

**Town of Hookerton**

Financial Statements

**For the Fiscal Year Ended June 30, 2019**

**Town of Hookerton, North Carolina**  
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**June 30, 2019**

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## **Financial Section**

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## **Independent Auditor's Report**

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

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hookerton, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements listed in the table of contents.

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

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

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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hookerton, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 43 through 44, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Andrew Harris, CPA PLLC*

*Farmville, North Carolina  
April 22, 2020*

## **Management's Discussion and Analysis**



**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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

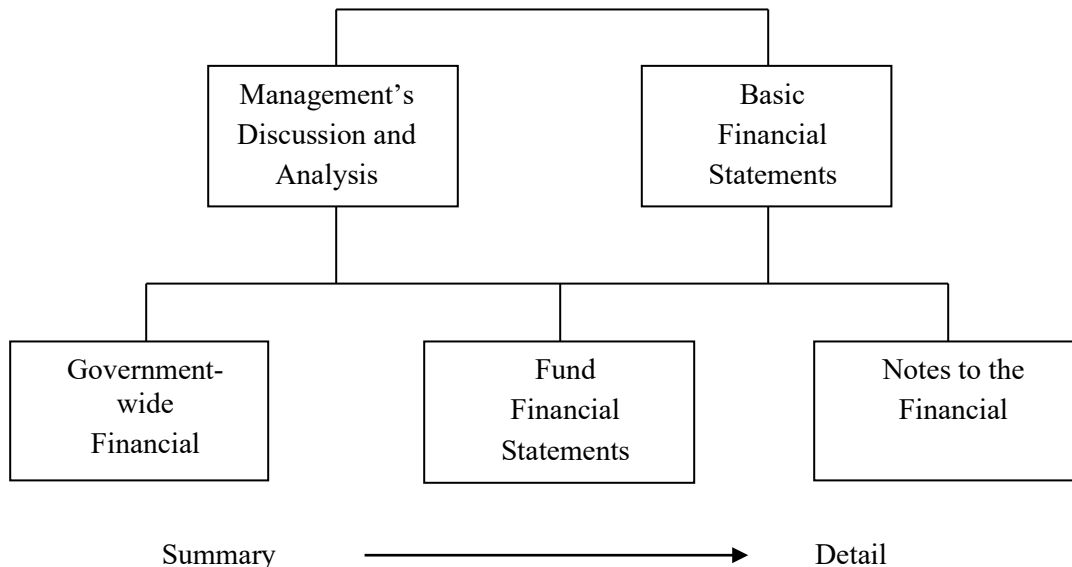
**Financial Highlights**

- The assets of the Town of Hookerton exceeded its liabilities at the close of the fiscal year by \$5,422,326 (net position).
- The government's total net position decreased by \$57,105, primarily due to a decrease in the business-type activities net position.
- At the close of the current fiscal year, the Town of Hookerton's governmental funds reported combined ending fund balances of \$194,535 with a net increase of \$42,278. Approximately 41.01% percent of this total amount, or \$79,782, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$114,753, or 42.88 percent of total general fund expenditures for the fiscal year.
- The Town of Hookerton's total debt decreased by \$18 (0.00%) during the current fiscal year. The debt increased due to the increase in net pension liability (LGMERS).

**Overview of the Financial Statements**

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

**Required Components of Annual Financial Report  
Figure 1**



**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Basic Financial Statements**

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

**Government-wide Financial Statements**

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

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

The government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and electric services offered by the Town of Hookerton.

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

**Fund Financial Statements**

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

**Town of Hookerton, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**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 Hookerton 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.

**Proprietary Funds** – Town of Hookerton has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Hookerton uses enterprise funds to account for its water and sewer activity and for its electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Government-wide Financial Analysis  
Town of Hookerton's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 202,186	\$ 196,019	\$ 1,337,336	\$ 1,395,384	\$ 1,539,522	\$ 1,591,403
Capital assets	1,157,858	1,224,238	3,303,629	3,298,005	4,461,487	4,522,243
Deferred outflows of resources	18,534	12,129	35,196	18,970	53,730	31,099
Total Assets	<u>\$ 1,378,578</u>	<u>\$ 1,432,386</u>	<u>\$ 4,676,161</u>	<u>\$ 4,712,359</u>	<u>\$ 6,054,739</u>	<u>\$ 6,144,745</u>
Long-term liabilities						
outstanding	\$ 60,435	\$ 101,098	\$ 570,756	\$ 584,742	\$ 631,191	\$ 685,840
Other liabilities	16,560	49,172	126,768	159,644	143,328	208,816
Deferred inflows of resources	767	1,629	1,859	2,549	2,626	4,178
Total Liabilities	<u>\$ 77,762</u>	<u>\$ 151,899</u>	<u>\$ 699,383</u>	<u>\$ 746,935</u>	<u>\$ 777,145</u>	<u>\$ 898,834</u>
Net position:						
Net investments in capital assets	\$ 1,126,837	\$ 1,173,739	\$ 2,892,333	\$ 2,885,924	\$ 4,019,170	\$ 4,059,663
Restricted	79,782	112,092	-	-	79,782	112,092
Unrestricted	110,756	43,830	1,212,618	1,239,143	1,323,374	1,282,973
Total Net Position	<u>\$ 1,317,375</u>	<u>\$ 1,329,661</u>	<u>\$ 4,104,951</u>	<u>\$ 4,125,067</u>	<u>\$ 5,422,326</u>	<u>\$ 5,454,728</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Hookerton exceeded liabilities by \$5,422,326 as of June 30, 2019. The Town's net position decreased by \$57,105 for the fiscal year ended June 30, 2019. However, the largest portion \$4,019,170 (74.12%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Hookerton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Hookerton's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Hookerton's net position \$79,782 (1.47%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,323,374 (24.41%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.93%, which is greater than the statewide average of approximately 99%.

**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Town of Hookerton's Changes in Net Position  
Figure 3**

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 68,816	\$ 160,944	\$ 1,009,316	\$ 1,091,970	\$ 1,078,132	\$ 1,252,914
Operating grants and contributions	33,948	108,708	-	-	33,948	108,708
Capital grants and contributions	-	-	-	196,305	-	196,305
<b>General Revenues:</b>						
Property taxes	73,597	69,822	-	-	73,597	69,822
Other taxes	9,594	33,757	-	-	9,594	33,757
Grants and contributions not restricted to specific programs	41,261	40,320	-	-	41,261	40,320
Other	51,432	56,461	17,890	3,863	69,322	60,324
<b>Total Revenues</b>	<b>\$ 278,648</b>	<b>\$ 470,012</b>	<b>\$ 1,027,206</b>	<b>\$ 1,292,138</b>	<b>\$ 1,305,854</b>	<b>\$ 1,762,150</b>
<b>Expenses:</b>						
General government	\$ 142,701	\$ 206,274	\$ -	\$ -	\$ 142,701	\$ 206,274
Public safety	15,360	24,822	-	-	15,360	24,822
Transportation	32,851	34,850	-	-	32,851	34,850
Environmental protection	42,251	72,993	-	-	42,251	72,993
Economic and physical development	16,973	17,718	-	-	16,973	17,718
Cultural and recreation	37,797	110,551	-	-	37,797	110,551
Interest on long-term debt	1,352	2,468	-	-	1,352	2,468
Electric	-	-	790,007	824,922	790,007	824,922
Water	-	-	110,937	117,529	110,937	117,529
Sewer	-	-	172,730	277,115	172,730	277,115
<b>Total Expenses</b>	<b>\$ 289,285</b>	<b>\$ 469,676</b>	<b>\$ 1,073,674</b>	<b>\$ 1,219,566</b>	<b>\$ 1,362,959</b>	<b>\$ 1,689,242</b>
Transfers	\$ -	\$ 139,638	\$ -	\$ (139,638)	\$ -	\$ -
Insurance recovery	-	-	-	40,978	-	40,978
Increase in net position	\$ (10,637)	\$ 139,974	\$ (46,468)	\$ (26,088)	\$ (57,105)	\$ 113,886
Net position, July 1	1,329,661	1,189,687	4,125,067	4,151,155	5,454,728	5,340,842
Prior period adjustment	(1,649)	-	26,352	-	24,703	-
Net position, July 1, restated	1,328,012	1,189,687	4,151,419	4,151,155	5,479,431	5,340,842
<b>Net Position, June 30</b>	<b>\$ 1,317,375</b>	<b>\$ 1,329,661</b>	<b>\$ 4,104,951</b>	<b>\$ 4,125,067</b>	<b>\$ 5,397,623</b>	<b>\$ 5,454,728</b>

**Governmental activities.** Governmental activities decreased the Town's net position by \$10,637.

**Business-type activities.** Business-type activities decreased the Town of Hookerton's net position by \$46,468.

**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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

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

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

The general fund is the chief operating fund of the Town of Hookerton. At the end of the current fiscal year, fund balance available in the General Fund was \$114,753 while total fund balance reached \$194,535. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42.88 percent of total General Fund expenditures, while total fund balance represents 72.70 percent of that same amount.

At June 30, 2019, the governmental funds of Town of Hookerton reported a fund balance of \$194,535 with a net increase in fund balance of \$42,278.

**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 less than the budgeted amounts primarily due to the decrease in restricted intergovernmental revenues.

Expenditures were lower than the budgeted amounts in General Government, Public Safety, Transportation, Economic Development, Environmental Protection, and Cultural and Recreation functions.

**Proprietary Funds.** The Town of Hookerton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$186,092 and \$305,365, respectively, and those for the Electric Fund amounted to \$721,161. The total change in net assets for the Water, Sewer, and Electric funds was \$3,634, \$(84,831), and \$34,729, respectively.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Hookerton's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$4,522,243 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 96,037	\$ -	\$ -	\$ -	\$ 96,037	\$ -
Buildings and system	838,914	873,218	2,546,379	2,641,227	3,385,293	3,514,445
Infrastructure	62,395	68,795	-	-	62,395	68,795
Furniture and equipment	7,641	11,540	39,392	41,714	47,033	53,254
Leasehold improvements	152,871	174,648	-	-	152,871	174,648
Construction in progress	-	-	717,858	691,598	717,858	691,598
<b>Total</b>	<b>\$1,157,858</b>	<b>\$1,128,201</b>	<b>\$3,303,629</b>	<b>\$3,298,005</b>	<b>\$ 4,522,243</b>	<b>\$ 4,502,740</b>

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

**Long-term Debt.** As of June 30, 2019, the Town of Hookerton had total debt outstanding of \$441,296. This debt is backed by the full faith and credit of the Town.

**Outstanding Debt  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 882	\$ 2,686	\$ 1,537	\$ 2,501	\$ 2,419	\$ 5,187
Installment purchase agreement	31,021	49,544	411,296	421,344	442,317	470,888
Net pension liability	21,803	14,061	45,572	21,993	67,375	36,054
<b>Total</b>	<b>\$ 53,706</b>	<b>\$ 66,291</b>	<b>\$ 458,405</b>	<b>\$ 445,838</b>	<b>\$ 512,111</b>	<b>\$ 512,129</b>

**Town of Hookerton's Outstanding Debt**

The Town of Hookerton's total debt decreased by \$18 (0.00%) during the past fiscal year, primarily due to the decrease in net pension liability.

Additional information regarding the Town of Hookerton's long-term debt can be found in Notes to the Financial Statements.

**Town of Hookerton, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Property taxes and other revenues are expected to be consistent with the prior year.

Business-type Activities: The budgeted operating revenues and expenditures in the Enterprise Funds for fiscal year 2020 are consistent with the fiscal year ended June 30, 2019.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Hookerton, P.O. Box 296, Hookerton, NC 28538.



## **Basic Financial Statements**

**Town of Hookerton, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 293,037	\$ 713,674	\$ 1,006,711
Taxes receivables (net)	178	-	178
Accrued interest receivable on taxes	102	-	102
Accounts receivable (net)	5,985	125,878	131,863
Notes receivable (net)	1,343	-	1,343
Due from other governments	46,531	630	47,161
Internal balances	(172,256)	172,256	-
Inventories	-	197,392	197,392
Restricted cash and cash equivalents	27,266	127,506	154,772
Total Current Assets	<u>\$ 202,186</u>	<u>\$ 1,337,336</u>	<u>\$ 1,539,522</u>
Non-current Assets:			
Capital assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	\$ 96,037	\$ 717,858	\$ 813,895
Other capital assets, net of depreciation	1,061,821	2,585,771	3,647,592
Total Capital Assets	<u>\$ 1,157,858</u>	<u>\$ 3,303,629</u>	<u>\$ 4,461,487</u>
Total Assets	<u>\$ 1,360,044</u>	<u>\$ 4,640,965</u>	<u>\$ 6,001,009</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	\$ 13,402	\$ 26,257	\$ 39,659
Contributions to pension plan in current fiscal year	5,132	8,939	14,071
Total deferred outflows of resources	<u>18,534</u>	<u>35,196</u>	<u>53,730</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable - trade	\$ 6,029	\$ 48,032	\$ 54,061
Accrued interest payable	700	17,070	17,770
Current portion of long-term liabilities	9,831	12,662	22,493
Payable from restricted assets	-	49,004	49,004
Total Current Liabilities	<u>\$ 16,560</u>	<u>\$ 126,768</u>	<u>\$ 143,328</u>
Long-term Liabilities:			
Net pension liability	21,803	43,817	65,620
Due in more than one year	22,072	400,171	422,243
Total Liabilities	<u>\$ 60,435</u>	<u>\$ 570,756</u>	<u>\$ 631,191</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	767	\$ 1,859	2,626
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,126,837	\$ 2,892,333	\$ 4,019,170
Restricted for:			
Stabilization by State Statute	52,516	-	52,516
Public safety	10,694	-	10,694
Transportation	16,572	-	16,572
Unrestricted	110,756	1,212,618	1,323,374
Total Net Position	<u>\$ 1,317,375</u>	<u>\$ 4,104,951</u>	<u>\$ 5,422,326</u>

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

**Town of Hookerton, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u>		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 142,701	\$ 310	\$ -	\$ -	\$ (142,391)	\$ -	\$ (142,391)
Public safety	15,360	-	-	-	(15,360)	-	(15,360)
Transportation	32,851	-	14,080	-	(18,771)	-	(18,771)
Economic and physical development	16,973	30,790	-	-	13,817	-	13,817
Environmental protection	42,251	16,416	-	-	(25,835)	-	(25,835)
Cultural and recreation	37,797	21,300	19,868	-	3,371	-	3,371
Interest on long-term debt	1,352	-	-	-	(1,352)	-	(1,352)
Total Governmental Activities (See Note 1)	\$ 289,285	\$ 68,816	\$ 33,948	\$ -	\$ (186,521)	\$ -	\$ (186,521)
Business-type Activities:							
Electric	\$ 790,007	\$ 811,854	\$ -	\$ -	\$ -	\$ 21,847	\$ 21,847
Water	110,937	112,067	-	-	-	1,130	1,130
Sewer	172,730	85,395	-	-	-	(87,335)	(87,335)
Total Business-type Activities	\$ 1,073,674	\$ 1,009,316	\$ -	\$ -	\$ -	\$ (64,358)	\$ (64,358)
Total Primary Government	\$ 1,362,959	\$ 1,078,132	\$ 33,948	\$ -	\$ (186,521)	\$ (64,358)	\$ (250,879)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 73,597	\$ -	\$ 73,597
Other taxes					9,594	-	9,594
Unrestricted intergovernmental					41,261	-	41,261
Unrestricted investment earnings					4,759	14,748	19,507
Miscellaneous					46,673	3,142	49,815
Total General Revenues and Transfers					\$ 175,884	\$ 17,890	\$ 193,774
Change in Net Position					(10,637)	(46,468)	(57,105)
Net assets, beginning as previously reported					1,329,661	4,125,067	5,454,728
Prior period adjustment					(1,649)	26,352	24,703
Net assets, beginning as restated					1,328,012	4,151,419	5,479,431
Net Position, ending					\$ 1,317,375	\$ 4,104,951	\$ 5,422,326

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

**Town of Hookerton, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2019**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 303,731	\$ 303,731
Receivables, net:		
Taxes	178	178
Accounts	5,985	5,985
Notes	1,343	1,343
Due from other governments	46,531	46,531
Due from other funds	-	-
Restricted cash and cash equivalents	16,572	16,572
Total Assets	<u>\$ 374,340</u>	<u>\$ 374,340</u>
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 6,029	\$ 6,029
Due to other funds	172,257	172,257
Total liabilities	<u>\$ 178,286</u>	<u>\$ 178,286</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	\$ 178	\$ 178
Unavailable revenue	1,343	1,343
Total deferred inflows of resources	<u>\$ 1,521</u>	<u>\$ 1,521</u>
<b>FUND BALANCES</b>		
Restricted:		
Public safety	\$ 10,694	\$ 10,694
Stabilization by State Statute	52,516	52,516
Transportation	16,572	16,572
Unassigned	114,753	114,753
Total Fund Balances	<u>\$ 194,535</u>	<u>\$ 194,535</u>

Amounts reported for governmental activities in the financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	2,004,705
Accumulated depreciation	(846,847)
Net pension liability	(21,803)
Contributions to the pension plan in the current fiscal year	5,132
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	102
Pension related deferrals	12,635
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	1,521
Some liabilities, including bonds payable, other post employment benefits, and compensated absences are not due and payable in the current period and therefore	(32,605)
Net Position of Governmental Activities	<u>\$ 1,317,375</u>

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

**Town of Hookerton, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>		
Ad valorem taxes	\$ 74,325	\$ 74,325
Unrestricted intergovernmental	70,723	70,723
Restricted intergovernmental	14,080	14,080
Sales and services	99,156	99,156
Investment earnings	4,759	4,759
Miscellaneous	46,839	46,839
Total Revenues	\$ 309,882	\$ 309,882
<b>EXPENDITURES</b>		
Current:		
General government	\$ 105,970	\$ 105,970
Public safety	12,918	12,918
Transportation	25,706	25,706
Economic and physical development	2,831	2,831
Environmental protection	63,719	63,719
Culture and recreation	45,046	45,046
Debt Service:		
Principal	7,981	7,981
Interest and other charges	3,433	3,433
Total Expenditures	\$ 267,604	\$ 267,604
Excess (Deficiency) of Revenues Over Expenditures	42,278	42,278
Net Change in Fund Balance	\$ 42,278	\$ 42,278
Fund Balances, beginning	152,257	152,257
Fund Balances, ending	\$ 194,535	\$ 194,535

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

**Town of Hookerton, North Carolina**  
**Reconciliation of the Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds \$ 42,278

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	\$ 2,836	
Depreciation expense for governmental assets	<u>(58,439)</u>	\$ (55,603)

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

Change in accrued interest receivable on taxes	\$ (267)	
Change in unearned revenue for notes	(7,971)	
Change in unavailable revenue for taxes	<u>(460)</u>	\$ (8,698)

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 payment on long-term debt	\$ 9,774	
Decrease in accrued interest payable	<u>284</u>	\$ 10,058

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	\$ 1,804	
Pension expense	<u>(476)</u>	<u>\$ 1,328</u>

Total changes in net position of governmental activities		<u><u>\$ (10,637)</u></u>
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The notes to the financial statements are an integral part of this statement.

**Town of Hookerton, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 67,835	\$ 67,835	\$ 74,325	\$ 6,490
Unrestricted intergovernmental	149,500	149,500	70,723	(78,777)
Restricted intergovernmental	13,200	13,200	14,080	880
Sales and services	106,297	106,297	99,156	(7,141)
Investment earnings	4,085	4,085	4,759	674
Miscellaneous	22,500	22,500	46,839	24,339
Total revenues	\$ 363,417	\$ 363,417	\$ 309,882	\$ (53,535)
<b>EXPENDITURES</b>				
Current:				
General government	\$ 136,522	\$ 138,375	\$ 105,970	\$ 32,405
Public safety	14,600	12,919	12,918	1
Transportation	28,200	28,164	25,706	2,458
Economic development	3,276	2,976	2,831	145
Environmental protection	52,800	64,880	63,719	1,161
Cultural and recreation	115,309	106,311	45,046	61,265
Contingency	4,080	1,166	-	1,166
Debt service:				
Principal retirement	5,790	5,790	7,981	(2,191)
Interest and other charges	2,840	2,836	3,433	(597)
Total expenditures	\$ 363,417	\$ 363,417	\$ 267,604	\$ 95,813
Revenues over (under) expenditures	\$ -	\$ -	\$ 42,278	\$ 42,278
Net Change in Fund Balance	\$ -	\$ -	\$ 42,278	\$ 42,278
Fund balances, beginning			152,257	
Fund balances, ending			\$ 194,535	

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

**Town of Hookerton, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 371,010	\$ 142,683	\$ 199,981	\$ 713,674
Accounts receivable (net) - billed	53,654	16,198	18,934	88,786
Accounts receivable (net) - unbilled	29,700	3,394	3,998	37,092
Due from other governments	519	78	33	630
Due from General Fund	146,015	10,459	15,782	172,256
Inventories	174,378	18,269	4,745	197,392
Restricted cash and cash equivalents	46,872	725	79,909	127,506
Total Current Assets	<u>\$ 822,148</u>	<u>\$ 191,806</u>	<u>\$ 323,382</u>	<u>\$ 1,337,336</u>
Noncurrent Assets:				
Capital Assets:				
Capital assets not being depreciated	\$ -	\$ -	\$ 717,858	\$ 717,858
Other capital assets, net of depreciation	249,032	20,820	2,315,919	2,585,771
Capital Assets	<u>\$ 249,032</u>	<u>\$ 20,820</u>	<u>\$ 3,033,777</u>	<u>\$ 3,303,629</u>
Total Noncurrent Assets	<u>\$ 249,032</u>	<u>\$ 20,820</u>	<u>\$ 3,033,777</u>	<u>\$ 3,303,629</u>
Total Assets	<u>\$ 1,071,180</u>	<u>\$ 212,626</u>	<u>\$ 3,357,159</u>	<u>\$ 4,640,965</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 17,348	\$ 8,734	\$ 175	\$ 26,257
Contribution to pension plan	5,377	2,707	855	8,939
Total deferred outflows of resources	<u>\$ 22,725</u>	<u>\$ 11,441</u>	<u>\$ 1,030</u>	<u>\$ 35,196</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 46,683	\$ 1,214	\$ 135	\$ 48,032
Accrued interest payable	-	-	17,070	17,070
Compensated absences - current	939	508	90	1,537
Notes payable - current portion	2,327	-	8,798	11,125
Liabilities payable from restricted assets:				
Customer deposits	48,279	725	-	49,004
Total Current Liabilities	<u>\$ 98,228</u>	<u>\$ 2,447</u>	<u>\$ 26,093</u>	<u>\$ 126,768</u>
Noncurrent Liabilities:				
Other Noncurrent Liabilities:				
Net pension liability	\$ 28,223	\$ 14,209	\$ 1,385	\$ 43,817
Notes payable - noncurrent portion	5,096	-	395,075	400,171
Total Noncurrent Liabilities	<u>\$ 33,319</u>	<u>\$ 14,209</u>	<u>\$ 396,460</u>	<u>\$ 443,988</u>
Total Liabilities	<u>\$ 131,547</u>	<u>\$ 16,656</u>	<u>\$ 422,553</u>	<u>\$ 570,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 992	\$ 500	\$ 367	\$ 1,859
<b>NET POSITION</b>				
Net investment in capital assets	\$ 241,609	\$ 20,820	\$ 2,629,904	\$ 2,892,333
Unrestricted	721,161	186,092	305,365	1,212,618
Total Net Position	<u>\$ 962,770</u>	<u>\$ 206,912</u>	<u>\$ 2,935,269</u>	<u>\$ 4,104,951</u>

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



**Town of Hookerton, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 811,854	\$ 102,402	\$ 85,395	\$ 999,651
Other operating revenues	-	9,665	-	9,665
Total Operating Revenues	<u>\$ 811,854</u>	<u>\$ 112,067</u>	<u>\$ 85,395</u>	<u>\$ 1,009,316</u>
<b>OPERATING EXPENSES</b>				
Administration	\$ 151,217	\$ 70,392	\$ 23,407	\$ 245,016
Electric operations	1,565	-	-	1,565
Electric power purchases	611,469	-	-	611,469
Water treatment and distribution	-	37,202	-	37,202
Waste collection and treatment	-	-	51,229	51,229
Depreciation	25,159	3,343	80,572	109,074
Total Operating Expenses	<u>\$ 789,410</u>	<u>\$ 110,937</u>	<u>\$ 155,208</u>	<u>\$ 1,055,555</u>
Operating Income (Loss)	<u>\$ 22,444</u>	<u>\$ 1,130</u>	<u>\$ (69,813)</u>	<u>\$ (46,239)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	\$ 9,740	\$ 2,504	\$ 2,504	\$ 14,748
Miscellaneous revenues	3,142	-	-	3,142
Interest and other charges	(597)	-	(17,522)	(18,119)
Total Nonoperating Revenue (Expenses)	<u>\$ 12,285</u>	<u>\$ 2,504</u>	<u>\$ (15,018)</u>	<u>\$ (229)</u>
Change in Net Position	<u>\$ 34,729</u>	<u>\$ 3,634</u>	<u>\$ (84,831)</u>	<u>\$ (46,468)</u>
Total Net Position, beginning as previously reported	921,007	203,278	3,000,782	4,125,067
Prior period adjustment	7,034	-	19,318	26,352
Total Net Position, beginning as restated	<u>928,041</u>	<u>203,278</u>	<u>3,020,100</u>	<u>4,151,419</u>
Total Net Position, ending	<u><u>\$ 962,770</u></u>	<u><u>\$ 206,912</u></u>	<u><u>\$ 2,935,269</u></u>	<u><u>\$ 4,104,951</u></u>

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

**Town of Hookerton, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 875,754	\$ 103,159	\$ 95,127	\$ 1,074,040
Cash paid for goods and services	(796,303)	(44,648)	(63,637)	(904,588)
Cash paid to or on behalf of employees for services	(87,547)	(50,913)	(14,951)	(153,411)
Customer deposits received, net	-	75	-	75
Net Cash Provided (Used) by Operating Activities	\$ (8,096)	\$ 7,673	\$ 16,539	\$ 16,116
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase in due from other funds	\$ 2,788	\$ -	\$ -	\$ 2,788
Total Cash Flows from Noncapital Financing Activities	\$ 2,788	\$ -	\$ -	\$ 2,788
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	\$ (9,897)	\$ (2,007)	\$ (26,263)	\$ (38,167)
Interest paid on long-term debt	(597)	-	(18,271)	(18,868)
Principal paid on long-term debt	(2,191)	-	(8,208)	(10,399)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (12,685)	\$ (2,007)	\$ (52,742)	\$ (67,434)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	9,740	2,504	2,512	14,756
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (8,253)	\$ 8,170	\$ (33,691)	\$ (36,562)
Balances, beginning	426,134	135,239	313,581	874,954
Balances, ending	\$ 417,881	\$ 143,409	\$ 279,890	\$ 838,392

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

**Town of Hookerton, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 22,444	\$ 1,130	\$ (69,813)	\$ (46,239)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	25,159	3,343	80,572	109,074
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	31,248	8,909	9,732	49,889
(Increase) decrease in due from other governments	(519)	(78)	(33)	(630)
(Increase) decrease in inventory	(62,369)	(5,727)	1,489	(66,607)
Decrease in deferred outflows of resources - pensions	(10,285)	(6,777)	836	(16,226)
Increase in net pension liability	13,801	8,801	(778)	21,824
Increase in deferred inflows of resources - pensions	(679)	(127)	116	(690)
Increase (decrease) in accounts payable and accrued liabilities	(26,325)	(1,543)	(5,522)	(33,390)
Increase (decrease) in customer deposits	-	75	-	75
(Increase) decrease in accrued vacation pay	(571)	(333)	(60)	(964)
Total Adjustments	\$ (30,540)	\$ 6,543	\$ 86,352	\$ 62,355
Net Cash Provided by Operating Activities	\$ (8,096)	\$ 7,673	\$ 16,539	\$ 16,116

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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Hookerton 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 Hookerton is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and all of its operations for which it is financially accountable.

B. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. 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, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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.

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's electric fund operations.

**Water Fund.** This fund is used to account for the Town's water operations.

**Sewer Fund.** This fund is used to account for the Town's sewer operations. The Town has a capital project fund within its proprietary fund type used to account for financial resources restricted for the Streambank Sewer Capital Project.

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 and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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.

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

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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Hookerton because the tax is levied by Greene County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. 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 and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Enterprise 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 object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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, and 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 as determined by quoted market prices. The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

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

Cash reflected in the accompanying financial statements includes cash, which is restricted by the United States Department of Agriculture related to certain financing agreements that the Town has with this agency, as follows:

<u>Town of Hookerton Restricted Cash</u>	
Governmental Activities:	
Public safety	\$ 10,694
Transportation	16,572
Total governmental activities	<u>\$ 27,266</u>
Business-type Activities:	
Electric fund customer deposits	\$ 46,683
Water fund customer deposits	725
Sewer fund capital reserve	77,431
Total business-type activities	<u>\$ 124,839</u>
Total restricted cash	<u><u>\$ 152,105</u></u>

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

The unexpended grant funds in the General Fund are restricted to the purpose for which the grants were issued. Powell Bill funds are classified as restricted cash for transportation because it can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. 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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2009. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Minimum capitalization cost is \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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



**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Asset Class	Estimated Useful Lives
Buildings and System	10-50
Leasehold Improvements	10-20
Furniture and Equipment	5-10

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 items that meet that criterion. 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 two items that meet the criterion for this category – property taxes receivable and pension deferrals.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

10. Compensated Absences

The paid time off policy of the Town provides for the accumulation of up to twenty-eight days earned personal leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The 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.

11. Net Position/Fund Balances

a. Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; 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.

b. Fund Balances

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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

The governmental fund types classify fund balances as follows:

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

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

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 Other Purposes – portion of fund balance that is restricted by USDA for debt expenditures.

Assigned Fund Balance – portion of fund balance that Town of Hookerton intends to use for specific purposes.

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. There were no amounts classified as assigned fund balance at fiscal year end June 30, 2014.

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

12. Defined Benefit Cost – Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of 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 Hookerton's employer contributions are recognized when due and the Town of Hookerton 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.

**II. Stewardship, Compliance, and Accountability**

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for debt service by \$2,788. These over-expenditures occurred due to debt service expenditures budgeted in an enterprise fund for debt recorded in the General Fund.

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Management and the Board will more closely review the budget reports to ensure compliance in future years.

**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 agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. 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, 2019, the Town's deposits had a carrying amount of \$990,342 and a bank balance of \$1,051,130. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled \$1,200.

2. Investments

At June 30, 2019 the Town's investment balances were as follows:

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

<b>Investments by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2019</b>	<b>Maturity</b>	<b>Rating</b>
Government Agency: Federal Farm Credit Banks Bonds	Fair Value Level 2	\$ 101,163	3/22/2021	AA+
Government Agency: Federal Farm Credit Banks Bonds	Fair Value Level 2	100,223	4/13/2020	AA+
Government Agency: Federal Home Loan Mortgage Corp Medium Term Notes	Fair Value Level 2	100,039	2/28/2023	AA+
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	201,871	N/A	Unrated
<b>Total</b>		<u><u>\$ 503,296</u></u>		

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk.

*Credit risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the Federal Farm Credit Bank bonds is rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The Town's investment in the Federal Home Loan Mortgage Corporation Medium Term Notes is rated AA+ by Standard and Poor's and Aaa by Moody's Investor Service. NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

*Concentration of Credit Risk.* The Town's Board places no limit on the amount that the Town may invest in any one issuer. More than 66 percent and 34 percent of the

**Town of Hookerton, North Carolina**  
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Town's investments are in Federal Farm Credit Bank bonds and Federal Home Loan Mortgage Corporation Medium Term Note securities, respectively.

3. Receivables – Allowance for Doubtful Accounts

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Ending Balances
<i>Governmental activities:</i>				
General	\$ 5,985	\$ 398	\$ 46,531	\$ 52,914
Allowance for Doubtful Accounts	-	(219)	-	(219)
Total Governmental Activities	<u>\$ 5,985</u>	<u>\$ 179</u>	<u>\$ 46,531</u>	<u>\$ 52,695</u>
<i>Business-type Activities:</i>				
Electric	\$ 83,354	\$ -	\$ -	\$ 83,354
Water	19,592	-	-	19,592
Sewer	22,932	-	-	22,932
Total Business-type Activities	<u>\$ 125,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,878</u>

The due from other governments that is owed to the Town consisted of the following at June 30, 2018:

<i>Governmental Activities:</i>	
Local Option Sales Tax	\$ 7,371
County and State Sales Tax	18,766
Franchise Tax	5,861
Due from FEMA	14,533
Total Governmental Activities	<u>\$ 46,531</u>

4. Notes Receivables

On July 1, 2003, the Town entered into an equipment lease contract with the Hookerton Family Practice management to finance the purchase of equipment. The equipment lease required eighty-four annual payments of \$336 including interest at 0.93%. The amount outstanding at June 30, 2019 was \$1,343.

The future minimum payments of the equipment lease as of June 30, 2019, are as follows:

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	1,343	3	1,346
Total	\$ 1,343	\$ 3	\$ 1,346

5. Capital Assets

*Primary Government*

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

	Beginning Balances, as restated	Increases	Decreases	Ending Balances, as restated
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	96,037	-	-	96,037
Total Capital Assets Not Being Depreciated	\$ 96,037	\$ -	\$ -	\$ 96,037
Capital Assets Being Depreciated:				
Buildings	\$1,010,744	\$ -	\$ -	\$1,010,744
Infrastructure	95,995	-	-	95,995
Equipment and furniture	134,047	2,836	-	136,883
Vehicles and motorized equipment	149,192	-	-	149,192
Leasehold improvements	515,854	-	-	515,854
Total Capital Assets Being Depreciated	\$1,905,832	\$ 2,836	\$ -	\$1,908,668
Less accumulated depreciation for:				
Buildings	\$ 148,303	\$ 23,527	\$ -	\$ 171,830
Infrastructure	27,200	6,400	-	33,600
Equipment and furniture	124,224	6,535	-	130,759
Vehicles and motorized equipment	147,475	200	-	147,675
Leasehold improvements	341,206	21,777	-	362,983
Total accumulated depreciation	\$ 788,408	\$ 58,439	\$ -	\$ 846,847
Total Capital Assets Being Depreciated, Net	1,117,424			1,061,821
Governmental Activity Capital Assets, Net	\$1,213,461			\$1,157,858

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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

General government	\$	31,315
Public safety		2,442
Economic Development		14,142
Transportation		7,185
Cultural and recreational		3,355
Total depreciation expense	\$	58,439

	Beginning			Ending
	Balances,			Balances
Business-type Activities:	restated	Increases	Decreases	
Electric Fund:				
Capital Assets Being Depreciated:				
Building	\$ 64,687	\$ -	\$ -	\$ 64,687
Consumer installations	83,692	-	-	83,692
Equipment	143,268	9,897	-	153,165
Land improvements	2,300	-	-	2,300
Office furniture & equipment	5,635	-	-	5,635
PCB disposal	1,650	-	-	1,650
Transmission and distribution lines	431,304	-	-	431,304
Total Capital Assets Being Depreciated	\$ 732,536	\$ 9,897	\$ -	\$ 742,433
Less accumulated depreciation for:				
Building	\$ 21,646	\$ 4,200	\$ -	\$ 25,846
Consumer installations	56,865	1,323	-	58,188
Equipment	108,403	11,533	-	119,936
Land improvements	2,300	-	-	2,300
Office furniture & equipment	5,597	14	-	5,611
PCB disposal	1,650	-	-	1,650
Transmission and distribution lines	271,781	8,090	-	279,871
Total accumulated depreciation	\$ 468,242	\$ 25,160	\$ -	\$ 493,402
Electric Fund Capital Assets, Net	\$ 264,294			\$ 249,031

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water Fund:</b>				
Capital Assets being Depreciated:				
Water System	\$ 290,140	\$ -	\$ -	\$ 290,140
Equipment	17,542	2,007	-	19,549
Office Furniture & Equipment	592	-	-	592
Water Capital Assets Being Depreciated	<u>\$ 308,274</u>	<u>\$ 2,007</u>	<u>\$ -</u>	<u>\$ 310,281</u>
Less accumulated depreciation for:				
Water System	\$ 270,877	\$ 1,785	\$ -	\$ 272,662
Equipment	14,649	1,558	-	16,207
Office Furniture & Equipment	592	-	-	592
Total accumulated depreciation	<u>\$ 286,118</u>	<u>\$ 3,343</u>	<u>\$ -</u>	<u>\$ 289,461</u>
Water Fund Capital Assets, Net	<u>\$ 22,156</u>			<u>\$ 20,820</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Sewer Fund:</b>				
Capital assets not being Depreciated:				
Construction in progress	\$ 691,595	\$ 26,263	\$ -	\$ 717,858
Capital Assets being Depreciated:				
Sanitary Sewer System	\$2,925,229	\$ -	\$ -	\$2,925,229
Equipment	34,253	-	-	34,253
Office Furniture & Equipment	593	-	-	593
Two Sewer Lagoons	456,137	-	-	456,137
Total Capital Assets Being Depreciated	<u>\$3,416,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,416,212</u>
Less accumulated depreciation for:				
Sanitary Sewer System	\$ 664,934	\$ 70,328	\$ -	\$ 735,262
Equipment	30,335	1,121	-	31,456
Office Furniture & Equipment	593	-	-	593
Two Sewer Lagoons	323,859	9,123	-	332,982
Total Accumulated Depreciation	<u>\$1,019,721</u>	<u>\$ 80,572</u>	<u>\$ -</u>	<u>\$1,100,293</u>
Sewer Capital Assets Being Depreciated, Net	<u>\$2,396,491</u>			<u>\$2,315,919</u>
Sewer Fund Capital Assets, Net	<u>3,088,086</u>			<u>3,033,777</u>
Business-type Activities Capital Assets, Net	<u>\$3,363,464</u>			<u>\$3,294,328</u>



**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

A. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
<i>Governmental activities:</i>				
General	\$ 17	\$ 6,012	\$ 1,365	\$ 7,394
Total Governmental Activities	<u>\$ 17</u>	<u>\$ 6,012</u>	<u>\$ 1,365</u>	<u>\$ 7,394</u>
<i>Business-type Activities:</i>				
Electric	\$ 44,872	\$ 1,811	\$ -	\$ 46,683
Water	-	1,214	-	1,214
Sewer	-	135	17,010	17,145
Total Business-type Activities	<u>\$ 44,872</u>	<u>\$ 3,160</u>	<u>\$ 17,010</u>	<u>\$ 65,042</u>

2. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Hookerton 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. 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. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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 or 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 Hookerton 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 Hookerton's contractually required contribution rate for the year ended June 30, 2019, was 7.77% 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 Hookerton were \$12,836 for the year ended June 30, 2019.

*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, 2019, the Town reported a liability of \$67,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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, 2018, the Town's proportion was 0.00284%, which was an increase of 0.00048% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$19,200. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10,394	\$ 349
Changes of assumptions	17,879	-
Net difference between projected and actual earnings on pension plan investments	9,249	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,892	2,020
Town contributions subsequent to the measurement date	12,836	-
Total	<u>\$ 54,250</u>	<u>\$ 2,369</u>

\$12,836 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 liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 18,823
2020	12,473
2021	1,929
2022	5,820
2023	-
Thereafter	-
	<u>\$ 39,045</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 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 return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors 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 of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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 7.00%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 161,839	\$ 67,375	\$ (11,562)

*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. 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 month's 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. All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 12,836
Differences between expected and actual experience	10,394
Changes in assumptions	17,879
Net difference between projected and actual	9,249
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,892
Total	\$ 54,250

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

	Statement of Net Position	General Fund Balance Sheet
Notes receivable (General Fund)	\$ -	\$ 1,343
Taxes receivable (General Fund), less penalties	-	178
Differences between expected and actual experience	349	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,020	-
Total	\$ 2,369	\$ 1,521

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

Following is information related to the proportionate share and pension expense for all pension plans:

**Town of Hookerton, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

	LGERS	LEOSSA	Total
Pension Expense	\$ 19,200	\$ -	\$ 19,200
Pension Liability	67,375	-	67,375
Proportionate share of the net pension liability	0.00284%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	10,394	-	10,394
Changes of assumptions	17,879	-	17,879
Net difference between projected and actual earnings on plan investments	9,249	-	9,249
Changes in proportion and differences between contributions and proportionate share of contributions	3,892	-	3,892
Benefit payments and administrative costs paid subsequent to the measurement date	12,836	-	12,836
 Deferred of Inflows of Resources			
Differences between expected and actual experience	349	-	349
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,020	-	2,020

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

The Town carries no flood insurance as of June 30, 2018. The Town does feel that it has significant assets in designated "A" areas (areas close to a river, lake, or stream) as determined by the Federal Emergency Management Agency, that are subject to flooding and have thus determined it necessary to carry flood insurance, but is unable to afford it at this time.

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 \$75,000 and the tax collector is bonded for \$25,000.

5. Long-term Obligations

a. Installment Purchase - Governmental Activities

On March 19, 2003, the Town entered into a direct placement contract with the USDA Rural Development to finance the purchase of a fire truck. The fire truck is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 20 annual principal payments beginning in the fiscal year 2003 with interest at 4.75%. The

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

related fire truck and fire department building secure the installment purchase contract. The amount outstanding at June 30, 2019 was \$38,444.

On September 1, 2017, the Town entered into a government obligation contract with KS State Bank to finance one Daktronics LED sign. The contract required one initial payment of principal only on September 1, 2017 and thereafter four annual payments of \$5,575 including interest at 6.205%. The amount outstanding at June 30, 2019 is 7,423. The balance and principal and interest payments are split fifty percent each to the General Fund and Electric Fund.

The future minimum payments of the installment purchase as of June 30, 2019, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	9,831	1,582	11,413
2021	10,332	1,081	11,413
2022	10,858	554	11,412
Total	\$ 31,021	\$ 3,217	\$ 34,238

b. Installment Purchases - Business-type Activities

On July 1, 2003, the Town entered into a direct placement contract with the USDA Rural Development to finance a portion of the construction of the Wastewater Treatment Facility. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract required one initial payment of interest only on July 1, 2004 and thereafter forty annual payments of \$26,475 including interest at 4.25%. The amount outstanding at June 30, 2019 was \$402,754.

On September 1, 2017, the Town entered into a government obligation contract with KS State Bank to finance one Daktronics LED sign. The contract required one initial payment of principal only on September 1, 2017 and thereafter four annual payments of \$5,575 including interest at 6.205%. The amount outstanding at June 30, 2019 is 7,423. The balance and principal and interest payments are split fifty percent each to the General Fund and Electric Fund.

The future minimum payments of the installment purchase as of June 30, 2019, are as follows:



**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Year Ending June 30	Business Activities		
	Principal	Interest	Total
2020	11,685	17,578	29,263
2021	12,227	17,035	29,262
2022	12,795	16,468	29,263
2023	10,603	15,872	26,475
2024	11,053	15,422	26,475
2025-2029	62,724	69,651	132,375
2030-2034	77,235	55,140	132,375
2035-2039	95,104	37,271	132,375
2040-2044	117,870	15,269	132,375
Total	\$ 411,296	\$ 259,706	\$ 670,238

c. Lease payable

The Town has entered into an agreement to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded accordingly as of the date of the inception.

The agreement was executed on July 11, 2018 to lease maintenance equipment and require four annual payments of \$2,901. As of June 30, 2019, the lease agreement was satisfied and paid in full.

d. Changes in Long-term Liabilities

	Beginning			Ending Balance	Current Portion of Balance
	Balance, restated	Increases	Decreases		
Governmental activities:					
Installment purchase	\$ 40,376	\$ -	\$ 9,355	\$ 31,021	\$ 9,831
Compensated absences	2,686	882	2,686	882	882
Net pension liability	14,061	7,742	-	21,803	-
Governmental Activity Long-term Liabilities	<u>\$ 57,123</u>	<u>\$ 8,624</u>	<u>\$ 12,041</u>	<u>\$ 53,706</u>	<u>\$ 10,713</u>
Business-type activities:					
Installment purchase	\$ 421,344	\$ -	\$ 10,048	\$ 411,296	\$ 11,685
Lease proceeds	-	10,500	10,500	-	-
Compensated absences	2,501	1,537	2,501	1,537	1,537
Net pension liability	21,993	23,579	-	45,572	-
Business-type Activity Long-term Liabilities	<u>\$ 445,838</u>	<u>\$ 35,616</u>	<u>\$ 23,049</u>	<u>\$ 458,405</u>	<u>\$ 13,222</u>

Compensated absences for governmental activities has typically been liquidated in the General Fund.

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

At June 30, 2019, the Town of Hookerton has no bonds authorized but unissued and a legal debt margin of \$828,720.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to (from) the General Fund for the payments made between funds:

Water Fund	\$ (10,459)
Sewer Fund	(15,782)
Electric Fund	(148,803)
Total	<u><u>\$ (175,044)</u></u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund loans – The Water Fund, Sewer Fund, and Electric Fund paid operating expenses for the General Fund during prior fiscal years in the amounts of \$10,459, \$15,782, and \$148,803, respectively. The terms of the arrangement require the General Fund to repay each respective fund on demand. The board intends to setup a board approved repayment schedule during fiscal year 2020-2021 to reimburse each enterprise fund over the next five to ten years.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 1,157,858	\$ 3,303,629
Less: Long-term debt	31,021	411,296
Net investments in capital asset	\$ 1,126,837	\$ 2,892,333

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	\$ 189,855
Less:	
Stabilization by State Statute	52,516
Streets - Powell Bill	16,572
Public safety	10,694
Remaining Fund Balance	<u><u>\$ 110,073</u></u>

IV. Jointly Governed Organization

**Town of Hookerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

The Town, in conjunction with twenty other local governments, is a member of the North Carolina Eastern Municipalities Power Agency (Power Agency). The Power Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Power Agency's governing board. The members, who receive power from the Power Agency, have signed power sales agreements to purchase a specified share of the power generated by the Power Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2019 were \$611,469.

**V. Related Party Transactions**

**VI. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**VII. Restatements**

During the fiscal year ended June 30, 2019, the Town determined that certain debt was not recorded in Business-type activities. Therefore, an adjustment to beginning net position has been recorded, the net effect increased net position by \$26,352. This decrease had no effect on beginning fund balance.

During the fiscal year ended June 30, 2019, the Town determined that certain debt was improperly recorded in the Governmental activities. Therefore, an adjustment to beginning net position has been recorded, the net effect decreased net position by \$1,649. This decrease had no effect on beginning fund balance.

### **Required Supplementary Financial Data**

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This section contains additional information required by generally accepted accounting principles.

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

**Town of Hookerton, North Carolina**  
**Town of Hookerton's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years \***

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hookerton's proportion of the net pension liability (asset) (%)	0.00284%	0.00236%	0.00256%	0.00139%	0.00135%	0.00150%
Hookerton's proportion of the net pension liability (asset) (\$)	\$ 67,375	\$ 36,054	\$ 54,332	\$ 6,238	\$ (6,897)	\$ 18,081
Hookerton's covered-employee payroll	\$ 158,317	\$ 127,527	\$ 120,718	\$ 70,972	\$ 71,206	\$ 71,206
Hookerton's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.56%	28.27%	45.01%	8.79%	( 9.69%)	25.39%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	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 Hookerton, North Carolina  
Town of Hookerton's Contributions  
Required Supplementary Information  
Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 12,836	\$ 11,905	\$ 9,271	\$ 8,049	\$ 5,018	\$ 5,034
Contributions in relation to the contractually required contribution	12,836	11,905	9,271	8,049	5,018	5,034
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Hookerton's covered-employee payroll	\$ 165,201	\$ 158,317	\$ 127,527	\$ 120,718	\$ 70,972	\$ 71,206
Contributions as a percentage of covered-employee payroll	7.77%	7.52%	7.27%	6.67%	7.07%	7.07%

**Town of Hookerton, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Ad valorem taxes:			
Current year	\$ 67,585	\$ 73,605	\$ 6,020
Prior year	-	217	217
Penalties and interest	250	503	253
Total	<u>\$ 67,835</u>	<u>\$ 74,325</u>	<u>\$ 6,490</u>
Unrestricted intergovernmental:			
Local option sales taxes	\$ 40,800	\$ 41,261	\$ 461
Utility franchise tax	26,000	7,866	(18,134)
Beer and wine tax	1,700	1,728	28
Video franchise fee	81,000	19,868	(61,132)
Total	<u>\$ 149,500</u>	<u>\$ 70,723</u>	<u>\$ (17,645)</u>
Restricted intergovernmental:			
Powell Bill allocation	\$ 13,200	\$ 14,080	\$ 880
Total	<u>\$ 13,200</u>	<u>\$ 14,080</u>	<u>\$ 880</u>
Sales and services:			
Garbage collection fees	\$ 37,800	\$ 34,326	\$ (3,474)
Penalties and interest on late garbage fees	3,100	3,458	358
Rents and fees	65,397	61,372	(4,025)
Total	<u>\$ 106,297</u>	<u>\$ 99,156</u>	<u>\$ (7,141)</u>
Investment earnings	<u>4,085</u>	<u>4,759</u>	<u>674</u>
Other revenues:			
Miscellaneous	\$ 22,500	\$ 46,839	\$ 24,339
Total revenues	<u>\$ 363,417</u>	<u>\$ 309,882</u>	<u>\$ 7,597</u>

**Town of Hookerton, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>			
General Government:			
Governing Body:			
Salaries	\$ 13,766	\$ 13,760	\$ 6
Dues	2,000	657	1,343
Legal	10,367	1,780	8,587
Travel and education	3,250	3,249	1
Total	<u>\$ 29,383</u>	<u>\$ 19,446</u>	<u>\$ 9,937</u>
Administration:			
Salaries and employee benefits	\$ 56,335	\$ 55,794	\$ 541
Miscellaneous	3,381	4,307	(926)
Telephone	2,746	2,414	332
Supplies and postage	8,750	3,941	4,809
Tax collections	-	4	(4)
Town utilities	5,269	5,269	-
Beautification	8,640	8,444	196
Planning and zoning	3,500	3,500	-
Capital outlay	20,306	2,786	17,520
Cemetery expense	65	65	-
Total	<u>\$ 108,992</u>	<u>\$ 86,524</u>	<u>\$ 22,468</u>
Total General Government	<u>\$ 138,375</u>	<u>\$ 105,970</u>	<u>\$ 32,405</u>
Public Safety:			
Fire:			
Supplies	\$ 12,919	\$ 12,918	\$ 1
Total Public Safety	<u>\$ 12,919</u>	<u>\$ 12,918</u>	<u>\$ 1</u>



	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Transportation:			
Street Department:			
Salaries and employee benefits	\$ 8,825	\$ 8,198	\$ 627
Street construction	2,825	1,450	1,375
Operating expenses	16,414	16,058	356
Insurance	100	-	100
Total Transportation	<u>\$ 28,164</u>	<u>\$ 25,706</u>	<u>\$ 2,458</u>
Economic and Physical Development:			
Operating expenses	2,976	2,831	145
Total Economic and Physical Development	<u>\$ 2,976</u>	<u>\$ 2,831</u>	<u>\$ 145</u>
Environmental Protection:			
Sanitation Department:			
Salaries and employee benefits	\$ 8,461	\$ 8,427	\$ 34
Truck expense	3,800	3,751	49
Tractor expense	2,000	1,555	445
Other operating expenses	2,200	1,794	406
Insurance	22	22	-
Garbage contract agreement	27,029	26,802	227
Total	<u>\$ 43,512</u>	<u>\$ 42,351</u>	<u>\$ 1,161</u>
Hurricane Florence expenses	<u>\$ 21,368</u>	<u>\$ 21,368</u>	<u>-</u>
Total Environmental Protection	<u>\$ 64,880</u>	<u>\$ 63,719</u>	<u>\$ 1,161</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	\$ 6,246	\$ 6,219	\$ 27
Maintenance and repairs	6,587	6,587	-
Operating expenses	704	703	1
Insurance	1,096	1,096	-
Wildlife expense	2,100	2,017	83
Total	<u>\$ 16,733</u>	<u>\$ 16,622</u>	<u>\$ 111</u>
PEG channel contributions	<u>81,000</u>	<u>19,868</u>	<u>61,132</u>
Community Building:			
Repairs and maintenance	\$ 3,750	\$ 3,729	\$ 21
Supplies and utilities	4,828	4,827	1
Total	<u>\$ 8,578</u>	<u>\$ 8,556</u>	<u>\$ 22</u>
Total Cultural and Recreational	<u>\$ 106,311</u>	<u>\$ 45,046</u>	<u>\$ 133</u>

**Town of Hookerton, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

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	<u>Budget</u>	<u>Actual</u>	<b>Variance Positive (Negative)</b>
Debt Service			
Principal retirement	\$ 5,790	\$ 7,981	\$ (2,191)
Interest and fees	2,836	3,433	(597)
Total Debt Service	<u>\$ 8,626</u>	<u>\$ 11,414</u>	<u>\$ (2,788)</u>
Total Expenditures	<u>\$ 362,251</u>	<u>\$ 267,604</u>	<u>\$ 33,515</u>
Revenues Over (Under) Expenditures	<u>\$ 1,166</u>	<u>\$ 42,278</u>	<u>\$ 41,112</u>
Contingencies	<u>1,166</u>	<u>-</u>	<u>1,166</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 42,278</u>	<u>\$ 42,278</u>
Fund Balances, beginning		152,257	
Fund Balances, ending		<u>\$ 194,535</u>	

**Town of Hookerton, North Carolina**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Operating Revenues:			
Charges for Services:			
Electricity sales	\$ 851,630	\$ 794,566	\$ (57,064)
Penalties for late collections	16,000	17,288	1,288
Other operating revenue	2,000	3,142	1,142
Total Operating Revenues	<u>\$ 869,630</u>	<u>\$ 814,996</u>	<u>\$ (54,634)</u>
Nonoperating Revenues:			
Interest on investments	\$ 6,700	\$ 9,740	\$ 3,040
Total Nonoperating Revenues	<u>\$ 6,700</u>	<u>\$ 9,740</u>	<u>\$ 3,040</u>
Total Revenues	<u>\$ 876,330</u>	<u>\$ 824,736</u>	<u>\$ (51,594)</u>
<b>EXPENDITURES</b>			
Administration:			
Salaries and employee benefits	\$ 94,818	\$ 87,547	\$ 7,271
Legal and audit	13,194	10,693	2,501
Office supplies and maintenance	14,761	8,929	5,832
Insurance and dues	12,500	12,282	218
Telephone	5,650	5,254	396
Total Administration	<u>\$ 140,923</u>	<u>\$ 124,705</u>	<u>\$ 16,218</u>
Electrical Operations:			
Equipment, supplies & maintenance	\$ 93,785	\$ 38,269	\$ 55,516
Miscellaneous	2,400	2,028	372
Total Electrical Operations	<u>\$ 96,185</u>	<u>\$ 40,297</u>	<u>\$ 55,888</u>
Electrical power purchases	<u>\$ 629,747</u>	<u>\$ 611,469</u>	<u>\$ 18,278</u>

**Town of Hookerton, North Carolina**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service:			
Interest and other charges	\$ 600	\$ 597	\$ 3
Principal retirement	4,975	2,191	2,784
Total Debt Service	<u>\$ 5,575</u>	<u>\$ 2,788</u>	<u>\$ 2,787</u>
Capital outlay:	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 876,330</u>	<u>\$ 783,159</u>	<u>\$ 93,171</u>
Other Financing Sources (Uses):			
Loan proceeds	\$ -	\$ 8,491	\$ 8,491
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 8,491</u>	<u>\$ 8,491</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 50,068</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling Items:			
Decrease in compensated absences		\$ 571	
Increase in net pension liability		(13,802)	
Decrease in deferred outflows of resources - pensions		10,285	
Decrease in deferred inflows of resources - pensions		678	
Principal retirement		2,191	
Capital outlay		9,897	
Depreciation		(25,159)	
Total		<u>\$ (15,339)</u>	
Change in Net Position		<u>\$ 34,729</u>	

**Town of Hookerton, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Operating Revenues:			
Water sales	\$ 111,698	\$ 98,945	
Penalties for late collections	3,100	3,458	
Other operating revenue	2,500	9,665	
Total Operating Revenues	<u>\$ 117,298</u>	<u>\$ 112,068</u>	<u>\$ (5,230)</u>
Nonoperating Revenues:			
Interest on investments	1,560	2,504	
Total Nonoperating Revenues	<u>\$ 1,560</u>	<u>\$ 2,504</u>	<u>\$ 944</u>
Total Revenues	<u>\$ 118,858</u>	<u>\$ 114,572</u>	<u>\$ (4,286)</u>
<b>EXPENDITURES</b>			
Administration:			
Salaries and employee benefits	\$ 52,642	\$ 50,913	
Insurance and dues	6,097	6,097	
Legal and audit	3,500	3,500	
Office supplies	4,100	2,779	
Telephone	2,153	2,153	
Travel	2,800	2,750	
Lawn care	1,000	634	
Total	<u>\$ 72,292</u>	<u>\$ 68,826</u>	<u>\$ 3,466</u>
Water operations:			
Repairs and maintenance	\$ 14,350	\$ 16,300	
Water supplies	5,500	(965)	
Water analysis	3,372	2,540	
Electricity for wells	8,793	8,793	
Contractual services	14,551	14,551	
Total	<u>\$ 46,566</u>	<u>\$ 41,219</u>	<u>\$ 5,347</u>
Total Expenditures	<u>\$ 118,858</u>	<u>\$ 110,045</u>	<u>\$ 8,813</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 4,527</u>	<u>\$ 4,527</u>

**Town of Hookerton, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Other Financing Sources (Uses):			
Lease proceeds	\$ -	\$ 2,007	\$ 2,007
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 2,007</u>	<u>\$ 2,007</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 6,534</u>	<u>\$ 6,534</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and Other Sources Over Expenditures and Other Uses		\$ 6,534	
Reconciling Items:			
(Increase) decrease in compensated absences		333	
Increase in net pension liability		(8,801)	
Decrease in deferred outflows of resources - pensions		6,776	
Increase in deferred inflows of resources - pensions		127	
Capital outlay		2,007	
Depreciation		<u>\$ (3,343)</u>	
Total Reconciling Items		<u>\$ (2,901)</u>	
Change in Net Position		<u>\$ 3,633</u>	

**Town of Hookerton, North Carolina**  
**Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Operating Revenues:			
Sewer charges	\$ 92,371	\$ 81,938	\$ (10,433)
Penalties for late collections	3,000	3,457	457
Total Operating Revenues	<u>\$ 95,371</u>	<u>\$ 85,395</u>	<u>\$ (9,976)</u>
Nonoperating Revenues:			
Interest on investments	\$ 1,560	\$ 2,512	\$ 952
Total Nonoperating Revenues	<u>\$ 1,560</u>	<u>\$ 2,512</u>	<u>\$ 952</u>
Total Revenues	<u>\$ 96,931</u>	<u>\$ 87,907</u>	<u>\$ (9,024)</u>
<b>EXPENDITURES</b>			
Administration:			
Salaries and employee benefits	\$ 15,408	\$ 14,951	\$ 457
Insurance and dues	1,200	1,200	-
Office supplies	3,700	1,552	2,148
Telephone	1,344	1,344	-
Uniforms	45	45	-
Lawn care	500	228	272
Total	<u>\$ 22,197</u>	<u>\$ 19,320</u>	<u>\$ 2,877</u>
Sewer Operations:			
Maintenance and repair	\$ 4,482	\$ 3,879	\$ 603
Backhoe expense	500	500	-
Sewer supplies	15,572	17,006	(1,434)
Waste water analysis	5,571	3,581	1,990
Electricity for wells and pumps	12,894	12,354	540
Travel and education	1,769	1,769	-
Contractual service	11,200	9,852	1,348
Miscellaneous expense	2,291	2,289	2
Total	<u>\$ 54,279</u>	<u>\$ 51,230</u>	<u>\$ 3,049</u>

**Town of Hookerton, North Carolina**  
**Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Debt Service:			
Interest and other charges	\$ 26,475	\$ 18,215	\$ (8,260)
Principal retirement	-	8,260	8,260
Total Debt Service	\$ 26,475	\$ 26,475	\$ -
Capital outlay:	\$ 3,980	\$ 3,979	\$ 1
Total Expenditures	\$ 106,931	\$ 101,004	\$ 5,926
Revenues Over (Under) Expenditures	\$ (10,000)	\$ (13,097)	\$ (3,097)
Fund balance appropriated	\$ 10,000	\$ -	\$ (10,000)
Net change in fund balance	\$ -	\$ (13,097)	\$ (13,097)
 <b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other sources over expenditures and other uses		\$ (13,097)	
Reconciling items:			
Principal retirement		8,208	
Depreciation		(80,572)	
Increase in deferred outflows of resources - pensions		662	
Increase in net pension liability		(976)	
Increase in deferred inflows of resources - pensions		140	
(Increase) Decrease in Compensated Absences		59	
(Increase) Decrease in Interest Accrued		745	
Total reconciling items		\$ (71,734)	
Change in net position		\$ (84,831)	



**Town of Hookerton, North Carolina**  
**Emergency Streambank Sewer Capital Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>REVENUES</b>					
Restricted Intergovernmental:					
Rural Center Grant	\$ 606,000	\$737,784	\$ -	\$ 737,784	\$ 131,784
Division of Water Quality	-	-	-	-	-
Total Revenues	<u>606,000</u>	<u>737,784</u>	<u>-</u>	<u>737,784</u>	<u>131,784</u>
<b>EXPENDITURES</b>					
Engineering	13,704	13,704	-	13,704	-
Consulting	5,102	6,426	-	6,426	(1,324)
Construction	606,009	671,465	26,263	697,728	(91,719)
Contingency	4,530	-	-	-	4,530
Total Expenditures	<u>629,345</u>	<u>691,595</u>	<u>26,263</u>	<u>717,858</u>	<u>(88,513)</u>
Revenues Over Expenditures	<u>\$ (23,345)</u>	<u>\$ 46,189</u>	<u>(26,263)</u>	<u>\$ 19,926</u>	<u>\$ 43,271</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from Sewer Fund	<u>\$ 23,345</u>	<u>\$ 23,345</u>	<u>-</u>	<u>\$ 23,345</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 69,534</u>	<u>\$ (26,263)</u>	<u>43,271</u>	<u>\$ 43,271</u>
Fund Balance, beginning			<u>69,534</u>		
Fund Balance, ending			<u><u>\$ 43,271</u></u>		

## Other Schedules

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This section contains additional information on property taxes.

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

**Town of Hookerton, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

<u>Fiscal Year</u>	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 73,932	\$ 73,879	\$ 53
2017-2018	248	-	195	53
2016-2017	75	-	22	53
2015-2016	-	-	-	-
2014-2015	29	-	14	15
2013-2014	340	-	306	34
2012-2013	84	-	64	20
2011-2012	76	-	35	41
2010-2011	6	-	-	6
2009-2010	123	-	-	123
2008-2009	30	-	30	-
	<u>\$ 1,011</u>	<u>\$ 73,932</u>	<u>\$ 74,545</u> (d)	<u>\$ 398</u>
Less: Allowance for uncollectible accounts:				
				219
				<u>\$ 179</u>
<u>Reconciliation with revenues:</u>				
				\$ 69,397
				Ad valorem taxes - General Fund
				Reconciling Items:
				Interest collected (720)
				Statute of Limitations 30
				Discounts allowed 274
				Releases and adjustments 5,564
				<u>\$ 5,148</u>
				Subtotal
				<u>\$ 74,545</u> (d)
				Total Collections and Credits

**Town of Hookerton, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2019**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 15,887,957	0.465	\$ 73,879	\$ 62,692	\$ 11,187
Total	<u>\$ 15,887,957</u>		<u>\$ 73,879</u>	<u>\$ 62,692</u>	<u>\$ 11,187</u>
 Total Property Valuation	 <u><u>\$ 15,887,957</u></u>				
 Net Levy			 \$ 73,879	 \$ 62,692	 \$ 11,187
Uncollected Taxes at June 30, 2019			<u>\$ 53</u>	<u>\$ 53</u>	<u>\$ -</u>
Current Year's Taxes Collected			<u>\$ 73,826</u>	<u>\$ 62,639</u>	<u>\$ 11,187</u>
Current Levy Collection Percentage			<u>99.93%</u>	<u>99.92%</u>	<u>100.00%</u>