allowances 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. The amount for the Town is so insignificant that no allowance has been recorded.

**4. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: equipment and vehicles, \$1,000; buildings and improvements, \$10,000; infrastructure, \$5,000. This capitalization was not adopted until October 8, 2019. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	50
Improvements	25
Furniture and equipment	10
Computer equipment	3-5

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. Then Town has no items that meet this criterion in the current year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has no items that meet the criterion for this category this year.

**6. Net Position/Fund Balances**

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

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

**TOWN OF COMO, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State statute [G.S. 159-8(a)].

Reserved for streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Assigned – This classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

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.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Material Violations of Finance-Related Legal and Contractual Provisions**

**1. Noncompliance with North Carolina General Statutes**

None.

**2. Contractual Violations**

None

**B. Deficit Fund Balance or Retained Earnings of Individual Funds**

None

**C. Excess of Expenditures over Appropriations**

None.

**III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit'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 Town, these deposits are considered to be held by the Town's agents in their 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 Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town 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 Town has no policy regarding custodial credit risk for deposits.



**TOWN OF COMO, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

At June 30, 2019, the Town's deposits had a carrying amount of \$64,376 and a bank balance of \$64,376, all of which was covered by federal depository insurance.

**2. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,500	\$ -	\$ -	\$ 1,500
<b>Capital assets being depreciated:</b>				
Building, improvements	100,657	-	-	100,657
Equipment	15,063	-	-	15,063
Total capital assets being depreciated	115,720	-	-	115,720
<b>Less accumulated depreciation for:</b>				
Buildings, improvements	59,531	1,939	-	61,470
Equipment	15,063	-	-	15,063
Total accumulated depreciation	74,594	1,939	-	76,533
Total capital assets being depreciated, net	41,126			39,187
<b>Governmental activity capital assets, net</b>	<b>\$ 42,626</b>			<b>\$ 40,687</b>

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

General government	\$ 1,939
Total depreciation expense	<u>\$ 1,939</u>

**B. Liabilities**

**1. Deferred Revenues**

The balance in deferred revenues at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue	Total
Taxes Receivable (net)	\$ 648	\$ -	\$ 648
Prepaid Taxes (not available)	-	-	-
	<u>\$ 648</u>	<u>\$ -</u>	<u>\$ 648</u>

**2. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liabilities coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsurance through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

**TOWN OF COMO, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

The Town does not carry flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

**IV. SUBSEQUENT EVENTS**

Subsequent events are evaluated through November 15, 2019, which is the date the financial statements were available to be issued.

**INDIVIDUAL FUND**  
**FINANCIAL STATEMENT AND SCHEDULES**

TOWN OF COMO , NORTH CAROLINA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES & CHANGES IN  
FUND BALANCE - BUDGET & ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year	\$ 15,435	\$ 16,799	\$ 1,364
Prior years	200	410	210
Interest & late listing penalties	100	-	(100)
<b>Total</b>	<u>15,735</u>	<u>17,209</u>	<u>1,474</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local option sales tax	15,100	15,395	295
Utilities sales tax	4,700	-	(4,700)
Telecommunications sales tax	-	-	-
Video franchise fee	-	-	-
Beer & wine tax	100	-	(100)
Sales tax - hold harmless	100	-	(100)
ABC profit distribution	200	162	(38)
<b>Total</b>	<u>20,200</u>	<u>15,557</u>	<u>(4,643)</u>
<b>Other Revenue:</b>			
Contribution from Fire Department	4,000	-	(4,000)
Miscellaneous	-	-	-
<b>Total</b>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<b>Investment Earnings:</b>			
Investment Earnings	-	77	77
<b>Total Revenues</b>	<u>\$ 39,935</u>	<u>\$ 32,843</u>	<u>\$ (7,092)</u>

TOWN OF COMO , NORTH CAROLINA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES & CHANGES IN  
FUND BALANCE - BUDGET & ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Professional Services	\$ -	\$ 5,535	\$ -
Council Fees	-	2,430	-
Other Operating Expenditures	-	112	-
Total	<u>10,300</u>	<u>8,077</u>	<u>2,223</u>
Administration:			
Clerical Payroll and Taxes	-	4,844	-
Dues & Subscriptions	-	1,033	-
Insurance	-	2,871	-
Capital Outlay	-	-	-
Other Operating Expenditures	-	2,301	-
Total	<u>13,935</u>	<u>11,049</u>	<u>2,886</u>
Public Buildings:			
Maintenance & Repair	-	1,552	-
Total	<u>11,100</u>	<u>1,552</u>	<u>9,548</u>
Public Works:			
Utilities	4,500	3,679	821
Little Courthouse lot rental	-	90	(90)
<b>Total General Government</b>	<u>39,835</u>	<u>24,447</u>	<u>15,388</u>
<b>Public Safety:</b>			
Fire Department	-	-	-
<b>Total Public Safety</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF COMO , NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN  
FUND BALANCE - BUDGET & ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Total Expenditures</b>	\$ 39,835	\$ 24,447	\$ 15,388
Revenues Over (Under) Expenditures	100	8,396	8,296
Other Financing Sources (Uses): Fund Balance Appropriated	-	-	-
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	\$ 100	8,396	\$ 8,296
<b>Fund Balance:</b>			
Beginning of Year, July 1		56,789	
End of year, June 30		\$ 65,185	

## **OTHER SCHEDULES**

**TOWN OF COMO, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2019**

	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 17,095	\$ 16,799	\$ 296
2017-2018	420	-	254	166
2016-2017	321	-	155	166
2015-2016	8	-	1	7
2014-2015	7	-	-	7
2013-2014	6	-	-	6
2012-2013	-	-	-	-
2011-2012	-	-	-	-
2010-2011	-	-	-	-
2009-2010	-	-	-	-
2008-2009	-	-	-	-
<b>TOTALS</b>	<u>\$ 762</u>	<u>\$ 17,095</u>	<u>\$ 17,209</u>	<u>\$ 648</u>
<b>Reconcilement with revenues:</b>				
				\$ 17,209
				-
				-
				-
				<u>-</u>
<b>Total Collections &amp; Credits</b>				<u>\$ 17,209</u>



TOWN OF COMO, NORTH CAROLINA  
 ANALYSIS OF CURRENT TAX LEVY  
 June 30, 2019

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Tax Levy - Net</b>					
Motor Vehicles	\$ 611,667	0.30%	\$ 1,835	\$ -	\$ 1,835
Residential & Business	4,938,667	0.30%	14,816	14,816	-
Public Service Companies	147,000	0.30%	441	441	-
Total			<u>17,092</u>	<u>15,257</u>	<u>1,835</u>
<b>Total Property Valuation</b>	<u><u>\$ 5,697,334</u></u>				
Penalty			3	3	-
Net Levy			<u>17,095</u>	<u>15,260</u>	<u>1,835</u>
Less: Uncollected Taxes at June 30, 2019			<u>(296)</u>	<u>(296)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 16,799</u>	<u>\$ 14,964</u>	<u>\$ 1,835</u>
Percent Current Year Collected			<u>98.27%</u>	<u>98.06%</u>	<u>100.00% *</u>