



Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2017**

**Town of Hope Mills
North Carolina**

www.townofhopemills.com

**Comprehensive Annual
Financial Report**

For the fiscal year ended June 30, 2017



*Prepared by the Town of Hope Mills
Finance Department and Auditors
Thompson, Price, Scott, Adams & Co, P.A.*

Town of Hope Mills, North Carolina
Financial Statements
For the fiscal year ended June 30, 2017

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Town of Hope Mills

North Carolina

INTRODUCTORY SECTION





TOWN OF HOPE MILLS

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TELEPHONE (910) 424-4555 • FAX (910) 424-4902

October 24, 2017

**Honorable Mayor, Members of the Town Council
and Citizens of the Town of Hope Mills:**

The Comprehensive Annual Financial Report (CAFR) of the Town of Hope Mills for the fiscal year ended June 30, 2017 is submitted by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position at June 30, 2017, and results of operations for the fiscal year then ended for all funds of the Town. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017, and to provide complete and further accountability to citizens and other interested parties by providing a comprehensive report in lieu of the minimum basic financial statement requirements.

Responsibility for both the accuracy of the presented data, and the completeness and the fairness of the presentation, including all disclosures, rests with the Town. We believe the enclosed data and presentation is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Town's various funds over the last fiscal year.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is written to complement the MD&A and should be read in conjunction with it.

Description of the Town

The Town of Hope Mills, incorporated in 1891, is located in western Cumberland County, south of Fayetteville, the county seat. Hope Mills offers a small-town atmosphere, coupled with a growing business community. The Town of Hope Mills currently occupies a land area of 7 square miles and serves a population of 16,523.

The Town of Hope Mills operates under a council-manager form of government. The governing body is comprised of a Mayor and a five-member Town Council, elected at large on a nonpartisan basis for two-year terms. The Mayor is elected at large on a nonpartisan basis for a two-year term. The Town Council has policy-making and legislative authority and is responsible for the budget approval and appointment of the Town Manager, Attorney, and Clerk. The Town Manager is responsible for implementing Council policies and Town ordinances, managing daily operations and appointing department directors.

The Town provides its citizens with a full range of services, including police and fire protection; solid waste services, including yard waste and recycling; the construction and maintenance of streets, curbs, gutters and sidewalks; recreation and cultural opportunities. This report includes all of the Town's activities in delivering and administering these services.

Economic Condition and Outlook

The Town of Hope Mills' overall economic condition is very good due to several factors. While residential development has sustained the Town of Hope Mills over time, the strength and health of the economy can now be attributed to diversity in development. The increase of non-residential development has boosted the Town's tax revenues, provided job opportunities and has diversified the local economy.

A new Neighborhood Walmart shopping center and a Lowe's Home Improvement opened during the last fiscal year increasing the Town's tax base, offering job opportunities to local residents and keeping more retail shoppers in town.

A new 100 bed assisted living facility is currently under construction that also adds to the existing tax base and provides a much needed service to the Town's already diversified local economy.

Long-term Financial Planning

With respect to long-term financial planning, the Town has benefited from a growing tax base to finance the necessary infrastructure and other capital expenditures to support the growth of the Town. Since 2008, the tax base has increased \$409 million or 167%, from \$610 million to \$1.02 billion. These additional revenues have allowed the town to borrow money for many new capital expenditures.

The business and non-residential growth has also resulted in additional revenues which not only support operations, but some of which will start being reserved for capital improvement to projects related to streets and sidewalks and parks and recreation.

One of the other long-term financial planning tools employed by the Town is the Capital Improvement Plan (CIP). This annual plan provides a prioritization of future capital projects, including the anticipated expenditures and funding sources for each project. The CIP also identifies the recurring and operating expenditures of each project.

Major Initiatives

During the year, the Town was involved in several major projects as directed by the Town Council and Town Manager. These projects are based on staff budget requests and Council's funding priorities. Upon budget approval, staff maintains and implements programs, policies and activities that support the achievement of the goals and initiatives, which reflect the Town's continued commitment to quality of life while maintaining its unique personality.

Financial Information:

Budget Control: In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Town's budget ordinance, adopted by the Town Council, creates a legal limit on spending authorizations.

Budgetary control is facilitated by the use of a requisition encumbrance and purchase order system that ensures the adequacy of funds prior to the placement of orders or the award of contracts.

Internal Control: The Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Other Information:

Independent Audit: The General Statutes of North Carolina require an annual independent financial audit of all local government units in the State. Thompson, Price, Scott, Adams & Co, P.A., independent certified public accountants, has examined the financial records of the Town and their opinion has been included in this report. Their examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, as they considered necessary in the circumstances. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the compliance section.

Awards: We plan to submit this report to the Government Finance Officers Association (GFOA) for a Certificate of Achievement for Excellence in Financial Reporting.Award for this fiscal year ended June 30, 2017. To be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only.

Acknowledgments: We appreciate the assistance and dedication of the Finance Department staff throughout the year. The Preparation of this report was made possible by the dedicated service and cooperation of Thompson, Price, Scott, Adams & Co, P.A. The cooperation of each department is appreciated as we work together to conduct the Town's financial operations. In addition, we also would like to thank the Mayor and Town Council for their continued support, guidance and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner.

Respectfully submitted,



Melissa Adams
Town Manager



Drew Holland
Finance Director

Town of Hope Mills

Members of the Board of Commissioners

Jackie Warner
Mayor

Bob Gorman
Mayor Pro-Tem

Bryan Marley
Commissioner

Jerry Legge
Commissioner

Pat Edwards
Commissioner

Appointed and Administrative Staff

Melissa Adams
Town Manager*

Deborah Holland
Interim Town Clerk*

Drew Holland
Finance Director*

Dan Hartzog
Town Attorney*

Chuck Hodges
Fire Chief

Joel Acciardo
Chief of Police

Hector Cruz
Public Works Director

Laticia Black
Human Resources Director

Beth Brown
Stormwater Administrator

Chancer Mclaughlin
Planning Administrator

Kenny Bullock
Parks & Rec Director

Ray Reese
Chief Building Inspector

Advisory Boards and Commissions

Appearance Commission
Sally Bailey, Chair

Historic Preservation Commission
Pat Hall, Chair

Lake Advisory Committee
Jesse Bellflowers, Chair

Parks & Rec Advisory Committee
Mike Mitchell, Chair

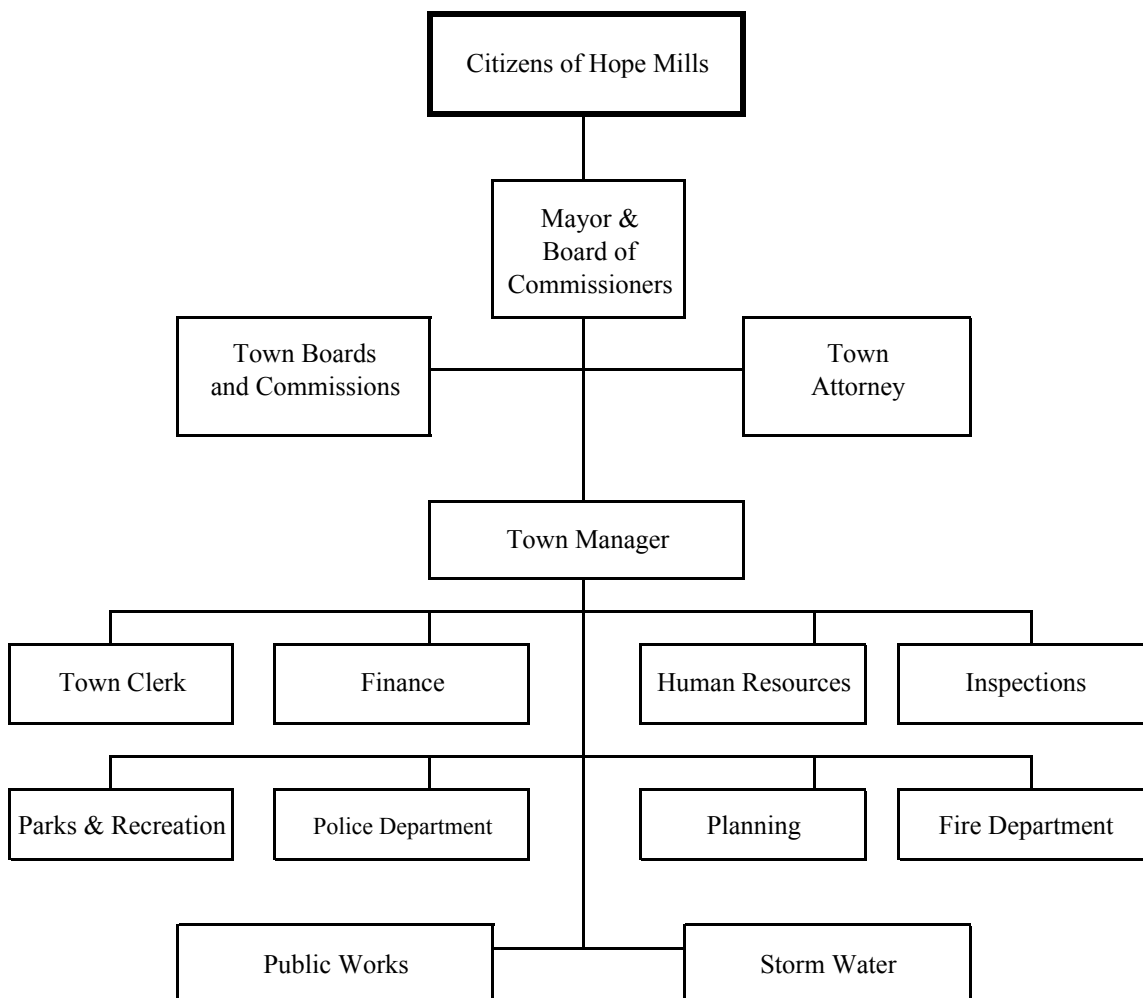
Senior Citizens Advisory Committee
Linda Summers, Chair

Veterans Affairs Commission
James Clark, Chair

* The Town Manager, Town Attorney, Town Clerk and Treasurer (Finance Officer) are appointed by the Board of Commissioners

Town of Hope Mills

ORGANIZATION CHART



Town of Hope Mills History

It was in the early 1700s that the first settlers arrived in the Cape Fear Region of what is now Cumberland County. A land office for the region opened in 1724 when there were already settlements beginning along the Cape Fear River and its creeks.

In 1761, a committee appointed by the Governor's Council determined that the area at the mouth of Rockfish Creek was not a fit place for erecting a town, as the landing was very steep, the back roads unfit, and a very expensive bridge would be necessary. However early land grants show that settlers, who were mainly Highlanders from Scotland, had begun living along the roads built in the area, most of them upon or close to rivers and waterways, the Little Rockfish Creek being one of them. By the mid-to-late 1700s a large saw mill had been built along the Little Rockfish Creek. There is evidence that gristmills, sawmills, lumber camps and pottery ovens existed along the banks of the creek.

The 18th Century was a period of booming trade in the Colonies. 1787 was a landmark year for the nation when the national constitution was written by some forty Americans who met in the Philadelphia Statehouse. By 1789 the country had established itself as an independent nation and had its first President.

That same year, 1789, the first permanent settlement was organized on Little Rockfish Creek. By 1830, the cotton industry had begun developing in the South. In 1839 the first cotton factory on Little Rockfish Creek – Rockfish Factory - was completed. The mill was constructed in approximately the same place an old saw mill and gristmill had been located, next to a dam on Little Rockfish Creek. By the mid-1840s this factory was the largest cotton mill in North Carolina in terms of capital investment and the value of production.

In 1841 a mill was constructed on Beaver Creek, about one and a half miles northwest of Rockfish. This mill was known as the Bluff Mill as it was located at a bluff near the intersection of what is now Camden and Hope Mills Road.

As the textile industry flourished, so did the Rockfish Factory village, with a company store and rows of houses built for the families of those who worked in the cotton mills. With the advent of the Civil War, General William T. Sherman's troops burned eight cotton mills in Cumberland County, including the Rockfish Factory, in March 1865. In their haste to depart from an approaching cavalry, the Bluff Mill was spared. However many dwellings as well as bridges, were destroyed throughout the county.

By 1868, the Bluff Mill was back in operation. However, the Rockfish Factory property, including the Rockfish village property owned by the mill, was sold in 1871 to a private investor. A year later, the property was sold back to a newly-incorporated Rockfish Manufacturing Company.

After much rebuilding, renovation and replacement of machinery, the mill was re-opened in 1872, and became known as the Hope Mill. In 1885 the name of the settlement on Rockfish Creek was officially changed to Hope Mills.

In 1888, a second mill was constructed by the Hope Mills Manufacturing Company, on Big Rockfish Creek. The mills became known as Hope Mills Number One (on Little Rockfish Creek) and Hope Mills Number Two.

By 1890, the village of Hope Mills was the second-largest community in Cumberland County. In 1891 the community itself was incorporated as a town, known as Hope Mills Number One. Mr. S. H. "Sim" Cotton, superintendent of the mills, was its first Mayor.

By this time, the Cape Fear and Yadkin Valley Railway running from Wilmington, North Carolina to Bennettsville, South Carolina, ran through Hope Mills. This railroad was later purchased by the Atlantic Coast Line Railroad. The proximity of rail service greatly enhanced the growth of the mill industry in the area. The Railroad Depot, which was located at the juncture of the railroad and Trade Street, has since burned and is no longer in existence.

As the mill industry flourished, the mills expanded. In 1899 the Bluff Mill became part of the Hope Mills Manufacturing Company, and was designated as Mill Number Three. In 1904 Mill Number Four was constructed in the town near the railroad tracks. There was also a mill at Cumberland, and later Elk Mill on Legion Road. Today, none of these textile mills are in operation. They either have been destroyed or converted to other uses.

The textile industry is a large part of our past history. Without this heritage, however, there may not have been a Town called Hope Mills.

Credits: Summarized by Pat Hall, Chair of the Historic Advisory Committee, from Hope Mills Heritage by Eddie Dees, various church histories, and newspaper articles.

Town of Hope Mills

North Carolina

FINANCIAL SECTION





Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Hope Mills, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hope Mills, North Carolina, as of and for the year ended June 30, 2017, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statement 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, based on our audit, 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 the Town of Hope Mills, North Carolina as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Hope Mills, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and 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 auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017 on our consideration of the Town of Hope Mills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Hope Mills' internal control over financial reporting and compliance.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 24, 2017

Management's Discussion and Analysis

As management of the Town of Hope Mills, we offer readers of the Town of Hope Mills' financial statements this narrative overview and analysis of the financial activities of the Town of Hope Mills for the fiscal year ended June 30, 2017. 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 Hope Mills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,637,725 (net position).

The Town's total net position decreased by \$50,971. This increase does not include Restatement of fund balance of (\$142,631) relating to a GASB 73 change in accounting principles.

As of the close of the current fiscal year, the Town of Hope Mills' governmental funds reported combined ending fund balances of \$10,888,099, a decrease of \$5,882,637 in comparison with the prior year. Approximately 67.89 percent of this total amount, or \$7,391,554 is available for spending at the government's discretion (unassigned fund balance).

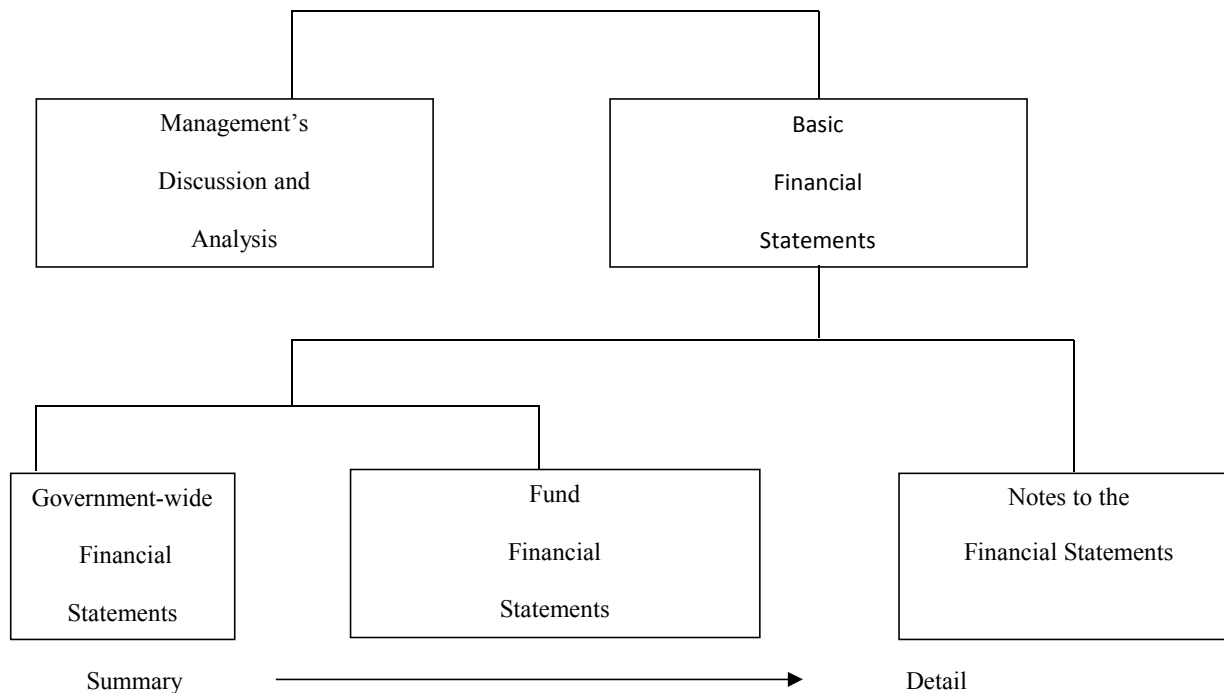
At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,391,554 or 61.01% of total general fund expenditures for the fiscal year.

The Town of Hope Mills' total debt decreased by \$1,018,347 (12.07%) during the current fiscal year. The key factor in this change was current year principal payments on various debts.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Hope Mills' 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 Hope Mills.

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 6) 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 additional details about the Town’s individual funds. Budgetary information required by the General Statutes can also 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 of Hope Mills' 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 is 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 for the Town of Hope Mills only has one category; 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, sales tax 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 are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hope Mills, 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 North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town of Hope Mills 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* 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 Hope Mills 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Hope Mills has one fiduciary fund, which is an Agency fund.

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 follow Exhibit 10 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Hope Mills' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes in this report.

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 associates with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

**Town of Hope Mills' Net Position
Figure 2**

	Governmental Activities		Total	
	2017	2016	2017	2016
Current and other assets	\$ 12,860,219	\$ 17,691,172	\$ 12,860,219	\$ 17,691,172
Capital assets	39,494,815	33,949,226	39,494,815	33,949,226
Deferred outflows of resources	1,770,938	349,390	1,770,938	349,390
Total assets and deferred outflows of resources	54,125,972	51,989,788	54,125,972	51,989,788
Long-term liabilities outstanding	10,333,254	10,636,334	10,333,254	10,636,334
Other liabilities	2,831,560	1,773,693	2,831,560	1,773,693
Deferred inflows of resources	186,666	288,510	186,666	288,510
Total liabilities and deferred inflows of resources	13,351,480	12,698,537	13,351,480	12,698,537
Net position:				
Net investment in capital assets	32,720,974	26,142,385	32,720,974	26,142,385
Restricted	2,001,877	3,309,854	2,001,877	3,309,854
Unrestricted	3,914,874	9,379,088	3,914,874	9,379,088
Total net position	\$ 38,637,725	\$ 38,831,327	\$ 38,637,725	\$ 38,831,327

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Hope Mills exceeded liabilities and deferred inflows by \$38,637,725 as of June 30, 2017. The Town's net position decreased by \$50,971 (not including the restatement in the amount of - \$142,631) for the fiscal year ended June 30, 2017. However, the largest portion (84.69%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Hope Mills uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Hope Mills' net investment in its 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's net position, \$2,001,877, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,914,874 is unrestricted.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net position:

- Increases in property tax revenues.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.68%.

Town of Hope Mills' Changes in Net Position
Figure 3

	Governmental Activities		Total	
	2017	2016	2017	2016
Revenues:				
Program revenues:				
Charges for services	\$ 2,231,555	\$ 2,217,924	\$ 2,231,555	\$ 2,217,924
Operating grants and contributions	427,370	436,496	427,370	436,496
Capital grants and contributions	-	-	-	-
General revenues:				
Property taxes	5,240,051	5,196,699	5,240,051	5,196,699
Other taxes	3,396,498	3,473,254	3,396,498	3,473,254
Grants and contributions not restricted to specific programs	967,504	778,256	967,504	778,256
Storm water assessments	678,600	678,510	678,600	678,510
Other	172,940	81,019	172,940	81,019
Total Revenues	<u>13,114,518</u>	<u>12,862,158</u>	<u>13,114,518</u>	<u>12,862,158</u>
Expenses:				
General government	2,560,827	2,228,577	2,560,827	2,228,577
Public safety	6,615,440	6,508,309	6,615,440	6,508,309
Transportation	809,161	794,953	809,161	794,953
Culture and recreation	1,677,182	1,275,840	1,677,182	1,275,840
Interest and long-term debt	185,794	77,903	185,794	77,903
Environmental protection	1,414,564	1,222,752	1,414,564	1,222,752
Total Expenses	<u>13,262,968</u>	<u>12,108,334</u>	<u>13,262,968</u>	<u>12,108,334</u>
Increases/(Decreases) in net position before transfers	(148,450)	753,824	(148,450)	753,824
Transfers	-	-	-	-
Extraordinary items, Insurance proceeds and sale of assets	97,479	27,062	97,479	27,062
Increase in net position	(50,971)	780,886	(50,971)	780,886
Net position, July 1	37,105,025	37,105,025	37,105,025	37,105,025
Net position, beginning, restated	38,688,696	38,050,441	38,688,696	38,050,441
Net position, June 30	<u>\$ 38,637,725</u>	<u>\$ 38,831,327</u>	<u>\$ 38,637,725</u>	<u>\$ 38,831,327</u>

Governmental activities. Governmental activities decreased the Town's net position by \$193,602, thereby accounting for 100% of the total increase in net position of the Town of Hope Mills. Key elements of this increase are as follows:

- Total Revenues increased by 1.96%. But total Expenses increased by 9.54%.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Hope Mills' 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 Hope Mills' financing requirements.

The general fund is the chief operating fund of the Town of Hope Mills. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,391,554, while total fund balance reached \$9,282,307. The Town currently has an available fund balance of 61.01% of general fund expenditures, while total fund balance represents 76.62% of that same amount.

At June 30, 2017 the governmental funds of Town of Hope Mills reported a combined fund balance of \$10,888,099, with a net decrease in fund balance of \$5,882,637. Included in this change in fund balance are increases in the fund balance in the General Fund, Storm Water Fund and Capital Projects Funds.

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.

Revenues were slightly more than the budgeted amounts. Expenditures were less than the budgeted amounts. The combined result was a favorable budget variance.

Capital Asset and Debt Administration

Capital assets. The Town of Hope Mills' investment in capital assets for its governmental as of June 30, 2017 totals \$39,494,815 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, infrastructure, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchases of vehicles and motorized equipment
- Various project expenditures
- Disposals of obsolete and damaged vehicles and motorized equipment

**Town of Hope Mills' Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Total	
	2017	2016	2017	2016
Land	\$ 588,212	\$ 607,712	\$ 588,212	\$ 607,712
Buildings and system	4,732,109	5,169,175	4,732,109	5,169,175
Improvements other than buildings	731,235	762,244	731,235	762,244
Machinery and equipment	186,012	50,033	186,012	50,033
Infrastructure	21,508,294	3,491,375	21,508,294	3,491,375
Vehicles and motorized equipment	1,966,691	2,262,533	1,966,691	2,262,533
Construction in progress	9,782,262	21,606,154	9,782,262	21,606,154
Total	\$ 39,494,815	\$ 33,949,226	\$ 39,494,815	\$ 33,949,226

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements.

**Town of Hope Mills' Outstanding Debt
Capital Leases and Installment Purchase Contracts**

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Hope Mills is \$74,972,506. The Town has no bonds authorized at June 30, 2017.

Additional information regarding the Town of Hope Mills' long-term debt can be found in the notes of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The Town will have an estimated decrease in property taxes of 0.20% from tax year 2016-17 to 2017-18. While the tax rate will remain the same, the valuation has decreased.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities

Overall budgeted revenues increased by 9.95 percent. The Town will use these increases in revenues to finance programs currently in place. The budget adopted for 2017-18 included no property tax increase with the tax rate remaining at \$0.46 per \$100 valuation

Budgeted expenditures in the General Fund are expected to increase approximately 9.95% to \$13,823,000.

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 Director of Finance; 5770 Rockfish Road, Hope Mills, NC 28348. You can also call (910) 424-4555, fax: (910) 424-4902, or visit our website: www.townofhopemills.com. for more information.

Town of Hope Mills

North Carolina

**BASIC FINANCIAL
STATEMENTS**



Town of Hope Mills, North Carolina
Statement of Net Position
June 30, 2017

	Governmental Activities	Total Primary Government
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 11,245,127	\$ 11,245,127
Receivables (net):		
Taxes	92,449	92,449
Due from other governments	965,150	965,150
Accounts	58,076	58,076
Other accounts receivable	9,129	9,129
Prepaid items	22,005	22,005
Restricted cash and cash equivalents	468,283	468,283
Total Current Assets	<u>12,860,219</u>	<u>12,860,219</u>
Non-current assets:		
Capital Assets:		
Land, Non-depreciable Improvements, and Construction in Progress	10,370,474	10,370,474
Other Capital Assets, Net of Depreciation	29,124,341	29,124,341
Total Capital Assets	<u>39,494,815</u>	<u>39,494,815</u>
Total Assets	<u>52,355,034</u>	<u>52,355,034</u>
Deferred Outflows of Resources	<u>1,770,938</u>	<u>1,770,938</u>
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	1,859,562	1,859,562
Accrued interest payable	30,158	30,158
Deposits	10,980	10,980
Current portion of long-term liabilities	930,860	930,860
Long-Term Liabilities:		
Net pension liability	2,136,767	2,136,767
Due in more than one year	10,333,254	10,333,254
Total Liabilities	<u>15,301,581</u>	<u>15,301,581</u>
Deferred Inflows of Resources		
Pension deferrals	186,666	186,666
Total deferred inflows of resources	<u>186,666</u>	<u>186,666</u>
Net Position		
Net Investment in Capital Assets	32,720,974	32,720,974
Restricted:		
Stabilization by State Statute	1,310,626	1,310,626
Streets	558,122	558,122
Cemetery perpetual care	31,344	31,344
Public Safety	101,785	101,785
Unrestricted	3,914,874	3,914,874
Total Net Position	<u>\$ 38,637,725</u>	<u>\$ 38,637,725</u>

Town of Hope Mills, North Carolina
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 2,560,827	\$ 36,133	\$ -	\$ -	\$ (2,524,694)	\$ (2,524,694)
Public safety	6,615,440	333,748	-	-	(6,281,692)	(6,281,692)
Transportation	809,161	-	427,370	-	(381,791)	(381,791)
Cultural and recreation	1,677,182	695,386	-	-	(981,796)	(981,796)
Environmental protection	1,414,564	1,166,288	-	-	(248,276)	(248,276)
Interest expense	185,794	-	-	-	(185,794)	(185,794)
Total governmental activities	13,262,968	2,231,555	427,370	-	(10,604,043)	(10,604,043)
Total primary government	\$ 13,262,968	\$ 2,231,555	\$ 427,370	\$ -	(10,604,043)	(10,604,043)
General revenues:						
Taxes:						
Ad valorem taxes					5,240,051	5,240,051
Other taxes and licenses					3,396,498	3,396,498
Unrestricted intergovernmental					967,504	967,504
Storm Water assessments					678,600	678,600
Miscellaneous					511,947	511,947
Gain (Loss) on Disposal of Assets					(376,347)	(376,347)
Investment earnings					37,340	37,340
Insurance recovery and sale of assets					97,479	97,479
Total general revenues, transfers, and contributions					10,553,072	10,553,072
Change in net position					(50,971)	(50,971)
Net position, beginning, previously reported					38,831,327	38,831,327
Restatement					(142,631)	-
Prior Period Adjustment					-	-
Net position, beginning, restated					38,688,696	38,688,696
Net position, ending					\$ 38,637,725	\$ 38,637,725

Town of Hope Mills, North Carolina
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Storm Water Fund	Hope Mills Lake Dam Project Fund		
ASSETS					
Cash and cash equivalents	\$ 8,191,363	\$ 1,156,526	\$ 1,610,790	\$ 286,448	\$ 11,245,127
Restricted cash	468,283	-	-	-	468,283
Receivables, net:					
Taxes	92,449	-	-	-	92,449
Accounts	57,071	1,005	-	-	58,076
Due from other governments	889,939	697	68,981	5,533	965,150
Due from other funds	95,000	-	-	-	95,000
Prepaid expenses	22,005	-	-	-	22,005
Total assets	\$ 9,816,110	\$ 1,158,228	\$ 1,679,771	\$ 291,981	\$ 12,946,090
LIABILITIES					
Accounts payable and accrued liabilities	\$ 430,374	\$ 135,991	\$ 1,293,197	\$ -	\$ 1,859,562
Due to other funds	-	95,000	-	-	95,000
Deposits	10,980	-	-	-	10,980
Total liabilities	441,354	230,991	1,293,197	-	1,965,542
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	92,449	-	-	-	92,449
Total deferred inflows of resources	92,449	-	-	-	92,449
FUND BALANCES					
Non-spendable:					
Prepaid expenses	22,005	-	-	-	22,005
Perpetual maintenance	-	-	-	31,344	31,344
Restricted:					
Stabilization by State Statute	1,310,626	-	-	-	1,310,626
Public Safety	-	-	-	101,785	101,785
Streets	558,122	-	-	-	558,122
Committed					
Storm Water System	-	927,237	-	-	927,237
Capital projects	-	-	386,574	158,852	545,426
Assigned:					
Subsequent year's expenditures	-	-	-	-	-
Unassigned	7,391,554	-	-	-	7,391,554
Total fund balances	9,282,307	927,237	386,574	291,981	10,888,099
Total liabilities, deferred inflows of resources and fund balances	\$ 9,816,110	\$ 1,158,228	\$ 1,679,771	\$ 291,981	\$ 12,946,090

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balances - Governmental Funds	\$ 10,888,099
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	39,494,815
Net pension asset (liability)	(2,136,767)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	403,080
Deferred outflows of resources reported in the government-wide statements but not the fund statements	1,367,858
Pension related deferrals	(186,666)
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.	9,129
Liabilities for earned revenues considered deferred inflows of resources in the fund statements.	92,449
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(11,294,272)
Net position of governmental activities	\$ 38,637,725

Town of Hope Mills, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Storm Water Fund	Hope Mills Lake Dam Project Fund		
REVENUES					
Ad valorem taxes	\$ 5,242,841	\$ -	\$ -	\$ -	\$ 5,242,841
Other taxes and licenses	565,167	-	-	-	565,167
Unrestricted intergovernmental	4,318,543	-	-	-	4,318,543
Restricted intergovernmental	682,013	-	-	-	682,013
Permits and fees	386,562	678,600	-	-	1,065,162
Sales and services	1,325,225	-	-	-	1,325,225
Investment earnings	35,808	1,052	-	480	37,340
Miscellaneous	74,213	20,666	21,243	141,242	257,364
Total revenues	<u>\$ 12,630,372</u>	<u>\$ 700,318</u>	<u>\$ 21,243</u>	<u>\$ 141,722</u>	<u>\$ 13,493,655</u>
EXPENDITURES					
Current:					
General government	\$ 2,379,832	\$ -	\$ -	\$ -	\$ 2,379,832
Public safety	6,064,245	-	-	-	6,064,245
Transportation	654,731	-	-	-	654,731
Cultural and recreational	1,244,811	-	-	-	1,244,811
Environmental protection	817,005	430,374	-	-	1,247,379
Capital Outlay	-	-	6,077,958	580,259	6,658,217
Debt Service:					
Principal	797,738	235,262	-	-	1,033,000
Interest & other charges	156,576	34,980	-	-	191,556
Total expenditures	<u>\$ 12,114,938</u>	<u>\$ 700,616</u>	<u>\$ 6,077,958</u>	<u>\$ 580,259</u>	<u>\$ 19,473,771</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 515,434</u>	<u>\$ (298)</u>	<u>\$ (6,056,715)</u>	<u>\$ (438,537)</u>	<u>\$ (5,980,116)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from/to other funds	\$ (491,295)	\$ (411,323)	\$ 491,295	\$ 411,323	\$ -
Insurance proceeds and sale of assets	97,479	-	-	-	97,479
Total other financing sources (uses)	<u>\$ (393,816)</u>	<u>\$ (411,323)</u>	<u>\$ 491,295</u>	<u>\$ 411,323</u>	<u>\$ 97,479</u>
Net change in fund balance	\$ 121,618	\$ (411,621)	\$ (5,565,420)	\$ (27,214)	\$ (5,882,637)
Fund balances, beginning	9,160,689	1,338,858	5,951,994	319,195	16,770,736
Fund balances, ending	<u>\$ 9,282,307</u>	<u>\$ 927,237</u>	<u>\$ 386,574</u>	<u>\$ 291,981</u>	<u>\$ 10,888,099</u>

Town of Hope Mills, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net changes in fund balances - total governmental funds		\$ (5,882,637)
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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 which were capitalized	7,386,849	
Gain on Disposed Property	(376,347)	
Depreciation expense for governmental assets	<u>(1,464,913)</u>	5,545,589

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		403,080
--	--	---------

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

Change in deferred revenue for taxes	(5,914)	
Change in accrued interest receivable	<u>3,124</u>	(2,790)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	1,033,000	
(Increase) / decrease in accrued interest payable	<u>5,762</u>	1,038,762

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.

Compensated absences	(14,653)	
Pension expense	(601,103)	
Other Post Employment Benefits	<u>(537,219)</u>	(1,152,975)

Total changes in net position of governmental activities		<u>\$ (50,971)</u>
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Town of Hope Mills, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad Valorem Taxes	\$ 5,197,475	\$ 5,197,475	\$ 5,242,841	\$ 45,366
Other Taxes and Licenses	562,050	562,050	565,167	3,117
Unrestricted Intergovernmental	4,107,600	4,107,600	4,318,543	210,943
Restricted Intergovernmental	450,895	674,645	682,013	7,368
Permits and Fees	275,175	275,175	386,562	111,387
Sales and Services	1,319,475	1,319,475	1,325,225	5,750
Investment Earnings	8,500	8,500	35,808	27,308
Other Revenue	11,500	63,300	74,213	10,913
Total Revenues	<u>11,932,670</u>	<u>12,208,220</u>	<u>12,630,372</u>	<u>422,152</u>
Expenditures:				
Current:				
General Government	2,326,775	2,667,215	2,379,832	287,383
Public Safety	6,793,570	6,968,895	6,064,245	904,650
Transportation	880,950	1,020,175	654,731	365,444
Cultural and Recreational	1,622,890	1,640,940	1,244,811	396,129
Environmental Protection	980,825	899,075	817,005	82,070
Debt Service:				
Principal Retirement	797,760	797,760	797,738	22
Interest and Other Charges	157,090	157,090	156,576	514
Total Expenditures	<u>13,559,860</u>	<u>14,151,150</u>	<u>12,114,938</u>	<u>2,036,212</u>
Revenues Over (Under) Expenditures	<u>(1,627,190)</u>	<u>(1,942,930)</u>	<u>515,434</u>	<u>2,458,364</u>
Other Financing Sources (Uses):				
Sale of fixed assets and insurance recovery	320,000	320,000	97,479	(222,521)
Transfers In (Out)	43,750	(447,545)	(491,295)	(43,750)
Appropriated Fund Balance	1,263,440	2,070,475	-	(2,070,475)
Total Other Financing Sources (Uses)	<u>1,627,190</u>	<u>1,942,930</u>	<u>(393,816)</u>	<u>(2,336,746)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	121,618	<u>\$ 121,618</u>
Fund Balances, Beginning of Year			9,160,689	
Fund Balances, End of Year			<u>\$ 9,282,307</u>	

Town of Hope Mills

North Carolina

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**



**Town of Hope Mills, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

I. Description of Unit

The Town of Hope Mills was incorporated on March 5, 1891. It is located in Cumberland County in the southeastern area of the state and has estimated population of 16,524. The Town's major operations include police and fire protections, street and sanitation services, parks and recreation, and general administration.

Summary of Significant Accounting Policies

The accounting policies of the Town of Hope Mills, North Carolina ("the Town") 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 Hope Mills is a municipal corporation that is governed by an elected mayor and a five-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements include all funds, account groups, agencies, boards, commissions and authorities that are controlled by or are financially dependent upon the Town.

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. 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 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, including fiduciary fund. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental fund:

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 and State-shared revenues. The primary expenditures are for public safety, general government services and street maintenance.

Storm Water Fund. This fund is used to account of for the Town's storm water assessment fees.

The Town reports the following non-major governmental funds:

Capital Reserve Fund. This fund is used to account for the accumulation of resources for a new fire station.

Hope Mills Lake Dam Capital Project Fund. This fund is used to account for the construction of a new dam and bridge at the Hope Mills Lake.

Parks and Recreation Special Revenue Fund. This fund is used to account for specific revenue sources that are set aside for a specific purpose.

Archer Road Project Fund. This fund is used to account for improvements to the Town's storm water drainage system.

Thompson Circle Project Fund. This fund is used to account for improvements to the Town's storm water drainage system.

Town Hall Project Fund. This fund is used to account for improvements to the Town's storm water drainage system.

Labonte/Wiggins Project Fund. This fund is used to account for improvements to the Town's storm water drainage system.

Cemetery Permanent Fund. This fund is used to account for perpetual care of the municipal cemetery.

The Town has no enterprise funds:

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 Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 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.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis

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 and are not considered to be an available resource to finance the operations of the current 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 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, 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 the 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 of Hope Mills because the tax is levied by Cumberland 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. 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 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.

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 budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Storm Water Fund and the Cemetery Permanent Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager is authorized to transfer appropriations within a department; however, revisions that alter total expenditures of any department or fund 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 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 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 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 are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

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 essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Town of Hope Mills Restricted Cash

Governmental Activities		
General Fund	Streets	\$ 468,283
Total Restricted Cash		<u>\$ 468,283</u>

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

4. 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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2016. The Town does not offer a discount for the early payment of property taxes.

5. 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.

6. Inventories

Inventories are maintained for all enterprise fund materials and supplies held for subsequent use. The inventories are valued at the lower of cost or market (first-in, first-out method), and the cost is expensed when consumed rather than when purchased. There are currently no funds with inventory as of June 30, 2017.

7. 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 \$5,000 for all asset categories. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 of the Town are depreciated on a straight--line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (in Years)</u>
Infrastructure	10 to 50
Buildings	50
Other Improvements	10 to 20
Furniture and Equipment	5 to 20
Computer Equipment	3
Vehicles	6

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 has no item that meets this criterion, contributions made to the pension plan in the 2016 fiscal 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 several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

10. Compensated Absences

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

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

11. Net Position/Fund Balance

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Perpetual maintenance - Cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Hope Mills Cemetery.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance not available for appropriation under State law [G.S. 159-8(a)].

Restricted 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.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain law enforcement expenditures.

Committed Fund Balance - portion of fund balance that can only be used for specific purpose imposed by majority vote of Town of Hope Mills' governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Parks and Recreation - portion of fund balance assigned by the Board for development of parks and recreation property.

Committed for Storm Water system - portion of fund balance assigned by the Board of operation and development of the Town's storm water system.

Committed for Capital projects - the fund balance of the Town's various capital project funds.

Assigned Fund Balance - portion of fund balance that the Town of Hope Mills intends to use for specific purposes.

Assigned for Cultural and Recreation - portion of fund balance that has been budgeted by the Board for improvement of the towns' recreation facilities.

Assigned for capital improvement - portion of fund balance assigned by the Board of Commissioners for capital expenditures.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to 10% of any department's appropriation.

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

The Town of Hope Mills does not have a formal revenue spending policy for programs with multiple revenue sources.

The Town of Hope Mills has not adopted a minimum fund balance policy for the general fund.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows or resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Hope Mills' employer contributions are recognized when due and the Town of Hope Mills has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

There were no findings of violations or noncompliance with North Carolina General Statutes.

III. Detail Notes on All Funds

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 agent 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 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 stability for each depository that collateralizes public deposits under the Pooling Method. The Town has a policy regarding custodial credit risk for deposits. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2017, the Town's deposits had a carrying amount of \$386,691 and a bank balance of \$575,980. Of the bank balance, \$351,555 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount includes \$1,200 cash on hand.

2. Investments

At June 30, 2017 the Town of Hope Mills had \$11,326,719 invested with the North Carolina Capital Management Trust's Government Portfolio which carried rating of AAAM by Standard & Poors. The Town has no policy regarding credit risk.

Interest Rate Risk. The Town does not have a formal investment policy.

3. Receivables – Allowances for Doubtful Accounts

The amount presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	June 30, 2017
General Fund:	
Taxes Receivable	\$ 10,517
Accounts Receivable	60,380
Total	<u>\$ 70,897</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Adjustments	Ending Balances
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 607,712	\$ -	\$ (19,500)	\$ -	\$ -	\$ 588,212
Construction in Progress	21,606,154	6,919,878	-	(18,743,770)	-	9,782,262
Total capital assets not depreciated	22,213,866	6,919,878	(19,500)	(18,743,770)	-	10,370,474
Capital assets being depreciated:						
Buildings	7,797,519	70,484	(363,431)	-	-	7,504,572
Other Improvements	1,519,438	-	-	48,306	-	1,567,744
Equipment	1,411,488	67,470	(9,194)	114,339	-	1,584,103
Vehicles and motorized equipment	7,435,147	329,017	(619,624)	-	-	7,144,540
Infrastructure	4,584,371	-	-	18,581,125	-	23,165,496
Total capital assets being depreciated	22,747,963	466,971	(992,249)	18,743,770	-	40,966,455
Less accumulated depreciation for:						
Buildings	2,628,344	170,918	(26,799)	-	-	2,772,463
Other Improvements	757,194	80,068	(753)	-	-	836,509
Equipment	1,361,455	45,830	(9,194)	-	-	1,398,091
Vehicles and motorized equipment	5,172,614	603,891	(598,656)	-	-	5,177,849
Infrastructure	1,092,996	564,206	-	-	-	1,657,202
Total accumulated depreciation	11,012,603	1,464,913	(635,402)	-	-	11,842,114
Total capital assets being depreciated, net	11,735,360	(997,942)	(356,847)	18,743,770	-	29,124,341
Governmental activities capital assets, net	\$ 33,949,226	\$ 5,921,936	\$ (376,347)	\$ -	\$ -	\$ 39,494,815

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

General Government	\$ 103,158
Public Safety	389,086
Transportation	219,693
Environmental Protection	196,917
Cultural and Recreational	556,059
Total Depreciation Expense	<u>\$ 1,464,913</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Hope Mills employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Hope Mills' contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.34% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Hope Mills were \$403,080 for the year ended June 30, 2017.

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

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

At June 30, 2017, the Town reported a liability of \$2,136,767 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the Town's proportion was 0.47611%, which was an increase of 364.5913% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$546,021. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,146	\$ 74,875
Changes of assumptions	146,349	-
Net difference between projected and actual earnings on pension plan investments	1,181,363	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	101,284
Town contributions subsequent to the measurement date	403,080	
Total	<u>\$ 1,770,938</u>	<u>\$ 176,159</u>

\$403,080 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 165,614
2019	165,811
2020	535,462
2021	324,816
2022	-
Thereafter	-
	<u>\$ 1,191,703</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income expectations of forward yields projected and interpolated for multiple tenor and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 5,071,545	\$ 2,136,767	\$ (314,578)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The Town of Hope Mills administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

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

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$13,234 as benefits came due for the reporting period.

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

At June 30, 2017, the Town reported a total pension liability of \$485,667. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$55,082.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	10,507
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u><u>\$ -</u></u>	<u><u>\$ 10,507</u></u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 1,790
2019	1,790
2020	1,790
2021	1,790
2022	1,790
Thereafter	1,557

Sensitivity of the Town's total pension liability to changes in the discount rate . The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 529,467	\$ 485,667	\$ 445,714

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2017
Beginning balance	\$ 454,326
Service cost	40,889
Interest on the total pension liability	15,983
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(12,297)
Benefit payments	(13,234)
Other changes	-
Ending balance of the total pension liability	<u>\$ 485,667</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$115,178, which consisted of \$89,133 from the Town and \$26,045 from the law enforcement officers.

d. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Hope Mills, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of member who die before beginning to receive the benefit will receive the amount paid by the member and contribution paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

Refunds of Contributions - Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2017, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$24,624. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2016 and at June 30, 2015 was 0%.

For the year ended June 30, 2017, the Town recognized pension expense of \$9,414 and revenue of \$9,414 for support provided by the State. At June 30, 2017, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy refer to the discussion of actuarial assumption for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

e. Supplemental Retirement Income Plan for Non Law Enforcement Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to non law enforcement employees of the Town.

Funding Policy. The Town's plan requires it to contribute each month an amount equal to two percent of each eligible employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$181,809, which consisted of \$105,881 from the Town and \$75,928 from the employees.

f. Other Postemployment Benefit

1 Healthcare Benefits

Plan Description. According to a Town resolution, the Town provides post-retirement health care benefits to retirees of the Town, provided they participate in the North Carolina Local Government Employees' Retirement System, are 55 years of age and have completed 10 consecutive years of employment with the Town or any age and having completed 30 years of employment. Health coverage will also be extended to employees retiring due to medical disability, providing they have at least fifteen (15) years of service. The Town pays the full cost of health care insurance for the retiree until such time as the retiree becomes eligible for Medicare. Beginning at that time, the Town will thereafter provide Medicare Supplemental Insurance. The Town board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	7	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	76	38
Total	<u>83</u>	<u>38</u>

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by Town board. The retirees pay the full cost for any elected dependent coverage. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 12.03% of annual covered payroll. For the current year, the Town contributed \$54,895 or 1.29% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 1.29% and 1.29% of covered payroll, respectively.

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

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on *annual required contribution of the employer* (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 587,064
Interest on net OPEB obligation	112,995
Adjustment to annual required contribution	<u>(107,945)</u>
Annual OPEB cost (expense)	592,114
Contributions made	<u>(54,895)</u>
Increase (decrease) in net OPEB obligation	537,219
Net OPEB obligation, beginning of year	<u>2,824,876</u>
Net OPEB obligation, end of year	<u>\$ 3,362,095</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 592,114	9.3%	\$ 3,362,095
2016	\$ 534,253	4.4%	\$ 2,824,876
2015	\$ 476,692	10.3%	\$ 2,313,869

Funding Status and Funding Progress. As of June 30, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was \$4,934,053. The covered payroll (annual payroll of active employees covered by the plan) was \$4,881,006, and the ratio of the UAAL to the covered payroll was 101.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2016, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at June 30, 2016, was 30 years.

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The Town has deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 40,146
Changes of assumptions	146,349
Net difference between projected and actual earnings on pension plan investments	1,181,363
Town contributions subsequent to the measurement date	403,080
Total	<u>\$ 1,770,938</u>

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

Property taxes receivable (General Fund)	\$ 92,449
Storm Water Receivable (Storm Water Fund)	-
Prepaid Taxes and Licenses	-
Pension deferrals	186,666
Total	<u>\$ 279,115</u>

4. 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 self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000 and \$300,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000.

The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town has had no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town's insurance policy contains a flood coverage endorsement for buildings and their contents within certain specified eligible areas as determined by the National Flood Insurance Program. Coverage is limited to \$2,500,000 per occurrence with a deductible per occurrence of \$50,000 and an annual aggregate limit of \$2,500,000.

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 bonded for \$135,000 and the tax collector is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2017, the Town was a plaintiff in a two lawsuits. One lawsuit arises from the death of the Plaintiff's decedent which occurred subsequent to a shooting involving a police officer employed by the Town in 2014. The parties are engaged in discover. Although litigation by its nature is uncertain, the Town has denied all of the claims made in this action and believes the claims to be without merit. The other lawsuit seeks a refund of monies paid for privilege licenses. The Town filed a Motion to Dismiss, which was granted. The Plaintiff has filed a Notice of Appeal. The Town is waiting for the record on appeal to be finalized and will continue to defend the matter vigorously.

6. Long-Term Obligations

a. Installment Purchases

On August 7, 2007 the Town executed a loan with Branch Banking and Trust Company in the amount of \$4,000,000, to provide funds to finance the construction of a dam. The loan is to be repaid over a period of 15 years with interest at a rate of 3.97% with payments commencing on August 7, 2009. This loan was refinanced with Capital Bank in July 2013, in the amount of \$4,100,000. This loan is to be repaid over a period of 11 years with interest at a rate of 2.92% with annual payments commencing on July 23, 2014, in the amount of \$372,727 plus interest.	\$	2,981,818
On March 14, 2013 the Town executed a loan with BB&T in the amount of \$250,000 to provide funds to purchase various vehicles and equipment. The loan is to be repaid over a period of five years with interest at a rate of 1.94% with annual payments of \$52,947.		51,940
On December 19, 2013, the Town executed a loan with BB&T in the amount of \$800,000, to finance vehicles and equipment. The loan is to be repaid over a period of 10 years with interest rate of 2.46% with annual payments commencing on December 19, 2014, in the amount of \$91,218, including interest.		580,063
On January 7, 2014, the Town executed a non revolving line of credit loan with First South Bank in the amount of \$1,375,000, to finance fire trucks and equipment. The loan is to be repaid over a period of 120 months with interest rate of 2.249%.		994,570
On February 18, 2014, the Town executed a loan with BB&T in the amount of \$1,200,000, to finance the Archer Road Storm Water Project. The loan is to be repaid over a period of 15 years with interest rate of 3.18% with semi-annual payments commencing on August 1, 2014, in the amount of \$40,000, plus interest.		848,702
On October 30, 2014, the Town executed a loan with Capital Bank NA in the amount of \$313,000, to finance the purchase of vehicles and equipment. The loan is to be repaid over a period of 5 years with annual payments in the amount of \$66,305, including interest at 1.92%. The first payment is due on October 30, 2015 and the final payment in the amount of \$66,202 is due on October 30, 2019.		191,416

On April 12, 2015, the Town executed a loan with NCDENR in the amount of \$879,270, for the Storm Water Town Hall Project. The loan is to be repaid over a period of 20 years with annual payments of principle in the amount of \$43,964 (interest at 0%). The first payment is due on May 1, 2016 and the final payment is due on May 1, 2035. 791,343

On January 28, 2016, the Town executed a loan with BB&T in the amount of \$271,000, to finance the purchase of 6 vehicles and radio equipment. The loan is to be repaid over a period of 5 years with annual payments in the amount of \$57,645, including interest at a rate of 2.09%. The first payment is due on January 28, 2017, and the final payment in the amount of \$57,645 is due on January 28, 2021. 219,019

On January 28, 2016, the Town executed a loan with BB&T in the amount of \$170,943, to finance the purchase of a software system. The loan is to be repaid over a period of 3 years with annual payments in the amount of \$59,031, including interest at a rate of 1.79%. The first payment is due on January 28, 2017, and the final payment in the amount of \$57,645 is due on January 28, 2019. 114,970

Total Installment Purchases

6,773,841

Annual debt service payments of the installment purchases as of June 30, 2017, including \$719,467 of interest, are as follows:

Year ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 930,860	\$ 160,699
2019	887,186	140,097
2020	836,599	117,968
2021	777,830	97,108
2022	726,674	76,889
2023-2027	2,214,282	125,792
2028-2032	268,519	914
2033-2035	131,891	-
	<u>6,773,841</u>	<u>719,467</u>

b. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations as of June 30, 2017:

Governmental activities:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
Installment purchase	\$ 7,806,841	\$ -	\$ 1,033,000	\$ 6,773,841	\$ 930,860
Compensated absences	627,858	14,653	-	642,511	-
Other postemployment benefits	2,824,876	537,219	-	3,362,095	-
Net pension liability (LGERS)	459,924	1,676,843	-	2,136,767	-
Net pension liability (LEO)	454,326	31,341	-	485,667	-
Governmental activity long term liabilities	<u>\$ 12,173,825</u>	<u>\$ 2,260,056</u>	<u>\$ 1,033,000</u>	<u>\$ 13,400,881</u>	<u>\$ 930,860</u>

At June 30, 2017 the Town of Hope Mills had no bonds authorized and a legal debt margin of \$74,972,506.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2017, represent miscellaneous amounts advanced and consists of the following:

Storm Water Fund	\$ 95,000
Total	<u>\$ 95,000</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various programs. Transfers made during the fiscal year consists of the following:

Transfer from the Storm Water Fund to the Labonte/Wiggins Capital Project Fund	\$ 411,323
Transfer from the General Fund to the Dam Capital Project Fund	491,295
Transfer from the General Fund to the Powell Bill Fund	13,000
Total	<u>\$ 915,618</u>

D. On behalf Payments for Fringe Benefits and Salaries

The Town recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$9,414 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2016. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen for their departments.

E. 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	<u>\$ 9,282,307</u>
Less:	
Prepaid expenses	22,005
Stabilization by State Statute	1,310,626
Streets - Powell Bill	558,122
Remaining Fund Balance	7,391,554

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

		<u>General Fund</u>		<u>Storm Water Fund</u>		<u>Non-Major Fund</u>
Encumbrances	\$	246,611	\$	-	\$	-

IV. Joint Ventures

The Town of Hope Mills and the members of the Town's fire department each appoint two members to the five member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for fringe benefits made to eligible members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2017, the Town reported revenues and expenditures for the payments of \$9,414, made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2017. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Street, Suite 401, Raleigh, North Carolina 27603.

V. Summary Disclosure of Significant ContingenciesFederal and State Assisted Programs

The Town has received proceeds from federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under each applicable grant agreement. Such audits could result in refund of grant monies to the grantor agency. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VI. Significant Effects of Subsequent Events

The Hope Mills Board of Commissioners at a special Board meeting on March 12, 2015 approved a Design/Build contract between the Town and ASI Constructors, Inc. The contract is for the design and construction of Hope Mills Dam #1 and to restore Hope Mills Lake. The new dam will replace the dam that failed in 2010. On October 30, 2015, the Town and ASI Constructors, Inc. agreed on a guaranteed maximum price for the services under this contract of \$8,791,198.

In August 2016, the Corps of Engineers of the Department of the Army issued the Town a permit to construct a dam on Little Rockfish Creek to impound and recreate a 95 acre lake, Hope Mills Lake, for the purposes of recreational use. The project involves construction of a new spillway and dam embankments that will impound water at the elevation of 104 feet.

VII. Change in Accounting Principles / Restatement

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$142,631.

Town of Hope Mills

North Carolina

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of Local Government Commission in North Carolina.

Schedule of Funding Progress for the Other Postemployment Benefits

Schedule of Employer Contributions for the Other Postemployment Benefits

Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Proportions Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan

Schedule of Changes in Total Pension Liability

Schedule of Total Pension Liability as a Percentage of Covered Payroll



Town of Hope Mills, North Carolina
Other Post Employment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2006	\$ -	\$ 4,149,730	\$ 4,149,730	0.00%	\$ 3,722,930	111.5%
12/31/2007	-	2,766,835	2,766,835	0.00%	3,668,838	75.4%
12/31/2009	-	3,560,027	3,560,027	0.00%	3,841,337	92.7%
12/31/2011	-	3,588,663	3,588,663	0.00%	3,886,807	92.3%
12/31/2013	-	4,266,721	4,266,721	0.00%	4,256,646	100.2%
6/30/2016	-	4,934,053	4,934,053	0.00%	4,881,006	101.1%

**Town of Hope Mills, North Carolina
Other Post Employment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2015	476,692	10.3%
2016	534,253	4.4%
2017	592,114	9.3%

Town of Hope Mills, North Carolina
Town of Hope Mills' Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Four Fiscal Years*

Local Government Employees' Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hope Mills' proportion of the net pension liability (asset) (%)	0.47611%	0.10248%	0.09956%	0.09500%
Hope Mills' proportion of the net pension liability (asset) (\$)	\$ 2,136,767	\$ 459,924	\$ (587,151)	\$ 1,145,115
Hope Mills' covered-employee payroll	\$ 5,077,169	\$ 4,781,992	\$ 4,007,068	\$ 4,187,047
Hope Mills' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42%	10%	-15%	27%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Hope Mills, North Carolina
Town of Hope Mills' Contributions
Required Supplementary Information
Last Four Fiscal Years

Local Government Employees' Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 403,080	\$ 349,390	\$ 346,214	\$ 320,731
Contributions in relation to the contractually required contribution	403,080	349,390	346,214	320,731
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hope Mills; covered-employee payroll	\$ 5,334,981	\$ 5,077,169	\$ 4,781,992	\$ 4,007,068
Contributions as a percentage of covered-employee payroll	7.56%	6.88%	7.24%	8.00%

Town of Hope Mills, North Carolina
Town of Hope Mills' Share of Net Pension Liability
Required Supplementary Information
Last Fiscal Year*

Firefighters' and Rescue Squad Workers' Pension			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Hope Mills' proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%
Hope Mills' proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town of Hope Mills	24,624	24,445	22,066
Total	<u>24,624</u>	<u>24,445</u>	<u>22,066</u>
Hope Mills' covered-employee payroll	\$ 1,240,756	\$ 1,126,508	\$ 1,001,102
Hope Mills' proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.98%	2.17%	2.20%
Plan fiduciary net position as a percentage of the total pension liability	84.94%	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

Town of Hope Mills, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2017

	2017
Beginning Balance	\$ 454,326
Service Cost	40,889
Interest on the total pension liability	15,983
Changes of benefit terms	-
Differences	-
Changes of assumptions or other inputs	(12,297)
Benefit payments	(13,234)
Other changes	-
Ending balance of the total pension liability	\$ 485,667

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Town of Hope Mills, North Carolina
Schedule of Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2017

	<u>2017</u>
Total pension liability	\$ 485,667
Covered payroll	1,929,665
Total pension liability as a percentage of covered payroll	25.17%

Note to the schedules:

The Town of Leland has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Town of Hope Mills

North Carolina

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

This section contains additional information on the Governmental and Proprietary Funds (budget to actual comparison) and other schedules (ad valorem taxes receivables and current tax levy).



GENERAL FUND

Hope Mills, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Favorable (Unfavorable)	2016
	Budget	Actual		Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 5,187,475	\$ 5,231,333	\$ 43,858	\$ 5,169,147
Penalties and Interest	10,000	11,508	1,508	17,478
Total	<u>5,197,475</u>	<u>5,242,841</u>	<u>45,366</u>	<u>5,186,625</u>
Other Taxes and Licenses:				
Recreation tax	562,050	564,537	2,487	505,227
Privilege licenses	-	630	630	58,986
Total	<u>562,050</u>	<u>565,167</u>	<u>3,117</u>	<u>564,213</u>
Unrestricted Intergovernmental:				
Local Option Sales Tax	3,099,600	3,339,994	240,394	3,213,864
Utility franchise tax	922,000	893,075	(28,925)	705,897
Video Programming Distribution	-	-	-	203,153
Solid Waste Disposal Tax	10,000	11,045	1,045	9,875
Beer and Wine Tax	76,000	74,429	(1,571)	72,359
Total	<u>4,107,600</u>	<u>4,318,543</u>	<u>210,943</u>	<u>4,205,148</u>
Restricted Intergovernmental:				
Powell Bill Allocation	435,250	427,370	(7,880)	435,237
State controlled substance tax	-	-	-	1,259
Miscellaneous grants	239,395	254,643	15,248	3,184
Total	<u>674,645</u>	<u>682,013</u>	<u>7,368</u>	<u>439,680</u>
Permits and Fees:				
Building Permits and Inspection Fees	216,100	330,688	114,588	266,952
Motor vehicle licenses	59,075	55,874	(3,201)	55,417
Total	<u>275,175</u>	<u>386,562</u>	<u>111,387</u>	<u>322,369</u>
Sales and Services:				
Refuse collection fees	1,159,825	1,155,243	(4,582)	1,205,463
Recreation department fees	134,300	130,849	(3,451)	146,318
Cemetery fees	-	3,000	3,000	3,000
Use of facilities fees	25,350	36,133	10,783	25,500
Total	<u>1,319,475</u>	<u>1,325,225</u>	<u>5,750</u>	<u>1,380,281</u>
Investment Earnings	8,500	35,808	27,308	13,918
Miscellaneous:				
Parking fines and court costs	2,500	3,060	560	3,172
Miscellaneous	5,900	4,760	(1,140)	8,520
Contributions	-	18,143	18,143	23,671
Insurance proceeds	54,900	48,250	(6,650)	-
Total	<u>63,300</u>	<u>74,213</u>	<u>10,913</u>	<u>35,363</u>
Total Revenues	<u>12,208,220</u>	<u>12,630,372</u>	<u>422,152</u>	<u>12,147,597</u>

Hope Mills, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Favorable (Unfavorable)	2016
	Budget	Actual		Actual
Expenditures:				
General Government:				
Governing Body:				
Salaries and Employee Benefits	2,725	13,599	(10,874)	-
Other Operating Expenditures	75,925	47,105	28,820	215,837
Total	<u>78,650</u>	<u>60,704</u>	<u>17,946</u>	<u>215,837</u>
Economic and community development				
Salaries and Employee Benefits	83,925	82,695	1,230	133,619
Other operating expenditures	72,950	66,243	6,707	2,501
Capital outlay	-	-	-	-
Total	<u>156,875</u>	<u>148,938</u>	<u>7,937</u>	<u>136,120</u>
Administration:				
Salaries and Employee Benefits	461,800	443,323	18,477	375,536
Other Operating Expenditures	278,625	187,150	91,475	169,285
Capital Outlay	30,000	40,268	(10,268)	-
Total	<u>770,425</u>	<u>670,741</u>	<u>99,684</u>	<u>544,821</u>
Finance:				
Salaries and Employee Benefits	345,450	336,227	9,223	278,827
Other Operating Expenditures	89,500	75,117	14,383	43,897
Capital Outlay	109,815	101,061	8,754	63,830
Total	<u>544,765</u>	<u>512,405</u>	<u>32,360</u>	<u>386,554</u>
Taxes:				
Contracted Services	110,000	105,911	4,089	103,200
Total	<u>110,000</u>	<u>105,911</u>	<u>4,089</u>	<u>103,200</u>
Legal:				
Contracted Services	78,000	78,000	-	68,680
Total	<u>78,000</u>	<u>78,000</u>	<u>-</u>	<u>68,680</u>
Elections:				
Other operating expenditures	-	-	-	11,778
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,778</u>
Public Buildings:				
Salaries and Employee Benefits	248,475	243,995	4,480	192,572
Other Operating Expenditures	157,950	131,257	26,693	170,180
Total	<u>406,425</u>	<u>375,252</u>	<u>31,173</u>	<u>362,752</u>
Public Works:				
Salaries and Employee Benefits	168,175	163,077	5,098	153,841
Other Operating Expenditures	215,825	135,229	80,596	22,224
Total	<u>384,000</u>	<u>298,306</u>	<u>85,694</u>	<u>176,065</u>
Service garage				
Salaries and Employee Benefits	113,975	111,826	2,149	105,420
Other Operating Expenditures	24,100	17,749	6,351	16,740
Capital Outlay	-	-	-	-
Total	<u>138,075</u>	<u>129,575</u>	<u>8,500</u>	<u>122,160</u>
Total General Government	<u>\$ 2,667,215</u>	<u>\$ 2,379,832</u>	<u>\$ 287,383</u>	<u>\$ 2,127,967</u>

Hope Mills, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Favorable (Unfavorable)	2016
	Budget	Actual		Actual
Public Safety:				
Police Department:				
Salaries and Employee Benefits	2,953,325	2,634,102	319,223	2,556,698
Other Operating Expenditures	741,420	622,626	118,794	643,749
Capital Outlay	371,675	289,581	82,094	176,787
Total	<u>4,066,420</u>	<u>3,546,309</u>	<u>520,111</u>	<u>3,377,234</u>
Animal Control:				
Salaries and employee benefits	55,462	51,009	4,453	47,246
Other operating expenditures	4,588	5,354	(766)	4,239
Total	<u>60,050</u>	<u>56,363</u>	<u>3,687</u>	<u>51,485</u>
Fire:				
Salaries and Employee Benefits	1,946,200	1,724,559	221,641	1,684,521
Other Operating Expenditures	503,000	441,352	61,648	407,888
Capital Outlay	38,500	6,155	32,345	972
Total	<u>2,487,700</u>	<u>2,172,066</u>	<u>315,634</u>	<u>2,093,381</u>
Inspections:				
Salaries and Employee Benefits	283,425	246,538	36,887	272,968
Other Operating Expenditures	71,300	42,969	28,331	32,937
Capital Outlay	-	-	-	-
Total	<u>354,725</u>	<u>289,507</u>	<u>65,218</u>	<u>305,905</u>
Total Public Safety	<u>6,968,895</u>	<u>6,064,245</u>	<u>904,650</u>	<u>5,828,005</u>
Transportation:				
Streets:				
Salaries and Employee Benefits	309,425	299,425	10,000	304,330
Other Operating Expenditures	276,400	264,374	12,026	272,918
Capital Outlay	434,350	90,932	343,418	-
Total	<u>1,020,175</u>	<u>654,731</u>	<u>365,444</u>	<u>577,248</u>
Environmental Protection:				
Solid waste:				
Salaries and employee benefits	363,950	322,075	41,875	454,523
Other operating expenditures	535,125	494,930	40,195	409,766
Total	<u>899,075</u>	<u>817,005</u>	<u>82,070</u>	<u>864,289</u>
Cultural and Recreational:				
Parks and Recreation:				
Salaries and Employee Benefits	724,125	688,235	35,890	672,433
Other Operating Expenditures	819,265	462,845	356,420	509,988
Capital Outlay	95,000	91,181	3,819	63,567
Total	<u>1,638,390</u>	<u>1,242,261</u>	<u>396,129</u>	<u>1,245,988</u>

Hope Mills, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Favorable (Unfavorable)	2016
	Budget	Actual		Actual
Other culture and recreation				
Donations and special appropriations	2,550	2,550	-	6,300
Total cultural and recreation	<u>1,640,940</u>	<u>1,244,811</u>	<u>396,129</u>	<u>1,252,288</u>
Debt Service:				
Principal retirement	797,760	797,738	22	683,030
Interest and other charges	157,090	156,576	514	160,828
Total debt service	<u>954,850</u>	<u>954,314</u>	<u>536</u>	<u>843,858</u>
Contingency				
Total Expenditures	<u>14,151,150</u>	<u>12,114,938</u>	<u>2,036,212</u>	<u>11,493,655</u>
Revenues Over (Under) Expenditures	<u>(1,942,930)</u>	<u>515,434</u>	<u>2,458,364</u>	<u>653,942</u>
Other Financing Sources (Uses):				
Fund balance appropriated	2,070,475	-	(2,070,475)	-
Proceeds from installment financing			-	441,943
Sale of fixed assets and insurance recovery	320,000	97,479	(222,521)	27,062
Transfers (to) from other funds:				
Capital Reserve Fund	38,500	-	(38,500)	-
Capital Project Fund	(491,295)	(491,295)	-	(18,740)
Storm Water Fund	5,250	-	(5,250)	122,500
Total	<u>1,942,930</u>	<u>(393,816)</u>	<u>(2,336,746)</u>	<u>572,765</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>121,618</u>	<u>\$ 121,618</u>	<u>1,226,707</u>
Fund balances, beginning		9,160,689		7,933,982
Fund balances, ending		<u>\$ 9,282,307</u>		<u>\$ 9,160,689</u>

Hope Mills, North Carolina
Storm Water Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Favorable (Unfavorable)	2016
	Budget	Actual		Actual
Revenues:				
Operating Revenues:				
Fees	\$ 742,000	\$ 678,600	\$ (63,400)	\$ 678,510
Investment earnings	2,000	1,052	(948)	4,636
Other revenue	1,000	20,666	19,666	1,172
Total Revenue	<u>745,000</u>	<u>700,318</u>	<u>(44,682)</u>	<u>684,318</u>
Expenditures:				
Environmental protection:				
Storm Water:				
Salaries and employee benefits	139,275	138,563	712	133,234
Operating expenditures	148,750	126,748	22,002	132,128
Capital outlay	856,300	165,063	691,237	53,140
Total environmental protection	<u>1,144,325</u>	<u>430,374</u>	<u>713,951</u>	<u>318,502</u>
Debt Service:				
Principal retirement	235,275	235,262	13	123,964
Interest and other charges	34,995	34,980	15	34,980
Total debt service	<u>270,270</u>	<u>270,242</u>	<u>28</u>	<u>158,944</u>
Total Expenditures	<u>1,414,595</u>	<u>700,616</u>	<u>713,979</u>	<u>477,446</u>
Revenues Over (Under) Expenditures	<u>(669,595)</u>	<u>(298)</u>	<u>(758,661)</u>	<u>206,872</u>
Other Financing Sources (Uses):				
Fund balance appropriated	-	-	-	-
Fund balance reserved for encumbrances	1,086,170	-	(1,086,170)	-
Transfer (to) from other funds:	(416,575)	(411,323)	5,252	(122,500)
Total Other Financing Sources (Uses)	<u>669,595</u>	<u>(411,323)</u>	<u>(1,080,918)</u>	<u>(122,500)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (411,621)</u>	<u>\$ (1,839,579)</u>	<u>\$ 84,372</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		\$ (411,621)		\$ 84,372
Fund balances, beginning		1,338,858		1,254,486
Fund balances, ending		<u>\$ 927,237</u>		<u>\$ 1,338,858</u>

Hope Mills, North Carolina
Capital Projects Fund - Hope Mills Lake Dam Project
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year	Close Project		
Revenues:						
Governmental Project:						
Restricted intergovernmental:						
Grant	\$ 9,705,099	\$ 9,705,052	\$ -	\$ -	\$ 9,705,052	\$ (47)
Other revenue	43,670	133,373	21,243	-	154,616	110,946
Total revenues	<u>9,748,769</u>	<u>9,838,425</u>	<u>21,243</u>	<u>-</u>	<u>9,859,668</u>	<u>110,899</u>
Expenditures:						
Transportation:						
Capital Outlay	29,182,046	18,990,999	6,077,958	(15,350,395)	9,718,562	19,463,484
Total expenditures	<u>29,182,046</u>	<u>18,990,999</u>	<u>6,077,958</u>	<u>(15,350,395)</u>	<u>9,718,562</u>	<u>19,463,484</u>
Revenue Over (Under) Expenditures	<u>(19,433,277)</u>	<u>(9,152,574)</u>	<u>(6,056,715)</u>	<u>15,350,395</u>	<u>141,106</u>	<u>19,574,383</u>
Other Financing Sources (Uses)						
Legal Settlements	9,516,058	9,558,683	-	(9,558,683)	-	9,516,058
Contingency Reserves	-	-	-	-	-	-
Transfers (to) from other funds:						
General Fund	1,628,408	1,137,113	491,295	-	1,628,408	-
General Fund	-	(3,691,228)	-	-	(3,691,228)	3,691,228
Proceeds from borrowing	8,288,811	8,100,000	-	(5,791,712)	2,308,288	5,980,523
Total other financing sources and (uses)	<u>19,433,277</u>	<u>15,104,568</u>	<u>491,295</u>	<u>(15,350,395)</u>	<u>245,468</u>	<u>19,187,809</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 5,951,994</u>	<u>(5,565,420)</u>	<u>\$ -</u>	<u>\$ 386,574</u>	<u>\$ 386,574</u>
Fund balance, beginning			<u>5,951,994</u>			
Fund balance, ending			<u>\$ 386,574</u>			

NON-MAJOR GOVERNMENTAL FUNDS

**Hope Mills, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2017
(With Comparative Totals For the Year Ended June 30, 2016)**

	Capital Project Future Fire Station Fund	Parks and Recreation Fund	Archer Road Project	Thompson Circle Project	Town Hall Project	LaBonte/ Wiggins Project	Cemetery Permanent Fund	Total Nonmajor Governmental Fund - 2017	Total Nonmajor Governmental Fund - 2016
Assets:									
Cash and Cash Equivalents	\$ 101,785	\$ 36,871	\$ 112,386	\$ 8,819	\$ -	\$ (4,757)	\$ 31,344	\$ 286,448	\$ 7,879,206
Restricted cash	-	-	-	-	-	-	-	-	140,894
Accounts receivable	-	-	-	-	-	-	-	-	158,953
Due from other governments	-	-	776	-	-	4,757	-	5,533	184
Total Assets	\$ 101,785	\$ 36,871	\$ 113,162	\$ 8,819	\$ -	\$ -	\$ 31,344	\$ 291,981	\$ 8,179,237
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365,902
Due to other funds	-	-	-	-	-	-	-	-	1,542,146
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,908,048
Fund Balances:									
Non spendable	-	-	-	-	-	-	31,344	31,344	31,344
Perpetual Maintenance Restricted	101,785	-	-	-	-	-	-	101,785	101,305
Public Safety Project Committed	-	36,871	113,162	8,819	-	-	-	158,852	6,138,540
Total Fund Balances	101,785	36,871	113,162	8,819	-	-	31,344	291,981	6,271,189
Total liabilities and fund balances	\$ 101,785	\$ 36,871	\$ 113,162	\$ 8,819	\$ -	\$ -	\$ 31,344	\$ 291,981	\$ 8,179,237

Hope Mills, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017
(With Comparative Totals For the Year Ended June 30, 2016)

	Capital Project Future Fire Station Fund	Parks and Recreation Fund	Archer Road Project	Thompson Circle Project	Town Hall Project	LaBonte/ Wiggins Project	Cemetery Permanent Fund	Total Nonmajor Governmental Fund - 2017	Total Nonmajor Governmental Fund - 2016
Revenues:									
Investment earnings	\$ 480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480	\$ 1,259
Other Revenue	-	-	10	38	-	141,194	-	141,242	21,660
Total Revenues	480	-	10	38	-	141,194	-	141,722	22,919
Expenditures:									
General Government									
Other operating expenditures	-	-	-	-	-	-	-	-	(6,098)
Capital Outlay	-	-	27,742	-	-	552,517	-	580,259	3,268,306
Total general government	-	-	27,742	-	-	552,517	-	580,259	3,262,208
Revenues Over Expenditures	480	-	(27,732)	38	-	(411,323)	-	(438,537)	(3,239,289)
Other Financing Sources (Uses):									
Proceeds from Borrowing	-	-	-	-	-	-	-	-	30,200
Transfers (to) from other funds:									
General Fund	-	-	-	-	-	-	-	-	18,740
Storm Water Fund	-	-	-	-	-	411,323	-	411,323	-
Revenues and other sources over (under) expenditures	480	-	(27,732)	38	-	-	-	(27,214)	(3,190,349)
Fund balance, beginning	101,305	36,871	140,894	8,781	-	-	31,344	319,195	9,461,538
Fund balance, ending	\$ 101,785	\$ 36,871	\$ 113,162	\$ 8,819	\$ -	\$ -	\$ 31,344	\$ 291,981	\$ 6,271,189

Hope Mills, North Carolina
Capital Projects Fund - Future Fire Station Project
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Governmental Project					
Other revenue	\$ -	\$ 1,305	\$ 480	\$ 1,785	\$ 1,785
Total revenues	<u>-</u>	<u>1,305</u>	<u>480</u>	<u>1,785</u>	<u>1,785</u>
Expenditures:					
Public Safety					
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Over (Under) Expenditures	<u>-</u>	<u>1,305</u>	<u>480</u>	<u>1,785</u>	<u>1,785</u>
Other Financing Sources (Uses)					
Transfers (to) from other funds:					
General Fund	-	-	-	-	-
and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 1,305</u>	<u>\$ 480</u>	<u>\$ 1,785</u>	<u>\$ 1,785</u>
Fund balance, beginning			<u>101,305</u>		
Fund balance, ending			<u>\$ 101,785</u>		

Hope Mills, North Carolina
Parks and Recreation
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year	Close Project		
Revenues:						
Storm Water Management Project						
Interest Earned	\$ -	\$ 41	\$ -	\$ -	\$ 41	\$ 41
MCCOG	600	36,719	-	(989)	35,730	35,130
NC Nourishing	1,100	1,100	-	-	1,100	-
Total revenues	<u>1,700</u>	<u>37,860</u>	<u>-</u>	<u>(989)</u>	<u>36,871</u>	<u>35,171</u>
Expenditures:						
Recreation						
Other operating expenditures	1,700	989	-	(989)	-	1,700
Total expenditures	<u>1,700</u>	<u>989</u>	<u>-</u>	<u>(989)</u>	<u>-</u>	<u>1,700</u>
Revenue Over (Under) Expenditures	<u>-</u>	<u>36,871</u>	<u>-</u>	<u>-</u>	<u>36,871</u>	<u>36,871</u>
Other Financing Sources (Uses)						
Transfers (to) from other funds:						
General Fund	-	-	-	-	-	-
Fund Balance Reserve for Encumbrances	-	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 36,871</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 36,871</u>	<u>\$ 36,871</u>
Fund balance, beginning			<u>36,871</u>			
Fund balance, ending			<u>\$ 36,871</u>			

Hope Mills, North Carolina
Storm Water Capital Projects Fund - Archer Road Project
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year	Close Project		
Revenues:						
Storm Water Management Project						
Other revenue	\$ -	\$ 128	\$ 10	\$ -	\$ 138	\$ 138
Total revenues	<u>-</u>	<u>128</u>	<u>10</u>	<u>-</u>	<u>138</u>	<u>138</u>
Expenditures:						
Recreation						
Capital outlay	1,301,115	1,059,234	27,742	(1,086,976)	-	1,301,115
Total expenditures	<u>1,301,115</u>	<u>1,059,234</u>	<u>27,742</u>	<u>(1,086,976)</u>	<u>-</u>	<u>1,301,115</u>
Revenue Over (Under) Expenditures	<u>(1,301,115)</u>	<u>(1,059,106)</u>	<u>(27,732)</u>	<u>1,086,976</u>	<u>138</u>	<u>1,301,253</u>
Other Financing Sources (Uses)						
Transfers (to) from other funds:						
Proceeds from Installment Financing	1,301,115	1,200,000	-	(1,086,976)	113,024	(1,188,091)
Total other financing sources and (uses)	<u>1,301,115</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,086,976)</u>	<u>113,024</u>	<u>(1,188,091)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 140,894</u>	<u>\$ (27,732)</u>	<u>\$ -</u>	<u>\$ 113,162</u>	<u>\$ 113,162</u>
Fund balance, beginning			<u>140,894</u>			
Fund balance, ending			<u>\$ 113,162</u>			

Hope Mills, North Carolina
Storm Water Capital Projects Fund - Thompson Circle Project
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year	Close Project		
Revenues:						
Storm Water Management Project						
Other revenue	\$ -	\$ 195	\$ 38	\$ -	\$ 233	\$ 233
Total revenues	-	195	38	-	233	233
Expenditures:						
Recreation						
Capital outlay	93,482	84,896	-	(84,896)	-	93,482
Total expenditures	93,482	84,896	-	(84,896)	-	93,482
Revenue Over (Under) Expenditures	(93,482)	(84,701)	38	84,896	233	93,715
Other Financing Sources (Uses)						
Transfers (to) from other funds:						
Storm Water Fund	93,482	93,482	-	(84,896)	(84,896)	(178,378)
Total other financing sources and (uses)	93,482	93,482	-	(84,896)	(84,896)	(178,378)
Revenues and other sources over expenditures	\$ -	\$ 8,781	\$ 38	\$ -	\$ (84,663)	\$ (84,663)
Fund balance, beginning			8,781			
Fund balance, ending			\$ 8,819			

Hope Mills, North Carolina
Storm Water Capital Projects Fund - Town Hall Project
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year	Close Project		
Revenues:						
Storm Water Management Project						
Other revenue	\$ -	\$ 182	\$ -	\$ (182)	\$ -	\$ -
Total revenues	-	182	-	(182)	-	-
Expenditures:						
Recreation						
Other operating expenditures	-	(7,694)	-	7,694	-	-
Capital outlay	-	977,146	-	(977,146)	-	-
Total expenditures	-	969,452	-	(969,452)	-	-
Revenue Over (Under) Expenditures	-	(969,270)	-	969,270	-	-
Other Financing Sources (Uses)						
Transfers (to) from other funds:						
General Fund	-	90,000	-	(90,000)	-	-
State Revolving Loan	-	879,270	-	(879,270)	-	-
Total other financing sources and (uses)	-	969,270	-	(969,270)	-	-
Revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning			-			
Fund balance, ending			\$ -			

Hope Mills, North Carolina
Storm Water Capital Projects Fund - Labonte/Wiggins/Patterson Project
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	Project Authorization	Actual			Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year	Close Project		
Revenues:						
Storm Water Management Project:						
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWC reimbursement	152,200	-	141,194	(141,194)	-	(152,200)
Total revenues	152,200	-	141,194	(141,194)	-	(152,200)
Expenditures:						
Planning:						
Construction	516,050	-	552,517	(552,517)	-	516,050
Contingency	77,400	-	-	-	-	77,400
Total expenditures	593,450	-	552,517	(552,517)	-	593,450
Revenue Over (Under) Expenditures	(441,250)	-	(411,323)	411,323	-	441,250
Other Financing Sources (Uses)						
Transfers (to) from other funds:						
Stormwater	441,250	-	411,323	(411,323)	-	(441,250)
Total other financing sources and (uses)	441,250	-	411,323	(411,323)	-	(441,250)
Revenues and other sources over expenditures	\$ -	\$ -	-	\$ -	\$ -	\$ -
Fund balance, beginning			-			
Fund balance, ending			\$ -			

Hope Mills, North Carolina
Cemetery Permanent Fund
Schedule of Revenues and Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
General government			
Other operating expenditures	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Fund balance appropriated	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning		<u>31,344</u>	
Fund balance, ending		<u>\$ 31,344</u>	

Town of Hope Mills

North Carolina

OTHER SCHEDULES

This section contains additional information
required on property taxes

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy



Hope Mills, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections And Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 5,241,172	\$ 5,224,190	\$ 16,982
2015-2016	14,124	-	8,741	5,383
2014-2015	6,583	-	1,056	5,527
2013-2014	10,978	-	851	10,127
2012-2013	15,856	-	655	15,201
2011-2012	12,454	-	324	12,130
2010-2011	9,508	-	45	9,463
2009-2010	10,008	-	17	9,991
2008-2009	8,445	-	152	8,293
2007-2008	9,949	-	80	9,869
2006-2007	9,064	-	9,064	-
	-	-	-	-
Totals	\$ 106,968	\$ 5,241,172	\$ 5,245,174	\$ 102,966
Less: allowance for doubtful accounts:				
General Fund				<u>(10,517)</u>
Ad valorem taxes receivable - net				<u>\$ 92,449</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 5,231,333
Reconciling Items:				
Penalties and Interest collected				11,508
Adjustments and taxes written off				<u>2,333</u>
Subtotal				<u>13,841</u>
Total Collections and Credits				<u>\$ 5,245,174</u>

Hope Mills, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2017

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Tax at current	\$1,018,867,811	0.46	4,686,792	\$ 4,686,792	\$ -
Registered motor vehicles taxed at current year's rate	1,179,685	0.46	542,655	-	542,655
Penalties and other	-		1,304	1,304	-
Total	1,020,047,496		5,230,751	4,688,096	542,655
Discoveries:					
Current year taxes	1,781,843	0.46	8,196	8,196	-
Prior year taxes	-		-	-	-
Penalties and other	-		2,225	2,225	-
Total	1,781,843		10,421	10,421	-
Total Property Valuation	\$1,021,829,339				
Net Levy			5,241,172	4,698,517	542,655
Uncollected taxes at June 30, 2016			16,982	16,982	-
Current year's taxes collected			\$ 5,224,190	\$ 4,681,535	\$ 542,655
Current levy collection percentage			99.68%	99.64%	100.00%

Town of Hope Mills

North Carolina

STATISTICAL SECTION

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial information, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends - These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity - These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity - These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic - These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information - These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.



Town of Hope Mills
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 19,148,052	\$ 20,318,728	\$ 20,452,850	\$ 20,815,142	\$ 20,924,217	\$ 21,640,345	\$ 19,753,952	\$ 22,290,398	\$ 26,142,385	\$ 32,720,974
Restricted	1,284,765	1,355,815	1,437,085	2,847,816	1,847,163	1,861,488	3,666,494	3,556,289	3,309,854	1,932,918
Unrestricted	3,552,821	4,292,570	4,058,338	2,304,064	3,202,001	3,010,082	2,835,537	11,258,338	9,379,088	3,983,833
Total governmental activities net position	\$ 23,985,638	\$ 25,967,113	\$ 25,948,273	\$ 25,967,022	\$ 25,973,381	\$ 26,511,915	\$ 26,255,983	\$ 37,105,025	\$ 38,831,327	\$ 38,637,725
Primary government										
Net investment in capital assets	\$ 19,148,052	\$ 20,318,728	\$ 20,452,850	\$ 20,815,142	\$ 20,924,217	\$ 21,640,345	\$ 19,753,952	\$ 22,290,398	\$ 26,142,385	\$ 32,720,974
Restricted	1,284,765	1,355,815	1,437,085	2,847,816	1,847,163	1,861,488	3,666,494	3,556,289	3,309,854	1,932,918
Unrestricted	3,552,821	4,292,570	4,058,338	2,304,064	3,202,001	3,010,082	2,835,537	11,258,338	9,379,088	3,983,833
Total primary government net position	\$ 23,985,638	\$ 25,967,113	\$ 25,948,273	\$ 25,967,022	\$ 25,973,381	\$ 26,511,915	\$ 26,255,983	\$ 37,105,025	\$ 38,831,327	\$ 38,637,725

Town of Hope Mills
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 1,558,768	\$ 1,668,952	\$ 2,133,311	\$ 2,200,156	\$ 2,363,862	\$ 2,217,256	\$ 2,007,641	\$ 1,926,535	\$ 2,228,577	\$ 2,560,827
Public safety	3,801,828	3,999,675	4,280,195	4,715,122	4,995,231	5,383,237	6,428,635	6,394,217	6,508,309	6,615,440
Transportation	581,087	649,126	657,859	674,935	1,719,829	725,949	972,815	739,921	794,953	809,161
Environmental protection	750,728	861,212	1,159,587	1,402,864	1,054,676	1,118,459	1,140,437	1,123,503	1,222,752	1,677,182
Cultural and recreational	885,146	907,053	1,082,314	1,004,569	1,151,841	1,237,303	1,346,779	1,025,403	1,275,840	1,414,564
Interest on long-term debt	205,951	207,702	177,562	166,917	142,387	118,177	121,716	231,048	77,903	185,794
Total governmental activities expenses	\$ 7,783,508	\$ 8,293,720	\$ 9,490,828	\$ 10,164,563	\$ 11,427,826	\$ 10,800,381	\$ 12,018,023	\$ 11,440,627	\$ 12,108,334	\$ 13,262,968
Total primary government expenses	\$ 7,783,508	\$ 8,293,720	\$ 9,490,828	\$ 10,164,563	\$ 11,427,826	\$ 10,800,381	\$ 12,018,023	\$ 11,440,627	\$ 12,108,334	\$ 13,262,968
Program Revenues										
Governmental activities:										
Charges for services:	\$ 37,280	\$ 36,285	\$ 40,563	\$ 40,945	\$ 39,050	\$ 93,285	\$ 99,775	\$ 84,776	\$ 84,089	\$ 36,133
General government	246,533	379,839	508,067	251,625	383,076	147,533	188,264	146,442	266,952	333,748
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Environmental protection	724,464	728,559	922,573	951,952	1,017,350	1,045,283	1,171,456	1,164,706	1,215,338	1,166,288
Cultural and recreational	110,081	122,999	142,579	148,972	143,308	652,817	675,961	686,092	651,545	695,386
Operating grants and contributions	512,399	484,335	444,863	466,187	486,129	427,378	421,986	426,219	436,496	427,370
Capital grants and contributions	5,583,397	1,116,987	-	-	269,739	-	-	377,781	-	-
Total governmental activities program revenues	\$ 7,214,154	\$ 2,871,004	\$ 2,058,645	\$ 1,859,881	\$ 2,338,652	\$ 2,366,296	\$ 2,557,442	\$ 2,886,016	\$ 2,654,420	\$ 2,658,925
Total primary government program revenues	\$ 7,214,154	\$ 2,871,004	\$ 2,058,645	\$ 1,859,881	\$ 2,338,652	\$ 2,366,296	\$ 2,557,442	\$ 2,886,016	\$ 2,654,420	\$ 2,658,925
Net revenue (expense)	\$ (569,354)	\$ (5,422,716)	\$ (7,432,183)	\$ (8,304,882)	\$ (9,089,174)	\$ (8,434,085)	\$ (9,460,581)	\$ (8,554,611)	\$ (9,453,914)	\$ (10,604,043)
Governmental activities	\$ (569,354)	\$ (5,422,716)	\$ (7,432,183)	\$ (8,304,882)	\$ (9,089,174)	\$ (8,434,085)	\$ (9,460,581)	\$ (8,554,611)	\$ (9,453,914)	\$ (10,604,043)

Table 2 (cont.)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 3,234,822	\$ 3,348,540	\$ 3,514,752	\$ 4,048,851	\$ 4,250,548	\$ 4,416,028	\$ 4,716,050	\$ 5,132,425	\$ 5,196,699	\$ 5,240,051
Other taxes	78,412	108,276	563,045	649,643	860,773	3,277,942	3,060,934	3,236,752	3,473,254	3,396,488
Unrestricted grants and contributions	3,453,435	3,330,238	2,880,355	3,154,713	3,320,408	562,270	590,050	739,514	778,256	967,504
Permit and Fees	-	-	-	-	-	-	-	-	-	-
Sales and Service	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	281,058	85,725	9,833	6,730	3,834	3,376	2,009	5,024	19,813	37,340
Miscellaneous	38,469	30,486	44,364	42,038	38,244	141,048	178,914	65,639	61,206	511,947
Gain/(Loss) on Disposal of Equipment	-	-	-	-	-	-	3,223	(6,278)	27,062	(278,868)
Stormwater assessments	-	393,090	400,994	421,656	621,726	631,498	653,469	659,291	678,510	678,600
Special items	-	-	-	-	-	-	-	9,442,816	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total government activities	7,086,196	7,296,355	7,413,343	8,323,631	9,095,533	9,032,162	9,204,649	19,275,183	10,234,800	10,553,072
Total primary government	\$ 7,086,196	\$ 7,296,355	\$ 7,413,343	\$ 8,323,631	\$ 9,095,533	\$ 9,032,162	\$ 9,204,649	\$ 19,275,183	\$ 10,234,800	\$ 10,553,072
Change in Net Position										
Governmental activities	\$ 6,516,842	\$ 1,873,639	\$ (18,840)	\$ 18,749	\$ 6,359	\$ 598,077	\$ (255,932)	\$ 10,720,572	\$ 780,886	\$ (50,971)
Total primary government	\$ 6,516,842	\$ 1,873,639	\$ (18,840)	\$ 18,749	\$ 6,359	\$ 598,077	\$ (255,932)	\$ 10,720,572	\$ 780,886	\$ (50,971)

**Town of Hope Mills
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)**

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u> ⁽¹⁾	<u>Tax Rate</u>
2008	3,239,072	0.46
2009	3,321,411	0.46
2010	3,530,333	0.39
2011	4,041,059	0.42
2012	4,246,424	0.42
2013	4,384,715	0.42
2014	4,758,118	0.42
2015	5,156,618	0.46
2016	5,186,625	0.46
2017	5,242,841	0.46

Notes:

(1) - Town of Hope Mills only levies a property tax.

Town of Hope Mills
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non Spendable	\$ 273,515	\$ 17,717	\$ 77,421	\$ -	\$ -	\$ 28,321	\$ -	\$ -	\$ 6,240	\$ 22,005
Restricted	2,048,581	2,032,288	2,366,153	2,774,770	1,679,248	1,695,219	3,864,399	3,423,303	3,177,205	1,799,789
Committed	96,981	452,232	402,521	190,621	96,734	-	-	-	-	-
Assigned	441,950	606,915	835,197	1,134,990	882,512	1,013,696	409,833	846,199	-	-
Unassigned	1,608,134	2,183,883	1,906,820	1,645,272	2,400,438	3,111,217	3,129,060	3,664,480	5,977,244	7,460,513
Total General Fund	\$ 4,469,161	\$ 5,293,035	\$ 5,588,112	\$ 5,745,653	\$ 5,058,932	\$ 5,848,453	\$ 7,403,292	\$ 7,933,982	\$ 9,160,689	\$ 9,282,307
All other governmental funds										
Non Spendable	\$ 71,050	\$ 70,372	\$ 73,078	\$ 73,046	\$ 67,915	\$ 66,225	\$ 35,241	\$ 32,936	\$ 31,344	\$ 31,344
Restricted	-	-	-	-	100,000	100,044	100,050	100,050	101,305	101,785
Assigned	-	-	-	-	-	-	-	-	-	-
Committed	669,343	663,213	583,541	462,743	796,134	1,017,335	1,667,822	10,583,038	7,477,398	1,472,663
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 740,393	\$ 733,585	\$ 656,619	\$ 535,789	\$ 964,049	\$ 1,183,604	\$ 1,803,113	\$ 10,716,024	\$ 7,610,047	\$ 1,605,792

Town of Hope Mills
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Ad valorem taxes	\$ 3,239,072	\$ 3,321,411	\$ 3,530,333	\$ 4,041,059	\$ 4,246,424	\$ 4,384,715	\$ 4,758,118	\$ 5,156,618	\$ 5,186,625	\$ 5,242,841
Other taxes and licenses	25,769	47,564	58,851	115,205	807,707	938,360	609,649	567,514	564,213	565,167
Unrestricted intergovernmental	3,419,334	3,300,858	3,327,627	3,636,565	3,320,409	3,420,505	3,566,780	3,973,507	4,205,148	4,318,543
Restricted intergovernmental	6,036,877	1,511,817	434,721	463,832	482,629	467,321	421,986	441,859	439,680	682,013
Permits and fees	326,425	863,021	958,851	720,677	1,053,535	831,656	902,653	855,793	1,000,879	1,065,162
Sales and services	880,485	896,293	1,105,715	1,141,869	1,199,708	1,213,421	1,356,166	1,321,993	1,380,281	1,325,225
Investment earnings	281,058	85,725	9,833	6,730	3,834	3,376	2,009	5,024	19,813	37,340
Miscellaneous	95,583	114,291	61,638	18,929	293,072	88,645	25,126	49,001	58,195	257,364
Private Donations	-	-	-	-	-	-	-	-	-	-
Total revenues	14,304,603	10,140,980	9,487,569	10,144,866	11,407,318	11,347,999	11,642,487	12,371,309	12,854,834	13,493,655
Expenditures										
General government	1,534,260	1,524,333	1,771,495	1,757,853	2,113,497	2,176,899	1,899,100	1,795,320	2,121,869	2,379,832
Public Safety	4,109,839	3,935,006	4,246,569	4,855,184	4,809,882	4,720,822	6,316,391	6,215,096	5,828,005	6,064,245
Transportation	458,985	566,966	484,347	504,481	1,645,327	619,692	941,373	610,383	577,248	654,731
Environmental protection	676,330	970,536	1,315,906	1,314,565	1,309,083	1,020,347	1,374,124	1,052,531	1,182,791	1,247,379
Culture and recreation	815,986	823,127	985,848	944,093	1,045,393	1,096,376	1,286,418	1,292,820	1,252,288	1,244,811
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Debt service	400,061	631,003	735,512	614,444	628,022	642,190	2,781,913	697,281	806,994	1,033,000
Principal	70,721	217,593	190,821	180,630	156,277	131,333	108,560	189,857	195,808	191,556
Interest and other charges	9,853,182	605,239	40,190	-	-	219,888	2,393,943	1,679,306	3,268,306	6,658,217
Capital outlay	17,919,364	9,273,803	9,770,688	10,171,250	11,707,481	10,627,547	17,101,822	13,532,594	15,233,309	19,473,771
Total expenditures	(3,614,761)	867,177	(283,119)	(26,384)	(300,163)	720,452	(5,459,335)	(1,161,285)	(2,378,475)	(5,980,116)
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	27,062	97,479
Legal Settlements	-	-	-	-	-	-	158,683	9,442,816	-	-
Sale of capital assets	-	-	-	63,094	41,704	38,624	-	-	-	-
Loss on investment	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Installment purchase obligations	4,395,945	5,347	501,229	-	-	250,000	7,475,000	1,162,070	472,143	-
Total other financing sources (uses)	4,395,945	5,347	501,229	63,094	41,704	288,624	7,633,683	10,604,886	499,205	97,479
Net change in fund balances	\$ 781,184	\$ 872,524	\$ 218,110	\$ 36,710	\$ (258,459)	\$ 1,009,076	\$ 2,174,348	\$ 9,443,601	\$ (1,879,270)	\$ (5,882,637)
Debt service as a percentage of noncapital expenditures	5.8%	9.8%	9.5%	7.8%	6.7%	7.4%	19.7%	7.5%	8.4%	9.6%

Town of Hope Mills
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property	Personal Property	Public Service	Total Assessed Value	Ratio of Assessed Value to Estimated Actual Value ⁽¹⁾	Property Tax Rate ⁽²⁾
2008	585,082,080	20,203,292	4,944,745	610,230,117	100%	0.46
2009	605,588,410	22,301,560	4,641,301	632,531,271	100%	0.46
2010 ⁽³⁾	783,518,672	19,828,646	5,621,295	808,968,613	100%	0.39
2011	843,817,796	20,984,069	5,581,484	870,383,349	100%	0.42
2012	878,694,775	23,963,864	6,740,533	909,399,172	100%	0.42
2013	904,161,960	28,886,083	7,460,386	940,508,429	100%	0.42
2014	933,929,889	34,252,566	7,352,344	975,534,799	100%	0.42
2015	949,257,470	35,651,778	7,141,211	992,050,459	100%	0.46
2016	963,625,345	31,275,569	8,360,728	1,003,261,642	100%	0.46
2017	977,365,944	32,553,190	9,335,895	1,019,255,029	100%	0.46

Notes:

(1) Assessed value is established by the Cumberland County Tax Office at 100% estimated market value.

(2) Rate per \$100 of assessed valuation.

(3) A revaluation of all property is required every eight (8) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2010.

**Town of Hope Mills
Property Tax Rates
Direct⁽¹⁾ and Overlapping⁽²⁾ Governments
Last Ten Fiscal Years**

Table 7

<u>Fiscal Year</u>	<u>Town of Hope Mills⁽¹⁾</u>	<u>Cumberland County⁽²⁾</u>	<u>Combined Tax Rate Per \$100 of Assessed Value</u>
2008	0.460	0.880	1.340
2009	0.460	0.860	1.320
2010	(3) 0.390	0.760	1.150
2011	0.420	0.740	1.160
2012	0.420	0.740	1.160
2013	0.420	0.740	1.160
2014	0.420	0.740	1.160
2015	0.460	0.740	1.200
2016	0.460	0.740	1.200
2017	0.460	0.740	1.200

Notes:

- (1) The Town tax is completely applicable to general government and not divided among other components.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the Town of Hope Mills.
- (3) A revaluation of all property is required every eight (8) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2010.

**Town of Hope Mills
Principal Property Taxpayers
June 30, 2017**

Table 8

	2017				2008			
	Type of Enterprise	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Kings Quarters Southeast LLC	Apartments	\$ 23,913,163	1	2.37%				
Wal-Mart	Retail Store	14,001,441	2	1.39%	\$ 11,458,553	1	1.76%	
JDR Assoc LLC	Real Estate	10,387,338	3	1.03%				
Crown at Steeplechase	Real Estate	7,110,400	4	0.70%				
Southview Townhomes/United Resorl	Real Estate	6,821,300	5	0.68%	3,175,275	8	0.49%	
Village Green Assoc	Real Estate	6,807,502	6	0.67%	5,900,191	2	0.91%	
Stone Fayetteville LLC	Real Estate	6,650,226	7	0.66%				
Village Company LLC	Real Estate	6,190,425	8	0.61%	5,328,768	3		
Hope Mills Marketplace LLC	Shopping Center	5,992,066	9	0.59%				
Carolina Healthcare Center	Healthcare Facility	5,947,142	10	0.59%	4,080,610	6	0.00%	
Harold Kidd & Wife	Individual				4,613,174	4	0.63%	
South Main Apartments	Apartments				4,407,200	5	0.71%	
Hope Mills Investments LLC	Real Estate				3,565,100	7	0.68%	
Church Street Apartments LLC	Apartments				3,010,141	9	0.55%	
Fairway Forest Associates	Real Estate				2,924,765	10	0.46%	
Totals		\$ 93,821,003		9.29%	\$ 48,463,777		6.62%	
Total Assessed Value		\$ 1,009,919,134			\$ 651,411,989			

Source: Cumberland County Assessor's Office

**Town of Hope Mills
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 9

Fiscal Year	Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	3,241,286	3,145,461	97.04%	95,599	3,241,060	99.99%
2009	3,320,855	3,229,208	97.24%	90,622	3,319,830	99.97%
2010 (2)	3,507,902	3,432,322	97.85%	73,524	3,505,846	99.94%
2011	4,047,167	3,964,241	97.95%	81,320	4,045,561	99.96%
2012	4,245,767	4,160,448	97.99%	83,895	4,244,343	99.97%
2013	4,398,112	4,297,944	97.72%	98,395	4,396,339	99.96%
2014	4,735,780	4,680,929	98.84%	52,406	4,733,335	99.95%
2015	5,066,002	5,059,101	99.86%	1,419	5,060,520	99.89%
2016	5,169,534	5,155,410	99.73%	8,741	5,164,151	99.90%
2017	5,241,173	5,224,190	99.68%	-	5,224,190	99.68%

Notes:

(1) - Includes discoveries, releases, and adjustments.

(2) A revaluation of all property is required every eight (8) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2010.

Town of Hope Mills
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities			Total Primary Government	Debt as a % of	
	Installment Purchases	Revolving Loans			Assessed Valuation (1)	Per Capita (2)
2008	4,000,000	-		4,000,000	0.7%	N/A
2009	3,799,790	-		3,799,790	0.6%	N/A
2010	4,029,605	-		4,029,605	0.5%	N/A
2011	3,596,856	-		3,596,856	0.4%	1,789
2012	3,158,433	-		3,158,433	0.3%	1,570
2013	2,964,136	-		2,964,136	0.3%	1,472
2014	7,676,903 (3)	-		7,676,903	0.8%	3,812
2015	7,292,622	879,270 (4)		8,171,892	0.8%	4,056
2016	6,971,534	835,307		7,806,841	0.8%	3,872
2017	5,982,498	791,343		6,773,841	0.7%	3,358

Notes:

- (1) - Total primary government debt divided by assessed valuation. Assessed valuations can be found in Table 6, page 86.
- (2) - Total Debt divided by population. Population figures from NC State Demographer.
- (3) - An installment purchase contract was executed during fiscal year 2014
- (4) - A revolving loan contract was executed during fiscal year 2015

**Town of Hope Mills
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017**

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable To Town (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Cumberland County Debt Outstanding	\$ 120,540,741	20.33%	\$ 24,505,933
Subtotal, overlapping debt			24,505,933
Town of Hope Mills direct debt			<u>6,773,841</u> (2)
Total direct and overlapping debt			<u><u>\$ 31,279,773</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Cumberland County Tax Administrator.
Debt outstanding provided by Cumberland County Finance Office.

Notes:

(1) - The percentage of overlapping debt applicable to the town is estimated using assessed property values. The applicable percentage represents the town's total assessed value divided by Harnett County's total assessed value.

(2) - Includes all governmental activities debt.

**Town of Hope Mills
Legal Debt Margin Information
Last Ten Fiscal Years**

Table 12

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 48,818,409	\$ 50,602,502	\$ 64,717,489	\$ 69,630,668	\$ 72,751,934	\$ 75,240,674	\$ 78,042,784	\$ 79,364,037	\$ 89,829,468	\$ 81,746,347
Total net debt applicable to limit	4,000,000	3,799,790	4,029,605	3,596,856	3,158,433	2,964,136	7,676,903	8,171,892	7,806,841	6,773,841
Legal debt margin	\$ 44,818,409	\$ 46,802,712	\$ 60,687,884	\$ 66,033,812	\$ 69,593,501	\$ 72,276,538	\$ 70,365,881	\$ 71,192,145	\$ 82,022,627	\$ 74,972,506
Total net debt applicable to the limit as a percentage of debt limit	8.19%	7.51%	6.23%	5.17%	4.34%	3.94%	9.84%	10.30%	8.69%	8.29%

Legal Debt Margin Calculation for Fiscal Year 2017 ⁽¹⁾

Assessed Value	\$ 1,021,829,339
Debt Limit (8% of total assessed value)	81,746,347
Debt applicable to limit:	
General obligation bonds	-
Non bonded debt	6,773,841
Less: Statute exclusion for Water bonds	-
Total net debt applicable to limit	<u>6,773,841</u>
Legal Debt Margin	<u>\$ 74,972,506</u>

Notes:

(1) - Under North Carolina general statutes, the legal debt limit should not exceed 8% of total assessed property value. By law, the statutes provide exclusions for bonded debt which has been issued for water and sewer systems, provided the criteria for excluding the debt has been satisfied by the unit of government.

**Town of Hope Mills
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table 13

Fiscal Year	Population⁽¹⁾	Personal Income⁽²⁾	Per Capita Income⁽²⁾	Median Age⁽¹⁾	County ⁽³⁾ School Enrollment	County ⁽³⁾ Unemployment Rate
2008	13,650	439,994,100	32,234	N/A	55,620	6.2%
2009	13,824	282,286,080	20,420	N/A	55,871	9.2%
2010	14,500	293,828,000	20,264	N/A	54,843	9.1%
2011	15,176	678,033,328	44,678	N/A	55,094	10.3%
2012	15,509	707,055,310	45,590	31.20	54,505	10.4%
2013	15,570	349,686,630	22,459	31.36	54,568	10.3%
2014	15,675	361,089,300	23,036	31.63	55,804	8.3%
2015	16,411	371,594,273	22,643	31.89	54,770	7.8%
2016	16,453	380,179,471	23,107	32.53	54,806	6.4%
2017	16,523	-	-	-	-	5.3%

Notes:

(1) - Information from North Carolina Office of State Budget and Management

(2) - Information from NC Department of Commerce, Labor and Economic Analysis Division

(3) - Information is presented for Cumberland County, NC. Town information is not available

Cumberland County ⁽²⁾
Principal Employers
Current Year and Ten Years Ago

Table 14

Employer	2017 ⁽¹⁾		2008	
	Employees	Rank	Employees	Rank
Department of Defense	1,000+	1	1,000+	2
Cumberland County Schools	1,000+	2	1,000+	1
Cape Fear Valley Health Systems	1,000+	3	1,000+	3
Wal-Mart Associates Inc	1,000+	4	1,000+	4
Cumberland County	1,000+	5	1,000+	6
Goodyear Tire and Rubber Inc	1,000+	6	1,000+	5
City of Fayetteville	1,000+	7	1,000+	7
Veterans Administration	1,000+	8	1,000+	-
Fayetteville Technical Com College	1,000+	9	1,000+	9
Food Lion	1,000+	10	1,000+	-
State of North Carolina	-	-	1,000+	8
US Postal Service	-	-	500-999	10

(1) - Data available from NC Department of Commerce.

(2) - Information is presented for Cumberland County, NC. Town information is not available

Town of Hope Mills
Full-time Town Government Employees by Function
Last Six Fiscal Years (1)

Table 15

	2012 (1)	2013	2014	2015	2016	2017
Function						
General Government						
Administration	3	3	3	3	3	3
Human Resources	1	1	1	1	1	2
Finance	4	4	4	4	4	4
Planning	0	0	0	1	1	1
Public Safety						
Law Enforcement						
Officers	36	39	40	44	43	43
Civilians	4	4	4	4	4	4
Animal Control	1	1	1	1	1	1
Fire Department	22	25	28	30	33	36
Inspections	4	4	4	4	4	4
Public Works						
Administration	2	2	2	2	2	2
Buildings & Grounds	4	4	4	4	4	4
Streets	5	5	5	5	4	6
Sanitation	13	9	9	9	2	6
Service Garage	3	2	2	2	2	2
Parks & Recreation						
Recreation	9	9	9	9	8	9
Senior Center	0	2	2	2	2	2
Stormwater	2	3	3	2	2	2
Total	113	117	121	127	120	131

Notes:

(1) - Only six years presented due to availability of information

**Town of Hope Mills
Operating Indicators by Function
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function:										
Public Safety										
Police Department:										
Arrests	592	452	351	859	819	862	613	632	739	562
Traffic violations	5,035	3,363	4,276	4,816	6,593	6,193	3,807	5,663	5,393	4,522
Fire Department:										
Fire calls answered	488	426	478	690	654	708	680	708	661	665
EMS calls answered	850	929	1,039	1,048	975	1,222	1,090	1,038	1,031	1,103
MVC calls answered	161	192	227	217	205	221	194	170	208	195
HAZ-MAT calls answered	17	18	20	19	27	22	23	22	21	29
Misc. Service calls answered	85	85	83	96	81	54	104	145	174	219
Fire inspections	102	175	251	139	104	171	173	218	229	117
Highways and streets										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	-	-	-	-	-	-	-	-	-	-
Sidewalk repaired (linear ft.)	-	-	-	-	-	-	-	-	-	-
Street sweeping (miles)	-	-	-	-	-	-	-	-	-	-
Inspections										
Building permits issued	204	382	325	202	219	208	176	194	173	324
Sanitation										
Residential waste collected (tons/year)	n/a	6,420	4,426	4,485	n/a	3,966	3,866	4,043	3,892	n/a
Yard waste collected (tons/year)	n/a	111	723	778	n/a	983	972	959	945	n/a
Trash pick-up fee	n/a	180	180	180	n/a	216	216	216	216	216
Culture and recreation										
Youth participation:										
Fall sports	n/a	1,095	1,135	1,024	1,099	1,095	1,025	866	860	710
Winter sports	n/a	429	418	435	442	442	513	468	500	426
Spring Sports	n/a	1,323	1,324	1,210	1,205	1,117	1,152	1,050	1,077	965
Senior Center Participants	n/a	n/a	n/a	n/a	n/a	2,973	6,702	8,953	8,013	6,565

Notes:

Town of Hope Mills
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 17

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety	1	1	1	1	1	1	1	1	1	1
Police stations	18	21	24	28	29	30	31	36	40	41
Police patrol units	1	1	1	1	1	1	1	1	1	1
Fire Stations	6	6	6	6	6	8	8	8	8	8
Fire Trucks										
Sanitation	6	6	6	6	6	6	6	6	6	4
Collection trucks										
Highways and streets	58	58	59	59	59	60	60	60	60	60
Streets (miles)										
Culture and recreation	97	97	97	97	97	97	97	97	97	97
Parks acreage	9	9	9	9	9	9	9	9	9	9
Parks	14	14	14	14	14	14	14	14	14	14
Baseball fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	2	2	2	2	2	2	2	2	2	2
Football fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers										

Notes:

Town of Hope Mills

North Carolina

COMPLIANCE SECTION





Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Hope Mills, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hope Mills, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises the Town of Hope Mills' basic financial statements, and have issued our report thereon dated October 24, 2017.

Internal Control Over Financial Reporting

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hope Mills' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 24, 2017

**Town of Hope Mills
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant Deficiency(s) identified
that are not considered to be
material weaknesses _____ yes X no

Noncompliance material to financial statements noted _____ yes X no

**Town of Hope Mills
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section II. Financial Statement Findings

SIGNIFICANT DEFICIENCY

None

MATERIAL WEAKNESS

None

**Town of Hope Mills
Corrective Action Plan
For the Year Ended June 30, 2016**

Section II. Financial Statement Findings

None

Town of Hope Mills
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

2016-01

After making the prior period entry in the previous fiscal year, the Town now closely monitors its depreciation and fixed asset reports and schedules closely. These reports and schedules were up-to-date for the current fiscal year.