

TOWN OF MOMEYER
MOMEYER, NORTH CAROLINA
FINANCIAL STATEMENTS
JUNE 30, 2020

Town Council Members
Kenneth Lee Parker, Mayor
George Alma Edwards
Edward Jackson
Martha Lucas
Richard Matthews

Administrative and Financial Staff
Karen Hendricks, Town Clerk

Town of Momeyer, North Carolina
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For the Fiscal Year Ended June 30, 2020

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FINANCIAL SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Commissioners
Town of Momeyer
Momeyer, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the General Fund of the Town of Momeyer, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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, the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

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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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund of the Town of Momeyer as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a required 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 inquires 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 the basic financial statements of the Town of Momeyer, North Carolina. The individual fund statement, budgetary schedule, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statement, budgetary schedule, 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 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 by us. In our opinion, based on our audit, the individual fund statement, budgetary schedule, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Winston, Williams, Creech, Evans and Co., LLP

Oxford, North Carolina

October 31, 2020

Management's Discussion and Analysis

As management of the Town of Momeyer, we offer readers of the Town of Momeyer's financial statements this narrative overview and analysis of the financial activities of the Town of Momeyer for the fiscal year ended June 30, 2020. 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

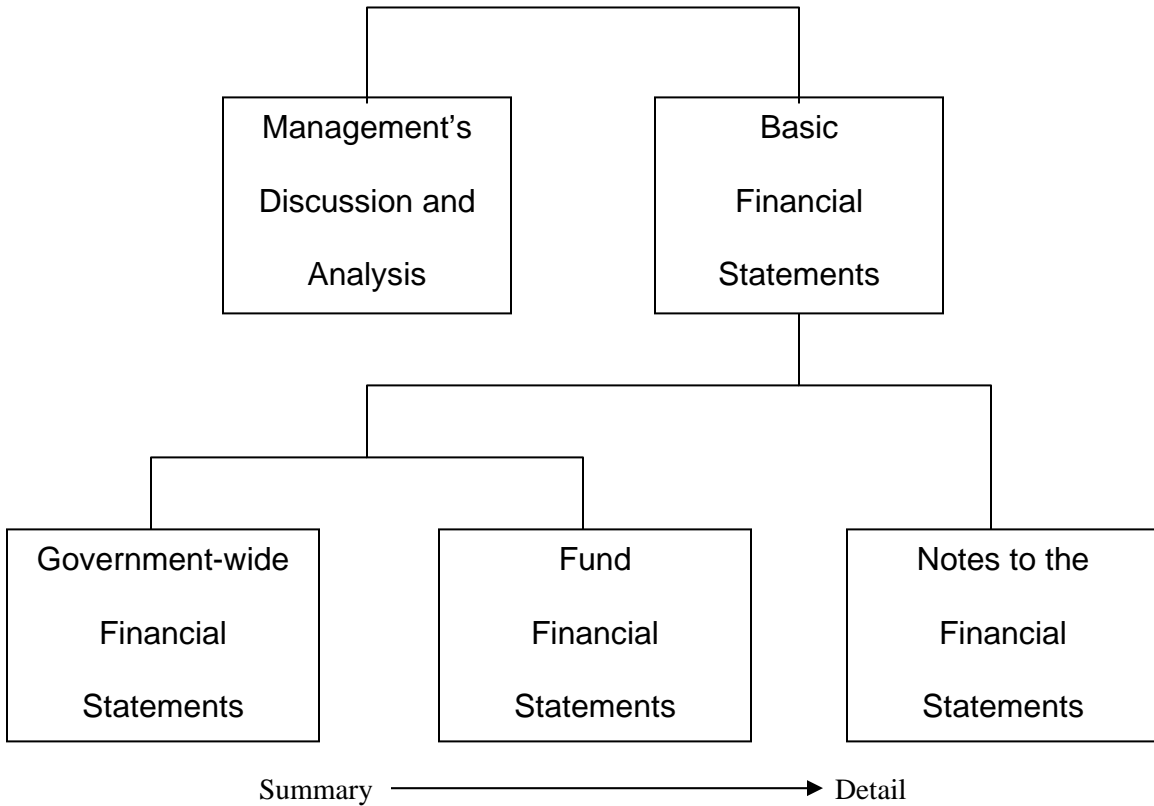
- The assets of the Town of Momeyer exceeded its liabilities at the close of the fiscal year by \$471,625 (*Net Position*).
- The government's total Net Position increased by \$17,988.
- As of the close of the current fiscal year, the Town of Momeyer's only governmental fund, the General Fund, reported an ending fund balance of \$305,134, an increase of \$16,204 in comparison with the prior year. Approximately 96.37 percent of this total amount, or \$294,051, is available for spending at the government's discretion (*unassigned fund balance*).
- The unassigned fund balance for the General Fund was \$294,051, or 441.67% percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Momeyer'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 Momeyer.

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 5) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison 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 this part of the statements.

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 total liabilities. Measuring Net Position is one way to gauge the Town's financial condition.

The government-wide statements have one category: 1) governmental activities. 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 government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Momeyer, 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 Momeyer are part of the governmental funds category.

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*, which 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.

The Town of Momeyer 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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 on page 18 of this report.

Town of Momeyer’s Net Position

Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 309,744	\$ 292,796
Capital assets	163,235	162,719
Total assets	472,979	455,515
Long-term liabilities outstanding	-	-
Other liabilities	1,354	1,878
Total liabilities	1,354	1,878
Net assets:		
Invested in capital assets, net of related debt	163,235	162,719
Restricted	11,083	11,783
Unrestricted	297,307	279,135
Total net assets	\$ 471,625	\$ 453,637

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 Momeyer exceeded liabilities by \$471,625 as of June 30, 2020. The Town’s Net Position increased by \$17,998 for the fiscal year ended June 30, 2020.

**Town of Momeyer Changes in Net Position
Figure 3**

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 340	\$ 315
General revenues:		
Property taxes	16,345	15,528
Other taxes	51,825	51,578
Grants and contributions not restricted to specific programs	9,892	10,519
Other	5,156	4,050
Total revenues	83,558	81,990
Expenses:		
General government	65,570	62,393
Public safety	-	-
Culture and recreation	-	-
Total expenses	65,570	62,393
Increase in net assets	17,988	19,597
Net assets, July 1	453,637	434,040
Net assets, June 30	\$ 471,625	\$ 453,637

- **Governmental activities.** Governmental activities increased the Town’s Net Position by \$17,988, thereby accounting for the total increase in the Net Position of the Town of Momeyer. Revenues and expenses were up in comparison to the prior fiscal year.

Financial Analysis of the Town’s Funds

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

Governmental Funds. The focus of the Town of Momeyer’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 Momeyer’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Momeyer. At the end of the current fiscal year, Town of Momeyer’s fund balance available in the General Fund was \$294,051, while total fund balance reached \$305,134. The Governing Body of the Town of Momeyer has determined that the Town should maintain a reasonable fund balance in the general fund 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 441.67% of general fund expenditures, while total fund balance represents 458.32% of the same amount.

At June 30, 2020, the governmental fund (General Fund) of the Town of Momeyer reported a fund balance of \$305,134, a 5.61 percent increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the Town 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.

Capital Assets

Capital assets. The Town of Momeyer has capital assets of \$163,235, consisting of equipment and a building. Only the equipment is fully depreciated.

Additional information on the Town's capital assets can be found in Note III.A.3 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic factors impacting the Town.

- Revenues expected to remain flat or slightly decrease based on expectations of the current economic conditions.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The total budget for governmental activities is expected to increase for the upcoming fiscal year due to additional CARES funding of \$22,858.

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 Momeyer, 4811 Momeyer Way, Nashville, NC 27856.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Momeyer, North Carolina
Statement of Net Position
June 30, 2020

	<u>PRIMARY GOVERNMENT</u>	
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Investments	\$ 294,894	\$ 294,894
Taxes Receivable	702	702
Accounts Receivable	11,083	11,083
Accrued interest receivable	3,065	3,065
	<u>309,744</u>	<u>309,744</u>
Total Current Assets		
CAPITAL ASSETS		
Fixed Assets (Net of Accumulated Depreciation)	<u>163,235</u>	<u>163,235</u>
Total Capital Assets	<u>163,235</u>	<u>163,235</u>
TOTAL ASSETS	<u>\$ 472,979</u>	<u>\$ 472,979</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Payroll taxes and accrued liabilities	\$ 843	\$ 843
Compensated absences	<u>511</u>	<u>511</u>
TOTAL LIABILITIES	<u>1,354</u>	<u>1,354</u>
<u>NET POSITION</u>		
Net investment in capital assets	163,235	163,235
Restricted for:		
Stabilization by State Statute	11,083	11,083
Unrestricted	<u>297,307</u>	<u>297,307</u>
TOTAL NET POSITION	<u>\$ 471,625</u>	<u>\$ 471,625</u>

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

Town of Momeyer, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government
Primary government:						
Governmental Activities:						
General government	\$ 65,570	\$ -	\$ -	\$ -	\$ (65,570)	\$ (65,570)
Economic and physical development	-	340	-	-	340	340
Total governmental activities	<u>65,570</u>	<u>340</u>	<u>-</u>	<u>-</u>	<u>(65,230)</u>	<u>(65,230)</u>
Total primary government	<u>\$ 65,570</u>	<u>\$ 340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(65,230)</u>	<u>(65,230)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					16,345	16,345
Other taxes					51,825	51,825
Grants and contributions not restricted to specific programs					9,892	9,892
Unrestricted investment earnings					5,056	5,056
Miscellaneous					100	100
Total general revenues, special items, transfers					<u>83,218</u>	<u>83,218</u>
Change in net assets					17,988	17,988
Net position - beginning					<u>453,637</u>	<u>453,637</u>
Net position - ending					<u>\$ 471,625</u>	<u>\$ 471,625</u>

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

FUND FINANCIAL STATEMENTS

Town of Momeyer, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
	GENERAL	
ASSETS		
Cash and Investments	\$ 294,894	\$ 294,894
Taxes Receivable	702	702
Accounts Receivable	11,083	11,083
Total Assets	<u>\$ 306,679</u>	<u>\$ 306,679</u>
LIABILITIES		
Accounts Payable	\$ -	\$ -
Payroll Taxes Payable	843	843
Total Liabilities	<u>843</u>	<u>843</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	702	702
Total Liabilities and Deferred Inflows of Resources	<u>1,545</u>	<u>1,545</u>
FUND BALANCES:		
Restricted		
Stabilization by State Statute	11,083	11,083
Unassigned	294,051	294,051
Total Fund Balances	<u>305,134</u>	<u>305,134</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 306,679</u>	<u>\$ 306,679</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		3,065
Liabilities for earned revenues but considered deferred inflows of resources in fund statements		702
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		163,235
Some liabilities, including bonds payable, accrued interest, and compensated absences, are not due, and payable in the current period and therefore are not reported in the governmental funds		<u>(511)</u>
Net position of governmental activities		<u>\$ 471,625</u>

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

Town of Momeyer, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	
REVENUES		
Ad Valorem Taxes	\$ 16,307	\$ 16,307
Other Taxes & Licenses	51,825	51,825
Unrestricted Intergovernmental Revenues	9,892	9,892
Permits and Fees	340	340
Miscellaneous	100	100
Investment Earnings	4,317	4,317
Total Revenues	82,781	82,781
EXPENDITURES		
General Government	66,577	66,577
Public Safety	-	-
Parks and Recreation	-	-
Total Expenditures	66,577	66,577
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,204	16,204
Net change in fund balance	16,204	16,204
FUND BALANCE:		
Beginning of Year - July 1	288,930	288,930
End of Year - June 30	\$ 305,134	\$ 305,134

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

Town of Momeyer, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$	16,204
<p style="margin-left: 40px;">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 of depreciation expense for the year.</p>		
		516
<p style="margin-left: 40px;">Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Change in unavailable revenue for tax revenues		38
Change in accrued interest receivable on investments		739
<p style="margin-left: 40px;">Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences		491
Total changes in net assets of governmental activities	\$	17,988

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

Town of Momeyer, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	GENERAL FUND			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Ad Valorem Taxes	\$ 16,050	\$ 16,050	\$ 16,307	\$ 257
Other Taxes & Licenses	49,000	49,000	51,825	2,825
Unrestricted Intergovernmental Revenues	8,910	8,910	9,892	982
Permits and Fees	-	-	340	340
Sales and Services	-	-	100	100
Investment Earnings	-	-	4,317	4,317
Total Revenues	<u>73,960</u>	<u>73,960</u>	<u>82,781</u>	<u>8,821</u>
EXPENDITURES				
General Government	<u>73,960</u>	<u>73,960</u>	<u>66,577</u>	<u>7,383</u>
Total Expenditures	<u>73,960</u>	<u>73,960</u>	<u>66,577</u>	<u>7,383</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	16,204	<u>\$ 16,204</u>
FUND BALANCE:				
Beginning of Year - July 1			<u>288,930</u>	
End of Year - June 30			<u>\$ 305,134</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Momeyer 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 Momeyer is a municipal corporation that is governed by an elected mayor and a four-member council. For financial reporting purposes the Town of Momeyer includes all funds, account groups, agencies, board, commissions, and authorities that are controlled by or financially dependent upon the town.

No organizations were included in, or excluded from the financial statements based upon the above criteria.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Town. 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 Town of Momeyer has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and 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. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. The Town had no non-major funds for fiscal year June 30, 2020.

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 local option sales taxes and various other taxes and licenses. The primary expenditures are for public safety and general government.

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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 Statements. The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide 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 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 in which all eligibility requirements have been satisfied.

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 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due are not considered to be an available resource to finance the operations of the current fiscal year. Also, as of September 1, 2013, 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 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, 2013 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 utilities franchise 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 because the tax is levied by Nash County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned 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 position available to finance the program.

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical 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. Any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, amendments were made to the original budget as deemed 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.

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 secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings 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 deposits.

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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) 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. 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 earnings and investment contracts are reported at cost.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essential demand deposits and are considered cash and cash equivalents.

3. 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 property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

4. 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.

5. 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: furniture and equipment, \$2,500. 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.

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

<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Building and Improvements	40 years
Furniture and equipment	5 -10 years
Computer equipment	5 years

6. Long-Term Obligations

In the government-wide financial statements, and 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 discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

In 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.

The Town had no long-term debt obligations at June 30, 2020.

7. Compensated Absences

The vacation and sick policy of the Town provide for the accumulation of up to twenty-two days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

8. 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. The Town does not have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or 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 one item that meets the criterion for this category – property taxes receivable.

9. Net position

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.

10. 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:

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

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

The Town of Momeyer has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, Town 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 Town.

The Town of Momeyer has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriation

In Exhibit A-1, the General Fund expenditures for bank charges and building maintenance exceed the budgeted amount by \$19 and \$23, respectively. The amounts were small but the Town will strive to do a better job in the future of anticipating overages such as these.

NOTE 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 these units' names. 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 names. 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the Town's deposits, which include petty cash, had a carrying amount of \$294,894 and a bank balance of \$297,064. Of the bank balance, \$282,748 was covered by federal depository insurance, and \$14,316 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2020, the Town's petty cash fund totaled \$100.

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net position is net of allowances for doubtful accounts as follows:

<u>FUND</u>	<u>JUNE 30, 2020</u>
<u>General Fund</u>	
Taxes Receivable	\$ 702
Accrued Interest Receivable	3,065
Local Option Sales Tax Receivable	8,527
Franchise Tax Receivable	2,259
Ad valorem and DMV Tax Receivable	<u>297</u>
Total	<u>\$ 14,850</u>

3. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2020 was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<u>Governmental activities</u>				
Capital Assets not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Capital Assets being depreciated:				
Buildings	223,798	6,175	-	229,973
Equipment	<u>14,849</u>	<u>-</u>	<u>-</u>	<u>14,849</u>
Total Capital Assets being depreciated:	238,647	6,175	-	244,822
Less accumulated depreciation for:				
Buildings	61,079	5,659	-	66,738
Equipment	<u>14,849</u>	<u>-</u>	<u>-</u>	<u>14,849</u>
Total accumulated Depreciation	<u>75,928</u>	<u>5,659</u>	<u>-</u>	<u>81,587</u>
Total capital assets being depreciated, net	<u>162,719</u>	<u>5,659</u>	<u>-</u>	<u>163,235</u>
Government activity capital assets, net	<u>\$ 162,719</u>			<u>\$ 163,235</u>

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

All depreciation expense is for the General Government function.

B. Liabilities

1. Pension Plan Obligations

The Town provides to a Section 457B plan for participation. The Town contributes 2% of the town clerk's salary into the plan. The expense recognized for the current fiscal year is \$414.

2. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year end is comprised of the following:

	<u>Unavailable</u> <u>Revenue</u>	<u>Unearned</u> <u>Revenue</u>
Taxes Receivable	\$ <u>702</u>	\$ <u>-</u>

3. 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.

It is the policy of the Town to purchase commercial insurance for the risks of losses to which the Town is exposed. Through commercial insurance the Town has general liability coverage of \$1,000,000 per occurrence and property coverage up to \$10,000. The Town has chosen not to obtain flood insurance since they are not located in a flood plane.

There were no claims resulting from these risks in the current year or any past year.

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.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town was not a defendant to any lawsuits.

5. Long-Term Obligations

There were no long-term obligations as of June 30, 2020.

C. Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	\$ 163,235
Less: long-term debt	-
Net investment in capital assets	<u>\$ 163,235</u>

Town of Momeyer, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

D. Fund Balance

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	\$ 305,134
Less:	
Stabilization by State Statute	11,083
Working Capital/Fund Balance Policy	14,792
Unassigned Fund Balance	\$ 279,259

Note III

EVENTS OCCURRING AFTER REPORTING DATE

The Town has evaluated events and transactions that occurred between June 30, 2020 and October 31, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no other events that occurred during this time that were deemed to be significant enough to be disclosed.

INDIVIDUAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Momeyer, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019

	2020		VARIANCE POSITIVE (NEGATIVE)	2019
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Ad valorem taxes				
Current Year		\$ 16,630	\$	\$ 15,810
Prior Years		26		79
Collection Cost		(433)		(344)
Penalties and interest		84		59
Total	16,050	16,307	257	15,604
Other taxes and licenses				
Local option sales tax	49,000	51,825	2,825	51,578
Unrestricted intergovernmental revenues				
Franchise tax	8,000	8,959	959	9,586
Beer & wine tax	910	933	23	933
Total	8,910	9,892	982	10,519
Permits and fees				
Building and zoning	-	340	340	315
Miscellaneous				
Miscellaneous	-	100	100	104
Total	-	100	100	104
Investment Earnings				
General Fund	-	4,317	4,317	7,569
Total Revenues	73,960	82,781	8,821	85,689

Town of Momeyer, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019

	2020		VARIANCE POSITIVE (NEGATIVE)	2019
	BUDGET	ACTUAL		ACTUAL
EXPENDITURES				
General Government				
Governing Body				
Elected Officials	10,325	9,831	494	8,959
Professional Services				
Accounting Fees	3,675	3,075	600	3,500
Total	3,675	3,075	600	3,500
Total	14,000	12,906	1,094	12,459
Administration				
Salaries and Employee Benefits	20,751	20,685	66	20,906
Operating Expenses				
Professional Dues/Publications/				
Education	3,000	1,854	1,146	1,338
Attorney Fees	1,600	1,080	520	240
Advertising	500	424	76	181
Social Security & Medicare	2,353	2,343	10	2,253
457B Contribution	416	414	2	418
Unemployment Tax	25	12	13	13
Employee Benefits	7,060	6,809	251	6,604
Office Supplies	500	402	98	626
Cleaning Services	1,020	935	85	1,105
Election Expense	1,600	1,330	270	-
Travel	350	341	9	321
Telephone	2,360	2,340	20	2,197
Postage	300	173	127	248
Building Utilities	975	749	226	901
Lawn Maintenance	1,650	1,015	635	840
Insurance/Bond	4,700	4,647	53	4,396
Bank Charges	100	119	(19)	43
Propane	700	436	264	684
Building Maintenance	7,500	7,523	(23)	1,285
Miscellaneous	2,500	40	2,460	242
Total	39,209	32,986	6,223	23,935
Total	59,960	53,671	6,289	44,841
Total	73,960	66,577	7,383	57,300

Town of Momeyer, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019

	2020		VARIANCE POSITIVE (NEGATIVE)	2019
	BUDGET	ACTUAL		ACTUAL
Public Safety				
Fire and Rescue	-	-	-	-
Parks and Recreation				
Nash County & Spring Hope	-	-	-	-
Total Expenditures	<u>73,960</u>	<u>66,577</u>	<u>7,383</u>	<u>57,300</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	16,204	<u>\$ 16,204</u>	28,389
FUND BALANCES:				
Beginning of year, July 1		<u>288,930</u>		<u>260,541</u>
End of year, June 30		<u>\$ 305,134</u>		<u>\$ 288,930</u>

Other Schedules

This section contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Momeyer, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

FISCAL YEAR	UNCOLLECTED BALANCE JUNE 30, 2019	ADDITIONS	COLLECTIONS	ABATEMENTS AND ADJUSTMENTS	UNCOLLECTED BALANCE JUNE 30, 2020
2019-2020		\$ 16,719	\$ 16,630	-	\$ 89
2018-2019	114	-	23	-	91
2017-2018	43	-	2	-	41
2016-2017	43	-	-	-	43
2015-2016	80	-	-	-	80
2014-2015	36	-	-	-	36
2013-2014	65	-	-	-	65
2012-2013	96	-	-	-	96
2011-2012	68	-	-	-	68
2010-2011	93	-	-	-	93
2009-2010	45	-	1	(44)	-
	<u>\$ 683</u>	<u>\$ 16,719</u>	<u>\$ 16,656</u>	<u>\$ (44)</u>	<u>\$ 702</u>

Reconciliation with Revenues:

Ad Valorem Tax - General Fund	\$ 16,307
Collection Fee (2%)	433
Tax Penalties and Interest	(84)
Total Collections & Credits	<u>\$ 16,656</u>

**Town of Momeyer, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2020**

Momeyer Township	Town - Wide			Total Levy	
	Property Valuation	Rate per \$100	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Real Property	\$ 10,595,385	0.13	\$ 13,774	\$ 13,774	\$ -
Registered Motor Vehicles @ Current Rate	<u>2,265,385</u>	0.13	<u>2,945</u>	-	<u>2,945</u>
Total Levy	<u>12,860,770</u>		<u>16,719</u>	<u>13,774</u>	<u>2,945</u>
Total Property Valuation	<u>\$ 12,860,770</u>		16,719	13,774	2,945
Less: Uncollected Tax at June 30, 2020			<u>(89)</u>	<u>(89)</u>	<u>-</u>
Current Year Taxes Collected			<u>\$ 16,630</u>	<u>\$ 13,685</u>	<u>\$ 2,945</u>
Current Levy Collection %			<u>99.47%</u>	<u>99.35%</u>	<u>100.00%</u>