



# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2020**

**Town of Hope Mills, North Carolina**

**Town of Hope Mills  
North Carolina**

[www.townofhopemills.com](http://www.townofhopemills.com)

**Comprehensive Annual  
Financial Report**

**For the fiscal year ended June 30, 2020**



*Prepared by the Town of Hope Mills  
Finance Department*

**Town of Hope Mills, North Carolina**  
**Financial Statements**  
*For the fiscal year ended June 30, 2020*

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*Town of Hope Mills*

*North Carolina*

**INTRODUCTORY SECTION**





# TOWN OF HOPE MILLS

5770 ROCKFISH ROAD • HOPE MILLS, NORTH CAROLINA 28348-1848  
TELEPHONE (910) 424-4555 • FAX (910) 424-4902

October 29, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the Town of Hope Mills for the fiscal year ended June 30, 2020 is submitted by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position at June 30, 2020, and results of operations for the fiscal year then ended for all funds of the Town. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020, and to provide complete and further accountability to citizens and other interested parties by providing a comprehensive report in lieu of the minimum basic financial statement requirements.

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

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

***Description of the Town***

The Town of Hope Mills, incorporated in 1891, is located in western Cumberland County, south of Fayetteville, the county seat. Hope Mills offers a small-town atmosphere, coupled with a growing business community. The Town of Hope Mills currently occupies a land area over 7 square miles and serves a population of 17,416.

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

The Town provides its citizens with a full range of services, including police and fire protection; solid waste services, including yard waste and recycling; the construction and maintenance of

streets, curbs, gutters and sidewalks; recreation and cultural opportunities. This report includes all of the Town's activities in delivering and administering these services.

### ***Economic Condition and Outlook***

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

Current commercial construction consists of a Biscuitville, Dollar General, a 6,000 square foot whiskey distillery and an industrial development comprising of a building that encompasses four acres on a seventy-seven-acre site. Residential construction consists of four active subdivisions with approximately 150 approved lots currently permitted which continues to increase the residential tax base. This, along with the commercial additions, provides a much needed growth to the Town's already diversified local economy.

### ***Long-term Financial Planning***

With respect to long-term financial planning, the Town has benefited from a growing tax base to finance the necessary infrastructure and other capital expenditures to support the growth of the Town. Since 2010, the tax base has increased \$257 million or 132%, from \$809 million to \$1.06 billion. These additional revenues have allowed the town to invest in many new capital expenditures.

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

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

### ***Major Initiatives***

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

### ***Financial Information:***

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



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

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

***Other Information:***

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

**Awards:** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting.Award to the Town of Hope Mills for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the first year in which the Town has received this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Melissa P. Adams  
Town Manager



Drew Holland  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Hope Mills  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# **Town of Hope Mills**

## **Members of the Board of Commissioners**

**Jackie Warner**  
Mayor

**Dr. Kenjuana McCray**  
Mayor Pro-Tem

**Jesse Bellflowers**  
Commissioner

**Bryan Marley**  
Commissioner

**Jerry Legge**  
Commissioner

**Pat Edwards**  
Commissioner

## **Appointed and Administrative Staff**

**Melissa Adams**  
Town Manager\*

**Jane Starling**  
Town Clerk\*

**Drew Holland**  
Finance Director\*

**Dan Hartzog**  
Town Attorney\*

**Chuck Hodges**  
Fire Chief

**Joel Acciaro**  
Chief of Police

**Don Sisko**  
Public Works Director

**Laticia Black**  
Human Resources Director

**Beth Brown**  
Stormwater Administrator

**Chancer Mclaughlin**  
Planning and Economic  
Development Administrator

**Lamarco Morrison**  
Parks & Rec Director

**Ray Reese**  
Chief Building Inspector

## **Advisory Boards and Commissions**

**Appearance Commission**  
Tina Yossett, Chair

**Historic Preservation Commission**  
Sharon Reeves, Chair

**Prime Movers Committee**  
Jerel McGeachy, Chair

**Parks & Rec Advisory Committee**  
Shawnelle Jones, Chair

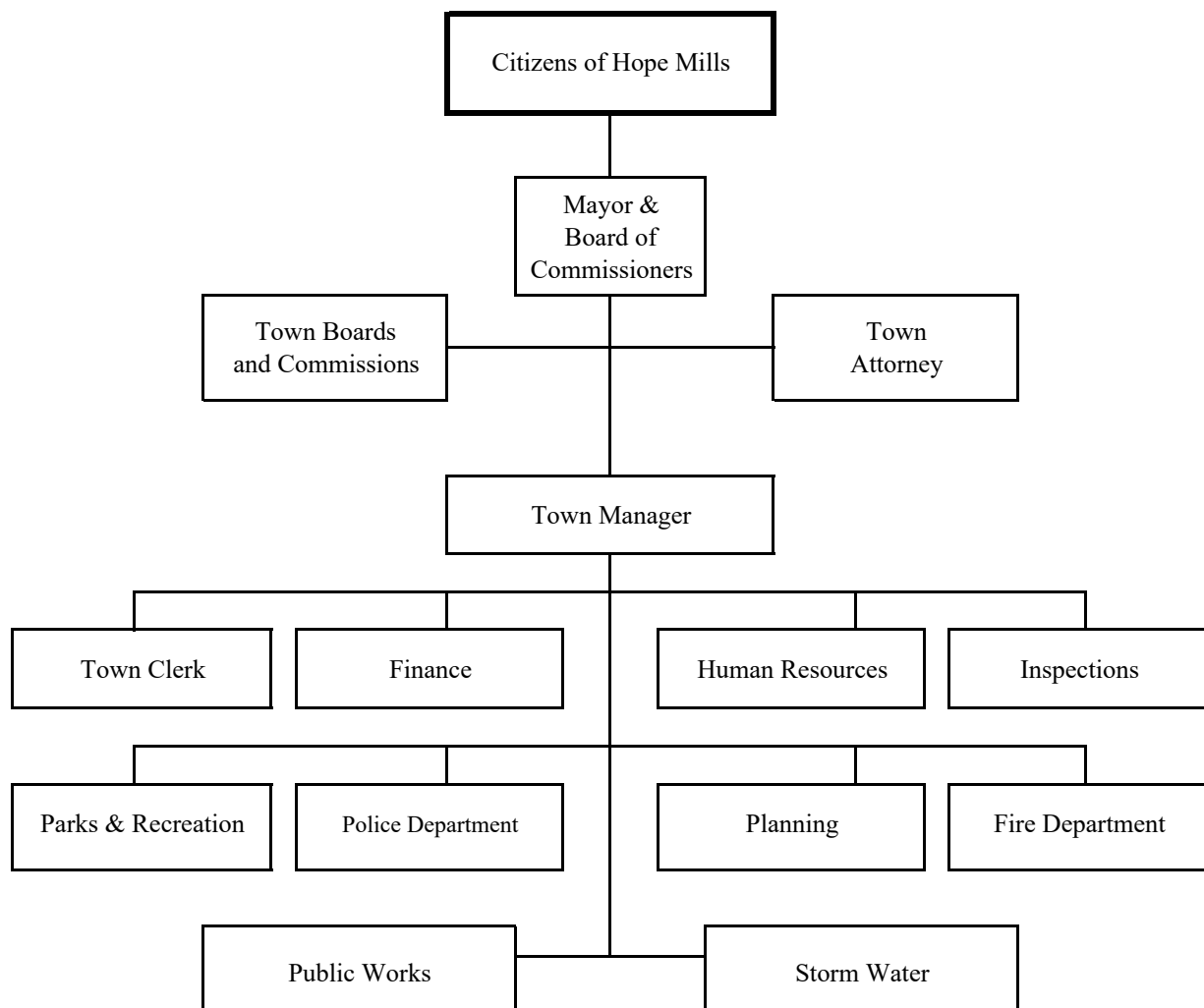
**Board of Adjustment**  
Elyse Craver, Chair

**Veterans Affairs Commission**  
James Clark, Chair

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

# Town of Hope Mills

## ORGANIZATION CHART



## **Town of Hope Mills History**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Town of Hope Mills*

*North Carolina*

**FINANCIAL SECTION**





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

**P.O Box 398  
1626 S. Madison Street  
Whiteville, NC 28472  
Telephone (910) 642-2109  
Fax (910) 642-5958**

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

### Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hope Mills, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hope Mills, North Carolina as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Stormwater 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 10 through 16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, and the Other Postemployment Benefits Schedules of Changes in the Total OPEB Liability and Related Ratios, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

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



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

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2020 on our consideration of the Town of Hope Mills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Hope Mills' internal control over financial reporting and compliance.

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

---

Whiteville, NC

October 29, 2020

## Management's Discussion and Analysis

As management of the Town of Hope Mills, we offer readers of the Town of Hope Mills' financial statements this narrative overview and analysis of the financial activities of the Town of Hope Mills for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

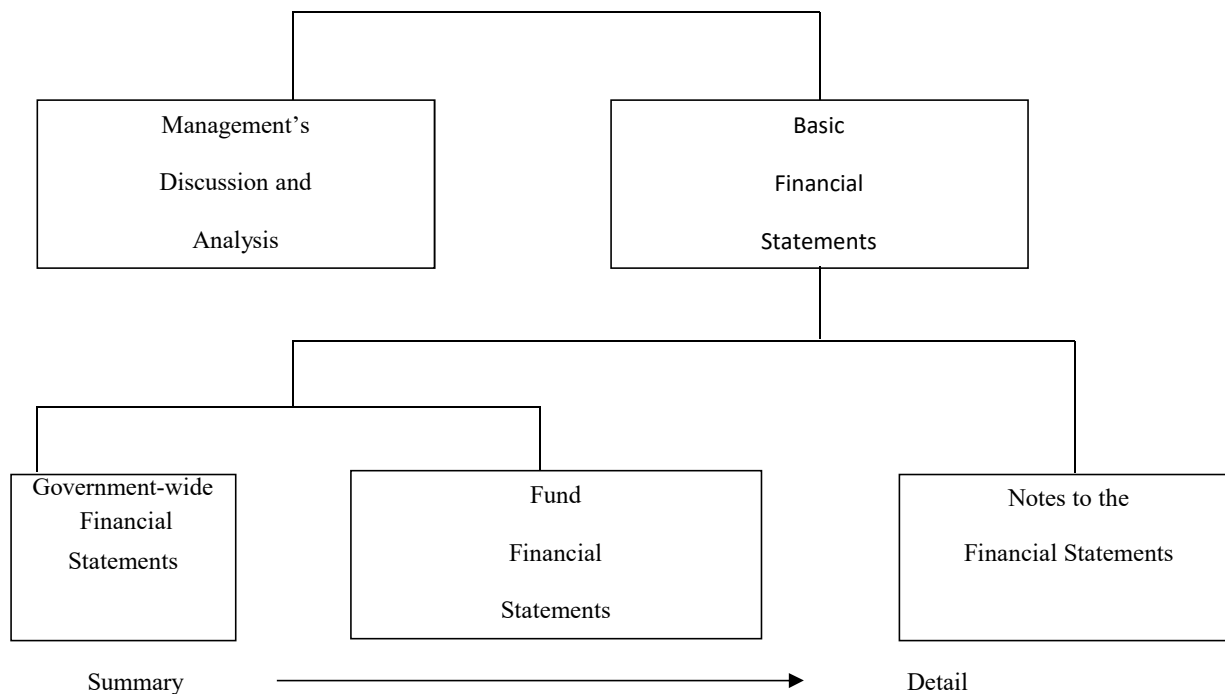
### Financial Highlights

- The assets and deferred outflows of resources of the Town of Hope Mills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,692,544 (net position).
- The Town's total net position decreased by \$1,421,921, which was anticipated as the original budget included appropriated fund balance.
- As of the close of the current fiscal year, the Town of Hope Mills' governmental funds reported combined ending fund balances of \$7,857,616 a decrease of \$624,617 in comparison with the prior year. Approximately 57.13 percent of this total amount, or \$4,489,219 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,818,212 or 35.36% of total general fund expenditures for the fiscal year.
- The Town of Hope Mills' total debt decreased by \$883,844 (13.87%) during the current fiscal year. The key factors in this change were a net decrease in compensated absences and the planned debt service principal payments.

### Overview of the Financial Statements

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

Required Components of Annual Financial Report  
Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-Wide Financial Analysis

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

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

The government-wide statements for the Town of Hope Mills only has one category; governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities.

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

### **Fund Financial Statements**

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 5 of this report.

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

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

**Government-Wide Financial Analysis**

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

	<b>Governmental Activities</b>		<b>Total</b>	
	2020	2019	2020	2019
Current and other assets	\$ 8,492,700	\$ 8,998,432	\$ 8,492,700	\$ 8,998,432
Capital assets	23,988,662	24,368,985	23,988,662	24,368,985
Total assets	<u>32,481,362</u>	<u>33,367,417</u>	<u>32,481,362</u>	<u>33,367,417</u>
Deferred outflows of resources	2,540,898	2,192,532	2,540,898	2,192,532
Long-term liabilities outstanding	4,175,111	5,038,233	4,175,111	5,038,233
Other liabilities	14,077,175	12,131,709	14,077,175	12,131,709
Total liabilities	<u>18,252,287</u>	<u>17,169,942</u>	<u>18,252,287</u>	<u>17,169,942</u>
Deferred inflows of resources	1,077,429	1,275,542	1,077,429	1,275,542
Net position:				
Net investment in capital assets	19,051,701	18,503,271	19,051,701	18,503,271
Restricted	1,899,187	2,037,671	1,899,187	2,037,671
Unrestricted	(5,258,344)	(3,426,477)	(5,258,344)	(3,426,477)
Total net position	<u>\$ 15,692,544</u>	<u>\$ 17,114,465</u>	<u>\$ 15,692,544</u>	<u>\$ 17,114,465</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Hope Mills exceeded liabilities and deferred inflows by \$15,692,544 as of June 30, 2020. The Town's net position decreased by \$1,421,921 for the fiscal year ended June 30, 2020. However, the largest portion (121.41%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Hope Mills uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Hope Mills' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$1,899,187, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$5,258,344) is unrestricted.

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

- Increases in property tax revenues.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.99%.

**Town of Hope Mills' Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues:				
Program revenues:				
Charges for services	\$ 1,699,782	\$ 1,546,050	\$ 1,699,782	\$ 1,546,050
Operating grants and contributions	529,523	989,728	529,523	989,728
Capital grants and contributions	-	-	-	-
General revenues:				
Property taxes	5,552,474	5,401,789	5,552,474	5,401,789
Other taxes	4,458,377	4,324,983	4,458,377	4,324,983
Grants and contributions not restricted to specific programs	941,800	780,356	941,800	780,356
Storm water assessments	735,889	730,707	735,889	730,707
Other	340,304	447,779	340,304	447,779
Total Revenues	<u>14,258,149</u>	<u>14,221,392</u>	<u>14,258,149</u>	<u>14,221,392</u>
Expenses:				
General government	2,956,011	3,172,848	2,956,011	3,172,848
Public safety	8,226,191	7,486,943	8,226,191	7,486,943
Transportation	922,006	826,636	922,006	826,636
Culture and recreation	1,469,014	1,628,413	1,469,014	1,628,413
Interest and long-term debt	200,204	158,051	200,204	158,051
Environmental protection	1,906,644	1,321,066	1,906,644	1,321,066
Total Expenses	<u>15,680,070</u>	<u>14,593,957</u>	<u>15,680,070</u>	<u>14,593,957</u>
Increases/(Decreases) in net position before transfers	(1,421,921)	(372,565)	(1,421,921)	(372,565)
Transfers	-	-	-	-
Extraordinary items, Insurance proceeds and sale of assets	-	-	-	-
Increase in net position	(1,421,921)	(372,565)	(1,421,921)	(372,565)
Net position, July 1	17,114,465	38,637,725	17,114,465	38,637,725
Net position, beginning, restated	17,114,465	17,487,030	17,114,465	17,487,030
Net position, June 30	<u>\$ 15,692,544</u>	<u>\$ 17,114,465</u>	<u>\$ 15,692,544</u>	<u>\$ 17,114,465</u>

**Governmental activities:** The Town's total governmental revenues were \$14.3 million. Program revenues include: Charges for services of \$1.7 million, operating grants and contributions of \$0.5 million. General revenues include: property taxes of \$5.6 million, and other taxes of \$4.5 million. Approximately \$0.9 million were grants and contributions not restricted to specific programs and other revenues, which are primarily nonrecurring miscellaneous payments. The Town's total governmental expenses were \$15.7 million, which result in a decrease in the Town's net position of \$1.42 million from governmental activities.

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

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

**Governmental Funds:** The focus of the Town of Hope Mills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, available fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. Available fund balance excludes nonspendable portions and the amount restricted for stabilization by statute, and may include funds otherwise restricted, committed or assigned for specific purposes, but available for appropriation.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,857,616, a decrease of \$624,617 from the prior year. The non-major funds were comprised of an agency and capital project funds. The total fund balance of the non-major funds were \$216,839.

The General Fund is the chief operating fund of the Town of Hope Mills. At the end of the current fiscal year, unassigned fund balance was \$4,818,212, while the total fund balance was \$7,328,466. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2020, unassigned fund balance was 35.36% of the year's expenditures (compared to 34.90% last year), while the total fund balance represents 53.78% of the same amount (54.91% in 2019).

The Stormwater Fund (major fund) at the end of the current fiscal year reported an increase of \$200,286 from the prior year, with a total fund balance of \$671,304. This increase resulted from stormwater revenues received to be used for town-wide stormwater maintenance projects and expenditures.

The Future Fire Station Capital Project Fund (major fund) at the end of the current fiscal year reported a decrease of \$461,696 from the prior year, with a total fund balance of (\$358,993).

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

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Hope Mills' investment in capital assets for its governmental as of June 30, 2020 totals \$23,988,662 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, infrastructure, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

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

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

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 804,869	\$ 649,330	\$ 804,869	\$ 649,330
Buildings and system	4,328,307	4,440,992	4,328,307	4,440,992
Improvements other than buildings	619,619	633,252	619,619	633,252
Machinery and equipment	273,185	240,760	273,185	240,760
Infrastructure	15,712,031	15,651,138	15,712,031	15,651,138
Vehicles and motorized equipment	1,420,556	1,973,384	1,420,556	1,973,384
Construction in progress	830,095	780,129	830,095	780,129
<b>Total</b>	<b>\$ 23,988,662</b>	<b>\$ 24,368,985</b>	<b>\$ 23,988,662</b>	<b>\$ 24,368,985</b>

Additional information on the Town's capital assets can be found starting on page 31 in the notes of the Basic Financial Statements.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Hope Mills is \$91,119,295. The Town has no bonds authorized at June 30, 2020.

Additional information regarding the Town of Hope Mills' long-term debt can be found in the notes of the Basic Financial Statements starting on page 42 of this report.

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

The population of Hope Mills at the end of 2020 is estimated to be over 17,400 based on the issuance of new home building permits. While permits have decreased in the last few years the town will issue more than 49 permits to close out 2020. A good housing inventory exists to serve the market in this area. Hope Mills remains a preferred residential location due to proximity to employment and cultural centers, good schools and public services for residents with an increase in commercial development.

Current commercial construction consists of a Biscuitville, Dollar General, a 6,000 square feet whiskey distillery and an industrial development comprising of a building that encompasses four acres on a seventy-seven-acre site. Residential construction consists of four active subdivisions with approximately 150 approved lots still to be built.

**Budget Highlights for the Fiscal Year Ending June 30, 2021  
Governmental Activities**

The Town's tax rate remained unchanged at \$0.46 per \$100 of value for the coming fiscal year. Property taxes account for 42% of the total General Fund Revenue. The remaining revenues for the Town primarily include Sales Tax, Franchise Taxes and Building Permits. These revenues are projected to bring in \$4.78 million, or 36.5% of the total General Fund Revenues. Combined, these revenue sources account for approximately 78.5% of the General Fund Revenues. Conservative budgeting practices have afforded the Town the opportunity to fund its needs without raising the property tax rate. Budgeted expenditures in the General Fund are relatively the same. No new positions have been added to the governmental activities and the current employment levels were kept intact to maintain current Town service levels.

Overall budgeted revenues increased by 5.42 percent. The budget adopted for 2020-21 included no property tax rate increase, with the tax rate remaining at \$0.46 per \$100 valuation

Budgeted expenditures in the General Fund are expected to increase approximately 5.93% to \$14,165,000.



**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance; 5770 Rockfish Road, Hope Mills, NC 28348. You can also call (910) 424-4555, fax: (910) 424-4902, or visit our website: [www.townofhopemills.com](http://www.townofhopemills.com). for more information.

*Town of Hope Mills*

*North Carolina*

**BASIC FINANCIAL  
STATEMENTS**



**Town of Hope Mills, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Total Primary Government
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 7,031,185	\$ 7,031,185
Receivables (net):		
Taxes	123,916	123,916
Due from other governments	1,246,614	1,246,614
Accounts	44,856	44,856
Other accounts receivable	13,718	13,718
Prepaid items	32,411	32,411
Restricted cash and cash equivalents	-	-
Total Current Assets	<u>8,492,700</u>	<u>8,492,700</u>
Non-current assets:		
Capital Assets:		
Land, Non-depreciable Improvements, and Construction in Progress	1,634,964	1,634,964
Other Capital Assets, Net of Depreciation	<u>22,353,698</u>	<u>22,353,698</u>
Total Capital Assets	<u>23,988,662</u>	<u>23,988,662</u>
Total Assets	<u>32,481,362</u>	<u>32,481,362</u>
<b>Deferred Outflows of Resources</b>		
OPEB Deferrals	1,040,449	1,040,449
Pension Deferrals	<u>1,500,449</u>	<u>1,500,449</u>
Total deferred outflows of resources	<u>2,540,898</u>	<u>2,540,898</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	495,110	495,110
Accrued interest payable	81,643	81,643
Deposits	2,340	2,340
Current portion of long-term liabilities	<u>1,313,116</u>	<u>1,313,116</u>
Total Current Liabilities	<u>1,892,209</u>	<u>1,892,209</u>
Long-Term Liabilities:		
Net pension liability	3,173,648	3,173,648
Due in more than one year	4,175,111	4,175,111
OPEB liability	<u>9,011,318</u>	<u>9,011,318</u>
Total Liabilities	<u>18,252,287</u>	<u>18,252,287</u>
<b>Deferred Inflows of Resources</b>		
OPEB deferrals	950,619	950,619
Pension deferrals	<u>126,810</u>	<u>126,810</u>
Total deferred inflows of resources	<u>1,077,429</u>	<u>1,077,429</u>
<b>Net Position</b>		
Net Investment in Capital Assets	19,051,701	19,051,701
Restricted for:		
Stabilization by State Statute	1,827,445	1,827,445
Streets	70,398	70,398
Cemetery perpetual care	31,344	31,344
Public Safety	(30,000)	(30,000)
Unrestricted	<u>(5,258,344)</u>	<u>(5,258,344)</u>
Total Net Position	<u>\$ 15,692,544</u>	<u>\$ 15,692,544</u>

**Town of Hope Mills, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 2,956,011	\$ 55,470	\$ 91,613	\$ -	\$ (2,808,928)	\$ (2,808,928)
Public safety	8,226,191	252,021	13,603	-	(7,960,567)	(7,960,567)
Transportation	922,006	-	424,307	-	(497,699)	(497,699)
Cultural and recreation	1,469,014	103,999	-	-	(1,365,015)	(1,365,015)
Environmental protection	1,906,644	1,288,292	-	-	(618,352)	(618,352)
Interest on Long-Term Debt	200,204	-	-	-	(200,204)	(200,204)
Total governmental activities	15,680,070	1,699,782	529,523	-	(13,450,765)	(13,450,765)
Total primary government	\$ 15,680,070	\$ 1,699,782	\$ 529,523	\$ -	(13,450,765)	(13,450,765)
General revenues:						
Taxes:						
Ad valorem taxes					5,552,474	5,552,474
Other taxes and licenses					4,458,377	4,458,377
Unrestricted intergovernmental					941,800	941,800
Storm Water assessments					735,889	735,889
Miscellaneous					251,903	251,903
Investment earnings					88,401	88,401
Total general revenues, transfers, and contributions					12,028,844	12,028,844
Change in net position					(1,421,921)	(1,421,921)
Net position, beginning, previously reported					17,114,465	17,114,465
Restatement					-	-
Net position, beginning, restated					17,114,465	17,114,465
Net position, ending					\$ 15,692,544	\$ 15,692,544

**Town of Hope Mills, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	Major Funds				
	General Fund	Storm Water Fund	Future Public Safety Center Capital Project Fund	Total Non- Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,033,939	\$ 780,407	\$ -	\$ 216,839	\$ 7,031,185
Restricted cash	-	-	-	-	-
Receivables, net:					
Taxes	123,916	-	-	-	123,916
Accounts	45,449	(593)	-	-	44,856
Due from other governments	1,245,803	-	811	-	1,246,614
Due from other funds	461,434	4,675	0	-	466,109
Due from agency fund	-	-	-	-	-
Prepaid items	32,411	-	-	-	32,411
Total assets	<u>7,942,952</u>	<u>784,489</u>	<u>811</u>	<u>216,839</u>	<u>8,945,091</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	470,555	18,185	6,370	-	495,110
Due to other funds	17,675	95,000	353,434	-	466,109
Deposi 755	2,340	-	-	-	2,340
Total liabilities	<u>490,570</u>	<u>113,185</u>	<u>359,804</u>	<u>-</u>	<u>963,559</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes receivable	123,916	-	-	-	123,916
Total deferred inflows of resources	<u>123,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,916</u>
<b>FUND BALANCES</b>					
Non-spendable:					
Prepaid items	32,411	-	-	-	32,411
Perpetual maintenance	-	-	-	31,344	31,344
Restricted:					
Stabilization by State Statute	1,827,445	-	-	-	1,827,445
Public Safety	-	-	(30,000)	-	(30,000)
Streets	70,398	-	-	-	70,398
Committed:					
Storm Water System	-	671,304	-	-	671,304
Capital projects	-	-	-	185,495	185,495
Assigned:					
Subsequent year's expenditures	580,000	-	-	-	580,000
Unassigned	4,818,212	-	(328,993)	-	4,489,219
Total fund balances	<u>7,328,466</u>	<u>671,304</u>	<u>(358,993)</u>	<u>216,839</u>	<u>7,857,616</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,942,952</u>	<u>\$ 784,489</u>	<u>\$ 811</u>	<u>\$ 216,839</u>	<u>\$ 8,945,091</u>

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

Total Fund Balances - Governmental Funds	\$ 7,857,616
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,988,662
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	535,602
Benefit payments and pension administration costs for LEOSSA	11,224
Benefit payments and pension administration costs for OPEB	74,899
Deferred outflows of resources reported in the government-wide statements but not the fund statements	
Pension	913,989
LEOSSA	39,634
Deferred outflows of resources related to OPEB are not reported in the funds	965,550
Deferred inflows of resources related to pensions are not reported in the funds	
Pension	(84,635)
LEOSSA	(42,175)
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.	13,718
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	
OPEB Liability	(9,011,318)
Net pension liability	(3,173,648)
Liabilities for earned revenues considered deferred inflows of resources in the fund statements.	123,916
Deferred inflows of resources related to OPEB are not reported in the funds	(950,619)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(5,569,871)
Net position of governmental activities	<u>\$ 15,692,544</u>

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

	Major Funds			Future Public Safety Center Capital Project Fund	Total Non- Major Governmental Funds	Total Governmental Funds
	General Fund	Storm Water Fund				
<b>REVENUES</b>						
Ad valorem taxes	\$ 5,501,321	\$ -	\$ -	\$ -	\$ -	\$ 5,501,321
Other taxes and licenses	596,763	-	-	-	-	596,763
Unrestricted intergovernmental	4,746,236	-	-	-	-	4,746,236
Restricted intergovernmental	496,646	-	-	-	-	496,646
Permits and fees	340,178	738,137	-	-	-	1,078,315
Sales and services	1,414,304	-	-	-	-	1,414,304
Investment earnings	83,364	4,776	-	-	-	88,140
Miscellaneous	71,918	133	261	-	-	72,312
Total revenues	<u>13,250,730</u>	<u>743,046</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>13,994,037</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,595,113	-	-	-	-	2,595,113
Public safety	6,658,544	-	143,088	-	-	6,801,632
Transportation	734,697	-	-	-	-	734,697
Cultural and recreational	1,821,258	-	-	-	-	1,821,258
Environmental protection	894,873	397,531	-	-	-	1,292,404
Capital Outlay	-	-	318,869	-	-	318,869
Debt Service:						
Principal	804,789	123,964	-	-	-	928,753
Interest & other charges	117,337	21,265	-	-	-	138,602
Total expenditures	<u>13,626,611</u>	<u>542,760</u>	<u>461,957</u>	<u>-</u>	<u>-</u>	<u>14,631,328</u>
Excess (deficiency) of revenues over expenditures	<u>(375,881)</u>	<u>200,286</u>	<u>(461,696)</u>	<u>-</u>	<u>-</u>	<u>(637,291)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of fixed assets	12,674	-	-	-	-	12,674
Total other financing sources (uses)	<u>12,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,674</u>
Net change in fund balance	(363,207)	200,286	(461,696)	-	-	(624,617)
Fund balances, beginning	7,691,673	471,018	102,703	216,839	-	8,482,233
Fund balances, ending	<u>\$ 7,328,466</u>	<u>\$ 671,304</u>	<u>\$ (358,993)</u>	<u>\$ 216,839</u>	<u>\$ -</u>	<u>\$ 7,857,616</u>

**Town of Hope Mills, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	(624,617)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	1,505,713	
Gain on Disposed Property	(519,765)	
Depreciation expense for governmental assets	<u>(1,566,557)</u>	(580,609)

The Town received donated Land and Buildings that were not required to be recorded on the fund statements.		200,286
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		535,602
--	--	---------

Benefit payments and pension administration costs for LEOSSA		11,224
--	--	--------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		74,899
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue for taxes	45,063	
Change in accrued interest receivable	<u>6,089</u>	51,152

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.

New long-term debt issued	-	
Principal payments on long-term debt	928,753	
(Increase) / decrease in accrued interest payable	<u>(61,602)</u>	867,151

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	(44,909)	
Pension expense	(1,145,012)	
OPEB Plan Expense	<u>(767,088)</u>	(1,957,009)

Total changes in net position of governmental activities	\$	<u>(1,421,921)</u>
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**Town of Hope Mills, North Carolina**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**

	General Fund			Storm Water Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>Revenues:</b>							
Ad Valorem Taxes	\$ 5,496,000	\$ 5,496,000	\$ 5,501,321	\$ 5,321	\$ -	\$ -	\$ -
Other Taxes and Licenses	601,000	601,000	596,763	(4,237)	-	-	-
Unrestricted Intergovernmental	4,622,600	4,622,600	4,746,236	123,636	-	-	-
Restricted Intergovernmental	430,500	478,500	496,646	18,146	-	-	-
Permits and Fees	331,200	331,200	340,178	8,978	683,000	738,137	55,137
Sales and Services	1,573,200	1,573,200	1,414,304	(158,896)	-	-	-
Investment Earnings	105,000	105,000	83,364	(21,636)	5,000	4,776	(224)
Other Revenue	72,500	105,900	71,918	(33,982)	1,000	133	(867)
<b>Total Revenues</b>	<b>13,232,000</b>	<b>13,313,400</b>	<b>13,250,730</b>	<b>(62,670)</b>	<b>689,000</b>	<b>743,046</b>	<b>54,046</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	2,596,775	2,596,775	2,595,113	1,662	-	-	-
Public Safety	6,806,050	6,817,300	6,638,544	158,756	-	-	-
Transportation	769,100	829,100	734,697	94,403	-	-	-
Cultural and Recreational	1,806,525	1,863,650	1,821,258	42,392	-	-	-
Environmental Protection	901,100	901,100	894,873	6,227	543,750	397,531	146,219
<b>Debt Service:</b>							
Principal Retirement	804,799	804,799	804,789	10	123,975	123,964	11
Interest and Other Charges	117,651	117,651	117,337	314	21,275	21,265	10
<b>Total Expenditures</b>	<b>13,802,000</b>	<b>13,930,375</b>	<b>13,626,611</b>	<b>303,764</b>	<b>689,000</b>	<b>542,760</b>	<b>146,240</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(570,000)</b>	<b>(616,975)</b>	<b>(375,881)</b>	<b>241,094</b>	<b>-</b>	<b>200,286</b>	<b>200,286</b>
<b>Other Financing Sources (Uses):</b>							
Installment Purchase Issuance	-	-	-	-	-	-	-
Sale of fixed assets	-	2,475	12,674	10,199	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Appropriated Fund Balance	570,000	614,500	-	(614,500)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>570,000</b>	<b>616,975</b>	<b>12,674</b>	<b>(604,301)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(363,207)</b>	<b>(363,207)</b>	<b>\$ -</b>	<b>200,286</b>	<b>\$ 200,286</b>
<b>Fund Balances, Beginning of Year</b>			<b>7,691,673</b>			<b>471,018</b>	
<b>Fund Balances, End of Year</b>			<b>\$ 7,328,466</b>			<b>\$ 671,304</b>	

*Town of Hope Mills*

*North Carolina*

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**



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

**I. Description of Unit**

The Town of Hope Mills was incorporated on March 5, 1891. It is located in Cumberland County in the southeastern area of the state and has estimated population of 16,827. The Town's major operations include police and fire protections, street and sanitation services, parks and recreation, and general administration.

**Summary of Significant Accounting Policies**

The accounting policies of the Town of Hope Mills, North Carolina ("the Town") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

The Town reports the following major governmental fund:

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

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

**Future Public Safety Center Capital Project Fund.** This fund is used to account for the Town's Future Public Safety Center Project.

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

The Town reports the following non-major governmental funds:

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

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

**Crenshaw Drive and Millbridge Road Project Fund.** This fund is used to account for improvements to the Town's storm water drainage system.

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

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

The Town has no enterprise funds:

### C. Measurement Focus and Basis of Accounting

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

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

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.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Hope Mills because the tax is levied by Cumberland County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Storm Water Fund and the Cemetery Agency Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Funds. The capital project funds are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager is authorized to transfer appropriations within a department; however, revisions that alter total expenditures of any department or fund must be approved by the governing board.

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

#### 1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT- Government Portfolio, a SEC-registered (2a-7) money market mutual fund is measured at fair value. The NCCMT- Term Portfolio's bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

#### 2. Cash and Cash Equivalents

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

### 3. Restricted Assets

#### Town of Hope Mills Restricted Cash

Governmental Activities			
General Fund	Streets	\$	-
Total Restricted Cash		\$	-

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

### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. The Town does not offer a discount for the early payment of property taxes.

### 5. Allowances for Doubtful Accounts

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

### 6. Prepaid Items

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 a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for all asset categories. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals for the 2020 fiscal year and contributions to the OPEB plan in the current fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and other OPEB or pension related 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

## 10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense is recorded and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

## 11. Net Position/Fund Balance

### Net Position

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

### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

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

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

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

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

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

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town of Hope Mills has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

## 12. Pensions

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

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

## II. Stewardship, Compliance, and Accountability

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

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has a policy regarding custodial credit risk for deposits. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$484,296 and a bank balance of \$514,670. Of the bank balance, \$353,213 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount includes \$1,200 cash on hand.

#### 2. Investments

At June 30, 2020 the Town of Hope Mills had \$6,546,890 invested with the North Carolina Capital Management Trust's Government Portfolio which carried rating of AAAm by Standard & Poors. The Town has no policy regarding credit risk.

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

### 3. Receivables – Allowances for Doubtful Accounts

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

<u>June 30, 2020</u>	<u>General Fund</u>	<u>Storm Water Fund</u>
Taxes Receivable	\$ 18,090	\$ -
Accounts Receivable	2,338	9,256
Total	<u>\$ 20,428</u>	<u>\$ 9,256</u>

### 4. Capital Assets

Primary Government

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

	<u>Beginning</u>					<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Adjustments</u>	<u>Balances</u>
<b>Governmental Activities:</b>						
Capital assets not being depreciated:						
Land	\$ 649,330	\$ 155,539	\$ -	\$ -	\$ -	\$ 804,869
Construction in Progress	780,129	569,121	(519,155)	-	-	830,095
Total capital assets not depreciated	<u>1,429,459</u>	<u>724,660</u>	<u>(519,155)</u>	<u>-</u>	<u>-</u>	<u>1,634,964</u>
Capital assets being depreciated:						
Buildings	7,527,149	56,126	-	-	-	7,583,275
Other Improvements	1,629,863	70,843	-	-	-	1,700,706
Equipment	1,829,576	146,421	(34,719)	-	-	1,941,278
Vehicles and motorized equipment	8,220,248	161,885	(187,483)	-	-	8,194,650
Infrastructure	17,612,930	546,064	-	-	-	18,158,994
Total capital assets being depreciated	<u>36,819,766</u>	<u>981,339</u>	<u>(222,202)</u>	<u>-</u>	<u>-</u>	<u>37,578,903</u>
Less accumulated depreciation for:						
Buildings	3,086,157	168,811	-	-	-	3,254,968
Other Improvements	996,611	84,476	-	-	-	1,081,087
Equipment	1,588,816	113,996	(34,719)	-	-	1,668,093
Vehicles and motorized equipment	6,246,864	714,103	(186,873)	-	-	6,774,094
Infrastructure	1,961,792	485,171	-	-	-	2,446,963
Total accumulated depreciation	<u>13,880,240</u>	<u>1,566,557</u>	<u>(221,592)</u>	<u>-</u>	<u>-</u>	<u>15,225,205</u>
Total capital assets being depreciated, net	<u>22,939,526</u>	<u>(585,218)</u>	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>22,353,698</u>
Governmental activities capital assets, net	<u>\$ 24,368,985</u>	<u>\$ 139,442</u>	<u>\$ (519,765)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,988,662</u>

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

General Government	\$ 98,247
Public Safety	620,704
Transportation	224,108
Environmental Protection	194,323
Cultural and Recreational	429,175
Total Depreciation Expense	<u>\$ 1,566,557</u>

### B. Liabilities

#### 1. Pension Plan and Postemployment Obligations

##### a. Local Governmental Employees' Retirement System

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



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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Hope Mills employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Hope Mills' contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.01% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Hope Mills were \$535,602 for the year ended June 30, 2020.

**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, 2020, the Town reported a liability of \$2,548,770 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.09003%, which was a decrease of 185.2752% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$1,085,924. At June 30, 2020, 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	\$ 436,414	\$ -
Changes of assumptions	415,407	-
Net difference between projected and actual earnings on pension plan investments	62,168	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	84,635
Town contributions subsequent to the measurement date	535,602	
Total	<u>\$ 1,449,591</u>	<u>\$ 84,635</u>

\$535,602 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ 411,404
2021	111,372
2022	236,682
2023	69,896
2024	-
Thereafter	<u>\$ 829,354</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income expectations of forward yields projected and interpolated for multiple tenor and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. 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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 5,829,502	\$ 2,548,770	\$ (178,184)

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

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

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>38</u>
Total	<u><u>39</u></u>

2. *Summary of Significant Accounting Policies:*

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

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

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

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

4. *Contributions.*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$17,021 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of 624,878. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$59,088.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 405	\$ 20,386
Changes of assumptions	39,229	21,789
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>11,224</u>	<u>-</u>
Total	<u><u>\$ 50,858</u></u>	<u><u>\$ 42,175</u></u>

\$11,224 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (354)
2022	(354)
2023	(121)
2024	(2,352)
2025	252
Thereafter	388

*Sensitivity of the Town's total pension liability to changes in the discount rate*. The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease <u>(2.26%)</u>	Discount Rate <u>(3.26%)</u>	1% Increase <u>(4.26%)</u>
Total pension liability	\$ 679,740	\$ 624,878	\$ 574,961

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

	<u>2020</u>
Beginning balance	\$ 565,479
Service cost	39,168
Interest on the total pension liability	20,274
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(2,558)
Changes of assumptions or other inputs	19,536
Benefit payments	(17,021)
Other changes	-
<b>Net changes</b>	<u>59,399</u>
Ending balance of the total pension liability	<u>\$ 624,878</u>

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 1,085,924	\$ 59,088	\$ 1,145,012
Pension Liability	2,548,770	624,878	3,173,648
Proportionate share of the net pension liability	0.09003%	n/a	
<b>Deferred of Outflows of Resources</b>			
Differences between expected and actual experience	436,414	405	436,819
Changes of assumptions	415,407	39,229	454,636
Net difference between projected and actual earnings on plan investments	62,168	-	62,168
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	535,602	11,224	546,826
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	-	20,386	20,386
Changes of assumptions	-	21,789	21,789
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	84,635	-	84,635

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$112,231, which consisted of \$86,967 from the Town and \$25,264 from the law enforcement officers.

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

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

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

*Contributions.* Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2020, the State contributed \$13,990 to the plan. The Town's proportionate share of the State's contribution is \$14,602.

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

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

At June 30, 2020, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$27,736. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2020 and at June 30, 2019 was 0%.

For the year ended June 30, 2020, the Town recognized pension expense of \$14,602 and revenue of \$14,602 for support provided by the State. At June 30, 2020 the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. 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.

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

**e. Supplemental Retirement Income Plan for Non Law Enforcement Employees**

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

*Funding Policy.* The Town's plan requires it to contribute each month an amount equal to two percent of each eligible employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$281,499, which consisted of \$204,231 from the Town and \$77,268 from the employees.

**f. Other Postemployment Benefit**

**1 Healthcare Benefits**

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

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	6	6
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	93	32
Total	<u>99</u>	<u>38</u>

**Total OPEB Liability**

The Town's total OPEB liability of \$9,011,318 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Discount rate	3.89%
Healthcare cost trend rates	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2018</b>	\$ 7,653,431
<b>Changes for the year</b>	
Service cost	529,989
Interest	295,684
Changes of benefit terms	-
Differences between expected and actual experience	5,453
Changes in assumptions or other inputs	632,345
Benefit payments	(105,584)
<b>Net changes</b>	<u>\$ 1,357,887</u>
<b>Balance at 6/30/2019</b>	<u>\$ 9,011,318</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 10,966,066	\$ 9,011,318	\$ 7,508,136

*Sensitivity of the total OPEB liability to changes in the health care cost trend rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 7,217,967	\$ 9,011,318	\$ 11,439,328

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$814,285. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 398,061	\$ -
Changes of assumptions	567,489	950,619
Benefit payments and administrative costs made subsequent to the measurement date	74,899	-
Total	<u>\$ 1,040,449</u>	<u>\$ 950,619</u>

\$74,899 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (11,388)
2021	(11,388)
2022	(11,388)
2023	(11,388)
2024	(11,388)
Thereafter	71,871

## 2. Other Employment Benefits

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

## 3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year - LGERS	\$ 535,602
Benefit payments made and administrative expenses for LEOSSA	11,224
Benefit payments made and administrative expenses for OPEB	74,899
Differences between expected and actual experience	
LGERS	436,414
LEOSSA	405
OPEB	398,061
Changes of assumptions	
LGERS	415,407
LEOSSA	39,229
OPEB	567,489
Net difference between projected and actual	
LGERS	62,168
LEOSSA	-
OPEB	-
Changes in proportion and differences between employer contributions and	
LGERS	-
LEOSSA	-
OPEB	-
Total Deferred outflows	<u>\$ 2,540,898</u>

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

Source	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties	\$ -	\$ 123,916
Pension deferrals:		
Changes in assumptions		
LGERS	-	-
LEOSSA	21,789	-
OPEB	950,619	-
Differences between expected and actual experience		
LGERS	-	-
LEOSSA	20,386	-
OPEB	-	-
Changes in proportion and differences between employer contributions and		
LGERS	84,635	-
LEOSSA	-	-
OPEB	-	-
Total deferred inflows	<u>\$ 1,077,429</u>	<u>\$ 123,916</u>



4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000 and \$300,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000.

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

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

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$135,000 and the tax collector is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Claims, Judgments and Contingent Liabilities

As of the date of the audit report, there were no significant complaints or lawsuits against the Town.

## 6. Long-Term Obligations

### a. Installment Purchases

Long-term debt obligations for the Town consisted of the following at June 30, 2019:

Serviced by the General Fund:

In August 2007 the Town entered into \$4,000,000 of a direct placement installment purchase for the construction of a new dam. The note was refinanced in July 2013 at \$4,100,000 with an interest rate of 2.92% and eleven annual principal and interest payments of \$372,727. Final payments are due in fiscal year 2024-2025. The dam structure is pledged as collateral for the debt.	\$ 1,863,636
In December 2013 the Town entered into \$800,000 of a direct placement installment purchase to finance vehicles and equipment. The note has an interest rate of 2.46% and ten annual principal and interest payments of \$91,218. Final payment is due in fiscal year 2023-2024. The vehicles and equipment are pledged as collateral for the debt.	343,491
In January 2014 the Town entered into \$1,375,000 of a direct placement installment purchase to finance fire trucks and equipment. The note has an interest rate of 2.249% and ten annual principal and interest payments of \$155,338. Final payment is due in fiscal year 2023-2024. The fire trucks are pledged as collateral for the debt.	587,448
In October 2014 the Town entered into \$313,000 of a direct placement installment purchase to finance vehicles and equipment. The note has an interest rate of 1.92% and five annual principal and interest payments of \$66,305. Final payment is due in fiscal year 2019-2020. The vehicles and equipment are pledged as collateral for the debt.	-
In January 2016 the Town entered into \$271,000 of a direct placement installment purchase to finance vehicles and equipment. The note has an interest rate of 2.09% and five annual principal and interest payments of \$57,645. Final payment is due in fiscal year 2020-2021. The vehicles and equipment are pledged as collateral for the debt.	56,465
In December 2017 the Town entered into \$1,000,000 of a direct placement installment purchase to finance two fire trucks. The note has an interest rate of 2.30% and ten annual principal and interest payments of \$113,081. Final payment is due in fiscal year 2027-2028. The fire trucks are pledged as collateral for the debt.	817,766
Total General Fund Installment Purchases	<u>3,668,806</u>

Serviced by the Stormwater Fund:

In February 2014 the Town entered into \$1,200,000 of a direct placement installment purchase to finance the Archer Road Stormwater project. The note has an interest rate of 3.18% for fifteen semi-annual principal and interest payments of \$40,000. Final payment is due in fiscal year 2027-2028. The project improvements are pledged as collateral for the debt.	608,702
In April 2015 the Town entered into \$879,270 of a direct placement installment purchase to finance the Town Hall stormwater project. The note has an interest rate of 0.00% and twenty annual principal payments of \$43,964. Final payment is due in fiscal year 2034-2035. The project improvements are pledged as collateral for the debt.	659,453
Total Stormwater Fund Installment Purchases	<u>1,268,155</u>
Total Governmental Installment Purchases	<u>\$ 4,936,961</u>

Annual debt service payments of the installment purchases as of June 30, 2020, including \$387,584 of interest, are as follows:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	872,103	115,916
2022	823,114	93,529
2023	830,729	72,336
2024	838,522	50,965
2025	599,940	29,441
2026-2030	752,735	25,397
2031-2035	219,818	-
	<u>\$ 4,936,961</u>	<u>\$ 387,584</u>

b. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations as of June 30, 2020:

Governmental activities:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Direct placement Installment purchase	\$ 5,865,714	\$ -	\$ 928,753	\$ 4,936,961	\$ 872,103
Compensated absences	506,358	69,247	24,338	551,267	441,013
Net OPEB Liability	7,653,431	1,463,471	105,584	9,011,318	-
Net pension liability (LGERS)	2,135,820	412,950	-	2,548,770	-
Total pension liability (LEOSSA)	565,479	59,399		624,878	-
Governmental activity long term liabilities	\$ 16,726,802	\$ 2,005,067	\$ 1,058,675	\$ 17,673,194	\$ 1,313,116

At June 30, 2020 the Town of Hope Mills had no bonds authorized and a legal debt margin of \$91,119,295.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2020, represent miscellaneous amounts advanced and consists of the following:

Due to the General Fund for the allocation of costs from the:	
Future Fire Station Capital Project Fund	<u>\$ 353,434</u>
Due to the Powell Bill Fund for the allocation of costs from the:	
Storm Water Fund	\$ 95,000
General Fund	13,000
Total	<u>\$ 108,000</u>
Due to the Storm Water Fund for the allocation of costs from the:	
General Fund	\$ 4,675
Total	<u>\$ 4,675</u>

There were no lending / borrowing arrangements between funds during the fiscal year ending June 30, 2020. However, for the entity-wide financial statements, residual balances outstanding between funds are reported as due to or due from other funds.

There were no Transfers to/from other funds at June 30, 2020.

D. On behalf Payments for Fringe Benefits and Salaries

The Town recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$14,602 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2020. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen for their departments.

E. Fund Balance

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

<b>Total fund balance - General Fund</b>	<u>\$ 7,328,466</u>
Less:	
Prepaid expenses	32,411
Stabilization by State Statute	1,827,445
Streets - Powell Bill	70,398
Appropriated Fund Balance in 2015 budget	580,000
Remaining Fund Balance	4,818,212

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

	<u>General Fund</u>	Stormwater <u>Fund</u>	<u>Non-Major Fund</u>
Encumbrances	\$ 74,759	\$ 13,620	\$ -

#### **IV. Joint Ventures**

The Town of Hope Mills and the members of the Town's fire department each appoint two members to the five member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for fringe benefits made to eligible members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2020, the Town reported revenues and expenditures for the payments of \$14,602, made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2020. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Street, Suite 401, Raleigh, North Carolina 27603.

#### **V. Summary Disclosure of Significant Contingencies**

##### Federal and State Assisted Programs

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

#### **VI. Significant Effects of Subsequent Events**

The Town has not had any significant events between June 30, 2020 and the date of this report.

# *Town of Hope Mills*

## *North Carolina*

### **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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

Schedule of Contributions to Local Government Employees' Retirement System

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

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in the Total OPEB Liability



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

<b>Local Government Employees' Retirement System</b>							
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Hope Mills' proportion of the net pension liability (asset) (%)	0.10744%	0.09003%	0.31559%	0.47611%	0.10248%	0.09956%	0.09500%
Hope Mills' proportion of the net pension liability (asset) (\$)	\$ 2,548,770	\$ 2,135,820	\$ 1,416,352	\$ 2,136,767	\$ 459,924	\$ (587,151)	\$ 1,145,115
Hope Mills' covered payroll	\$ 5,726,717	\$ 5,414,378	\$ 5,334,981	\$ 5,077,169	\$ 4,781,992	\$ 4,007,068	\$ 4,187,047
Hope Mills' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45%	39%	26%	40%	9%	-15%	27%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	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.

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.

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

<b>Local Government Employees' Retirement System</b>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 535,602	\$ 459,770	\$ 421,470	\$ 403,080	\$ 349,390	\$ 346,214	\$ 320,731
Contributions in relation to the contractually required contribution	535,602	459,770	421,470	403,080	349,390	346,214	320,731
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hope Mills; covered payroll	\$ 5,812,182	\$ 5,726,717	\$ 5,414,378	\$ 5,334,981	\$5,077,169	\$4,781,992	\$ 4,007,068
Contributions as a percentage of covered payroll	9.22%	8.03%	7.78%	7.56%	6.88%	7.24%	8.00%

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.

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

<b>Firefighters' and Rescue Squad Workers' Pension</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Hope Mills' proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Hope Mills' proportionate share of the net pension liability (\$)	\$ -	-	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town of Hope Mills	27,736	49,860	43,432	24,624	24,445	22,066
Total	<u>27,736</u>	<u>49,860</u>	<u>43,432</u>	<u>24,624</u>	<u>24,445</u>	<u>22,066</u>
Hope Mills' covered payroll	\$ 1,437,091	1,336,182	\$ 1,242,286	\$ 1,203,544	\$ 1,126,508	\$ 1,001,102
Hope Mills' proportionate share of the net pension liability as a percentage of its covered payroll	1.93%	3.73%	3.25%	1.98%	2.17%	2.20%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.69%	89.35%	84.94%	91.40%	93.42%

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

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.



**Town of Hope Mills, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 565,479	\$ 569,560	\$ 485,667	\$ 454,326
Service Cost	39,168	42,076	34,641	40,889
Interest on the total pension liability	20,274	17,795	18,499	15,983
Changes of benefit terms	-	-	-	-
Differences between expected and actual	(2,558)	(26,711)	756	-
Changes of assumptions or other inputs	19,536	(24,378)	42,825	(12,297)
Benefit payments	(17,021)	(12,863)	(12,828)	(13,234)
Other changes	-	-	-	-
<b>Net changes</b>	<u>59,399</u>	<u>(4,081)</u>	<u>83,893</u>	<u>\$ 31,341</u>
Ending balance of the total pension liability	<u>\$ 624,878</u>	<u>\$ 565,479</u>	<u>\$ 569,560</u>	<u>\$ 485,667</u>

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

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.

**Town of Hope Mills, North Carolina**  
**Schedule of Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 624,878	\$ 565,479	\$ 569,560	\$ 485,667
Covered payroll	1,875,749	1,745,830	1,708,024	1,929,665
Total pension liability as a percentage of covered payroll	33.31%	32.39%	33.35%	25.17%

Note to the schedules:

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

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.

**Town of Hope Mills, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 529,989	\$ 487,949	\$ 551,375
Interest	295,684	246,729	211,695
Changes of benefit terms	-	-	-
Differences between expected and actual experience	5,453	476,573	20,274
Changes of assumptions	632,345	(458,162)	(828,434)
Benefit payments	<u>(105,584)</u>	<u>(59,958)</u>	<u>(54,895)</u>
<b>Net change in total OPEB liability</b>	1,357,887	693,131	(99,985)
<b>Total OPEB liability - beginning</b>	<u>7,653,431</u>	<u>6,960,300</u>	<u>7,060,285</u>
<b>Total OPEB liability - ending</b>	<u>\$ 9,011,318</u>	<u>\$ 7,653,431</u>	<u>\$ 6,960,300</u>
<b>Covered payroll</b>	\$ 5,544,154	\$ 5,544,154	\$ 4,881,006
<b>Total OPEB liability as a percentage of covered payroll</b>	162.54%	138.05%	142.60%

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

The information presented in the required supplementary schedules was determined as part of the following actuarial valuation:

Valuation Date:	June 30, 2018
Actuarial cost method:	Projected benefit basis
Amortization method:	Level percent of pay
Actuarial assumptions:	
Inflation	2.50%
Wage inflation	3.50%
Health Care cost trend rates:	
Pre-Medicare medical and prescription drug	7.25% for 2018, decreasing to an ultimate rate of 4.75% by 2028
Medicare medical and prescription drug	5.38% for 2018, decreasing to an ultimate rate of 4.75% by 2022

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.

*Town of Hope Mills*

*North Carolina*

## **INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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



## GENERAL FUND

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

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 5,485,000	\$ 5,487,027	\$ 2,027	\$ 5,392,435
Penalties and Interest	11,000	14,294	3,294	15,036
Total	<u>5,496,000</u>	<u>5,501,321</u>	<u>5,321</u>	<u>5,407,471</u>
<b>Other Taxes and Licenses:</b>				
Recreation tax	600,000	595,423	(4,577)	582,346
Privilege licenses	1,000	1,340	340	1,220
Total	<u>601,000</u>	<u>596,763</u>	<u>(4,237)</u>	<u>583,566</u>
<b>Unrestricted Intergovernmental:</b>				
Local Option Sales Tax	3,632,100	3,804,435	172,335	3,684,219
Utility franchise tax	903,000	856,693	(46,307)	695,993
Solid Waste Disposal Tax	11,500	12,734	1,234	12,378
Beer and Wine Tax	76,000	72,374	(3,626)	71,985
Total	<u>4,622,600</u>	<u>4,746,236</u>	<u>123,636</u>	<u>4,464,575</u>
<b>Restricted Intergovernmental:</b>				
Powell Bill Allocation	425,000	424,307	(693)	425,026
FEMA	-	-	-	504,404
Miscellaneous grants	53,500	72,339	18,839	55,673
Total	<u>478,500</u>	<u>496,646</u>	<u>18,146</u>	<u>985,103</u>
<b>Permits and Fees:</b>				
Building Permits and Inspection Fees	271,200	282,999	11,799	236,779
Motor vehicle licenses	60,000	57,179	(2,821)	57,199
Total	<u>331,200</u>	<u>340,178</u>	<u>8,978</u>	<u>293,978</u>
<b>Sales and Services:</b>				
Refuse collection fees	1,311,900	1,283,563	(28,337)	1,149,608
Recreation department fees	229,300	101,470	(127,830)	122,474
Cemetery fees	-	4,000	4,000	5,000
Use of facilities fees	32,000	25,271	(6,729)	32,512
Total	<u>1,573,200</u>	<u>1,414,304</u>	<u>(158,896)</u>	<u>1,309,594</u>
Investment Earnings	105,000	83,364	(21,636)	146,462
<b>Miscellaneous:</b>				
Miscellaneous	42,500	1,318	(41,182)	14,147
Contributions	32,500	26,136	(6,364)	6,625
Insurance proceeds	30,900	44,464	13,564	269,494
Total	<u>105,900</u>	<u>71,918</u>	<u>(33,982)</u>	<u>290,266</u>
Total Revenues	<u>13,313,400</u>	<u>13,250,730</u>	<u>(62,670)</u>	<u>13,481,015</u>

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

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Expenditures:				
General Government:				
Governing Body:				
Salaries and Employee Benefits	43,125	46,727	(3,602)	47,620
Other Operating Expenditures	55,025	60,623	(5,598)	74,705
Total	<u>98,150</u>	<u>107,350</u>	<u>(9,200)</u>	<u>122,325</u>
Economic and community development				
Salaries and Employee Benefits	91,375	98,209	(6,834)	89,952
Other operating expenditures	75,250	77,791	(2,541)	69,554
Capital outlay	10,000	-	10,000	-
Total	<u>176,625</u>	<u>176,000</u>	<u>625</u>	<u>159,506</u>
Administration:				
Salaries and Employee Benefits	475,050	492,028	(16,978)	459,719
Other Operating Expenditures	241,325	210,414	30,911	184,611
Capital Outlay	26,000	5,679	20,321	17,536
Total	<u>742,375</u>	<u>708,121</u>	<u>34,254</u>	<u>661,866</u>
Finance:				
Salaries and Employee Benefits	377,575	390,441	(12,866)	371,024
Other Operating Expenditures	91,900	108,349	(16,449)	90,778
Capital Outlay	-	-	-	-
Total	<u>469,475</u>	<u>498,790</u>	<u>(29,315)</u>	<u>461,802</u>
Taxes:				
Contracted Services	115,000	114,925	75	108,135
Total	<u>115,000</u>	<u>114,925</u>	<u>75</u>	<u>108,135</u>
Legal:				
Contracted Services	78,000	61,750	16,250	78,000
Total	<u>78,000</u>	<u>61,750</u>	<u>16,250</u>	<u>78,000</u>
Elections:				
Other operating expenditures	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Buildings:				
Salaries and Employee Benefits	263,750	228,987	34,763	236,297
Other Operating Expenditures	187,500	308,567	(121,067)	178,196
Capital Outlay	80,000	-	80,000	424,754
Total	<u>531,250</u>	<u>537,554</u>	<u>(6,304)</u>	<u>839,247</u>
Public Works:				
Salaries and Employee Benefits	215,975	228,650	(12,675)	151,475
Other Operating Expenditures	25,375	18,901	6,474	243,740
Capital Outlay	-	-	-	-
Total	<u>241,350</u>	<u>247,551</u>	<u>(6,201)</u>	<u>395,215</u>
Service garage				
Salaries and Employee Benefits	124,500	128,413	(3,913)	123,077
Other Operating Expenditures	17,550	14,659	2,891	14,777
Capital Outlay	2,500	-	2,500	-
Total	<u>144,550</u>	<u>143,072</u>	<u>1,478</u>	<u>137,854</u>
<b>Total General Government</b>	<u>2,596,775</u>	<u>2,595,113</u>	<u>1,662</u>	<u>2,963,950</u>

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

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
<b>Public Safety:</b>				
<b>Police Department:</b>				
Salaries and Employee Benefits	2,855,525	2,722,589	132,936	2,903,294
Other Operating Expenditures	783,775	823,070	(39,295)	715,615
Capital Outlay	172,000	133,782	38,218	153,773
Total	<u>3,811,300</u>	<u>3,679,441</u>	<u>131,859</u>	<u>3,772,682</u>
<b>Animal Control:</b>				
Salaries and employee benefits	57,025	58,360	(1,335)	55,932
Other operating expenditures	9,100	5,013	4,087	7,195
Total	<u>66,125</u>	<u>63,373</u>	<u>2,752</u>	<u>63,127</u>
<b>Fire:</b>				
Salaries and Employee Benefits	2,155,275	2,141,144	14,131	2,143,149
Other Operating Expenditures	401,925	411,872	(9,947)	400,888
Capital Outlay	20,000	-	20,000	110,177
Total	<u>2,577,200</u>	<u>2,553,016</u>	<u>24,184</u>	<u>2,654,214</u>
<b>Inspections:</b>				
Salaries and Employee Benefits	309,225	318,090	(8,865)	303,449
Other Operating Expenditures	52,350	44,624	7,726	38,384
Capital Outlay	1,100	-	1,100	-
Total	<u>362,675</u>	<u>362,714</u>	<u>(39)</u>	<u>341,833</u>
<b>Total Public Safety</b>	<u>6,817,300</u>	<u>6,658,544</u>	<u>158,756</u>	<u>6,831,856</u>
<b>Transportation:</b>				
<b>Streets:</b>				
Salaries and Employee Benefits	409,350	352,666	56,684	340,481
Other Operating Expenditures	337,200	304,141	33,059	256,366
Capital Outlay	82,550	77,890	4,660	97,660
Total	<u>829,100</u>	<u>734,697</u>	<u>94,403</u>	<u>694,507</u>
<b>Environmental Protection:</b>				
<b>Solid waste:</b>				
Salaries and employee benefits	260,200	273,409	(13,209)	244,221
Other operating expenditures	640,900	621,464	19,436	583,371
Capital outlay	-	-	-	-
Total	<u>901,100</u>	<u>894,873</u>	<u>6,227</u>	<u>827,592</u>
<b>Cultural and Recreational:</b>				
<b>Parks and Recreation:</b>				
Salaries and Employee Benefits	992,550	1,004,079	(11,529)	851,750
Other Operating Expenditures	716,250	691,155	25,095	742,410
Capital Outlay	154,850	126,024	28,826	103,842
Total	<u>1,863,650</u>	<u>1,821,258</u>	<u>42,392</u>	<u>1,698,002</u>



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

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Other culture and recreation				
Donations and special appropriations	-	-	-	-
Total cultural and recreation	<u>1,863,650</u>	<u>1,821,258</u>	<u>42,392</u>	<u>1,698,002</u>
Debt Service:				
Principal retirement	804,799	804,789	10	853,303
Interest and other charges	117,651	117,337	314	139,105
Total debt service	<u>922,450</u>	<u>922,126</u>	<u>324</u>	<u>992,408</u>
Total Expenditures	<u>13,930,375</u>	<u>13,626,611</u>	<u>303,764</u>	<u>14,008,315</u>
Revenues Over (Under) Expenditures	<u>(616,975)</u>	<u>(375,881)</u>	<u>241,094</u>	<u>(527,300)</u>
Other Financing Sources (Uses):				
Fund balance appropriated	614,500	-	(614,500)	-
Proceeds from installment financing	-	-	-	-
Sale of fixed assets	2,475	12,674	10,199	658
Transfers (to) from other funds:				
Capital Reserve Fund	-	-	-	-
Capital Project Funds	-	-	-	-
Storm Water Fund	-	-	-	-
Storm Water Fund	-	-	-	-
Total	<u>616,975</u>	<u>12,674</u>	<u>(604,301)</u>	<u>658</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(363,207)</u>	<u>\$ (363,207)</u>	<u>(526,642)</u>
Fund balances, beginning		7,691,673		8,218,315
Fund balances, ending		<u>\$ 7,328,466</u>		<u>\$ 7,691,673</u>

**Hope Mills, North Carolina**  
**Storm Water Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)**

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Revenues:				
Operating Revenues:				
Fees	683,000	738,137	\$ 55,137	\$ 729,192
Investment earnings	5,000	4,776	(224)	14,558
Other revenue	1,000	133	(867)	1,191
Total Revenue	<u>689,000</u>	<u>743,046</u>	<u>54,046</u>	<u>744,941</u>
Expenditures:				
Environmental protection:				
Storm Water:				
Salaries and employee benefits	299,550	242,828	56,722	257,004
Operating expenditures	51,200	37,623	13,577	3,200
Contingency	-	-	-	-
Capital outlay	193,000	117,080	75,920	61,267
Total environmental protection	<u>543,750</u>	<u>397,531</u>	<u>146,219</u>	<u>321,471</u>
Debt Service:				
Principal retirement	123,975	123,964	11	123,964
Interest and other charges	21,275	21,265	10	23,809
Total debt service	<u>145,250</u>	<u>145,229</u>	<u>21</u>	<u>147,773</u>
Total Expenditures	<u>689,000</u>	<u>542,760</u>	<u>146,240</u>	<u>469,244</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>200,286</u>	<u>200,286</u>	<u>275,697</u>
Other Financing Sources (Uses):				
Transfer from other funds:	-	-	-	-
Transfer (to) from other funds:	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 200,286</u>	<u>\$ 200,286</u>	<u>\$ 275,697</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		\$ 200,286		\$ 275,697
Fund balances, beginning		471,018		927,237
Fund balances, ending		<u>\$ 671,304</u>		<u>\$ 1,202,934</u>

**Hope Mills, North Carolina**  
**Future Public Safety Center Capital Project Fund**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for Fiscal Year Ended June 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Governmental Project					
Other revenue	\$ 103,000	\$ 2,703	261	\$ 2,964	\$ (100,036)
Interest Earned	4,300	-	-	-	(4,300)
Total revenues	<u>107,300</u>	<u>2,703</u>	<u>261</u>	<u>2,964</u>	<u>(104,336)</u>
Expenditures:					
Public Safety					
Capital outlay	15,582,825	-	318,869	318,869	15,263,956
Other Operating Expenditures	306,125	-	143,088	143,088	163,037
Contingency	718,350	-	-	-	718,350
Total expenditures	<u>16,607,300</u>	<u>-</u>	<u>461,957</u>	<u>461,957</u>	<u>16,145,343</u>
Revenue Over (Under) Expenditures	<u>(16,500,000)</u>	<u>2,703</u>	<u>(461,696)</u>	<u>(458,993)</u>	<u>16,041,007</u>
Other Financing Sources (Uses)					
Transfers (to) from other funds:					
General Fund	-	-	-	-	-
Proceeds from Installment Financing	16,500,000	-	-	-	(16,500,000)
Total other financing sources and (uses)	<u>16,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,500,000)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 2,703</u>	<u>(461,696)</u>	<u>\$ (458,993)</u>	<u>\$ (458,993)</u>
Fund balance, beginning			<u>102,703</u>		
Fund balance, ending			<u>\$ (358,993)</u>		

## NON-MAJOR GOVERNMENTAL FUNDS

**Hope Mills, North Carolina  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

**(With Comparative Totals For the Year Ended June 30, 2019)**

	Parks and Recreation Fund	Archer Road Project	Millbridge Road Project	Odyssey Court Project	Cemetery Agency Fund	Total Nonmajor Governmental Fund - 2020	Total Nonmajor Governmental Fund - 2019
<b>Assets:</b>							
Cash and Cash Equivalents	\$ 36,871	\$ 113,162	\$ 9,277	\$ 26,185	\$ 31,344	\$ 216,839	\$ 319,542
Due from other governments	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>36,871</u>	<u>113,162</u>	<u>9,277</u>	<u>26,185</u>	<u>31,344</u>	<u>216,839</u>	<u>319,542</u>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Non spendable							
Perpetual Maintenance Restricted	-	-	-	-	31,344	31,344	31,344
Public Safety Project Committed	-	-	-	-	-	-	102,703
Capital Projects	36,871	113,162	9,277	26,185	-	185,495	185,495
<b>Total Fund Balances</b>	<u>36,871</u>	<u>113,162</u>	<u>9,277</u>	<u>26,185</u>	<u>31,344</u>	<u>216,839</u>	<u>319,542</u>
<b>Total liabilities and fund balances</b>	<u>\$ 36,871</u>	<u>\$ 113,162</u>	<u>\$ 9,277</u>	<u>\$ 26,185</u>	<u>\$ 31,344</u>	<u>\$ 216,839</u>	<u>\$ 319,542</u>

**Hope Mills, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2020**  
**(With Comparative Totals For the Year Ended June 30, 2019)**

	Parks and Recreation Fund	Archer Road Project	Millbridge Road Project	Odessey Court Project	Cemetery Agency Fund	Total Nonmajor Governmental Fund - 2020	Total Nonmajor Governmental Fund - 2019
<b>Revenues:</b>							
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460
Other Revenue	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>460</b>
<b>Expenditures:</b>							
General Government							
Other operating expenditures	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	167,648
Contingency	-	-	-	-	-	-	-
<b>Total general government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,648</b>
<b>Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167,188)</b>
<b>Other Financing Sources (Uses):</b>							
General Fund	-	-	-	-	-	-	-
Storm Water Fund	-	-	-	-	-	-	-
<b>Revenues and other sources over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167,188)</b>
Fund balance, beginning	36,871	113,162	9,277	26,185	31,344	216,839	486,730
<b>Fund balance, ending</b>	<b>\$ 36,871</b>	<b>\$ 113,162</b>	<b>\$ 9,277</b>	<b>\$ 26,185</b>	<b>\$ 31,344</b>	<b>\$ 216,839</b>	<b>\$ 319,542</b>

**Hope Mills, North Carolina  
Parks and Recreation  
Schedule of Revenues and Expenditures and  
Changes in Fund Balances - Budget and Actual  
From Inception and for Fiscal Year Ended June 30, 2020**

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

**Hope Mills, North Carolina**  
**Storm Water Capital Projects Fund - Archer Road Project**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for Fiscal Year Ended June 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Storm Water Management Project					
Other revenue	\$ -	\$ 138	\$ -	\$ 138	\$ 138
Total revenues	<u>-</u>	<u>138</u>	<u>-</u>	<u>138</u>	<u>138</u>
<b>Expenditures:</b>					
Planning:					
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Over (Under) Expenditures	<u>-</u>	<u>138</u>	<u>-</u>	<u>138</u>	<u>138</u>
<b>Other Financing Sources (Uses)</b>					
Transfers (to) from other funds:					
Proceeds from Installment Financing	-	113,024	-	113,024	113,024
Total other financing sources and (uses)	<u>-</u>	<u>113,024</u>	<u>-</u>	<u>113,024</u>	<u>113,024</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 113,162</u>	<u>-</u>	<u>\$ 113,162</u>	<u>\$ 113,162</u>
Fund balance, beginning			<u>113,162</u>		
Fund balance, ending			<u>\$ 113,162</u>		



**Hope Mills, North Carolina**  
**Storm Water Capital Projects Fund - Crenshaw Drive and Millbridge Road**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for Fiscal Year Ended June 30, 2020**

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
<b>Revenues:</b>					
Storm Water Management Project					
Interest Income	\$ -	\$ 8	\$ -	\$ 8	\$ 8
FEMA Reimbursement	22,800	-	-	-	(22,800)
Total revenues	<u>22,800</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>(22,792)</u>
<b>Expenditures:</b>					
Planning:					
Capital outlay	70,550	61,750	-	61,750	8,800
Other Operating Expenditures	14,450	-	-	-	14,450
Total expenditures	<u>85,000</u>	<u>61,750</u>	<u>-</u>	<u>61,750</u>	<u>23,250</u>
Revenue Over (Under) Expenditures	<u>(62,200)</u>	<u>(61,742)</u>	<u>-</u>	<u>(61,742)</u>	<u>458</u>
Other Financing Sources (Uses)					
Transfers (to) from other funds:					
Storm Water Fund	62,200	62,200	-	62,200	-
Total other financing sources and (uses)	<u>62,200</u>	<u>62,200</u>	<u>-</u>	<u>62,200</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 458</u>	<u>-</u>	<u>\$ 458</u>	<u>\$ 458</u>
Fund balance, beginning			<u>9,277</u>		
Fund balance, ending			<u>\$ 9,277</u>		

**Hope Mills, North Carolina**  
**Storm Water Capital Projects Fund - Odessy Court Project**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for Fiscal Year Ended June 30, 2020**

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Storm Water Management Project:</b>					
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -
PWC reimbursement	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
<b>Planning:</b>					
Construction	177,650	201,315	-	201,315	(23,665)
Other Operating Expenditures	49,850	-	-	-	49,850
Total expenditures	<u>227,500</u>	<u>201,315</u>	<u>-</u>	<u>201,315</u>	<u>26,185</u>
Revenue Over (Under) Expenditures	<u>(227,500)</u>	<u>(201,315)</u>	<u>-</u>	<u>(201,315)</u>	<u>26,185</u>
<b>Other Financing Sources (Uses)</b>					
<b>Transfers (to) from other funds:</b>					
Stormwater	227,500	227,500	-	227,500	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 26,185</u>	<u>-</u>	<u>\$ 26,185</u>	<u>\$ 26,185</u>
Fund balance, beginning			<u>26,185</u>		
Fund balance, ending			<u>\$ 26,185</u>		

**Hope Mills, North Carolina**  
**Cemetery Agency Fund**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for Fiscal Year Ended June 30, 2020**

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

*Town of Hope Mills*

*North Carolina*

## **OTHER SCHEDULES**

This section contains additional information  
required on property taxes

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy



**Hope Mills, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 5,529,549	\$ 5,473,387	\$ 56,162
2018-2019	30,578	-	13,120	17,458
2017-2018	4,683	-	(286)	4,969
2016-2017	3,621	-	871	2,750
2015-2016	4,462	-	1,163	3,299
2014-2015	2,262	-	(2,039)	4,301
2013-2014	9,088	-	(1,725)	10,813
2012-2013	14,475	-	(1,905)	16,380
2011-2012	12,174	-	(1,601)	13,775
2010-2011	9,696	-	(1,013)	10,709
2009-2010	8,788	-	8,788	-
	-	-	-	-
<b>Totals</b>	<b>\$ 99,827</b>	<b>\$ 5,529,549</b>	<b>\$ 5,488,760</b>	<b>140,616</b>
	Less: allowance for doubtful accounts:			
	General Fund			(18,090)
	Ad valorem taxes receivable - net			<u>122,526</u>
	<u>Reconcilement with revenues:</u>			
	Ad valorem taxes - General Fund			5,487,027
	Reconciling Items:			
	Penalties and Interest collected			-
	Adjustments and taxes written off			1,733
	Subtotal			<u>1,733</u>
	Total Collections and Credits			<u>\$ 5,488,760</u>

**Hope Mills, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2020**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Tax at current	\$1,069,577,046	0.46	4,920,054	\$ 4,920,054	\$ -
Registered motor vehicles taxed at current year's rate	128,731,957	0.46	592,167	-	592,167
Penalties and other	-		3,292	3,292	-
Total	1,198,309,003		5,515,513	4,923,346	592,167
Discoveries:					
Current year taxes	4,040,846	0.46	18,588	18,588	-
Motor Vehicles	58,746	0.46	152	-	152
Penalties and other	-		5,280	5,280	-
Total	4,099,592		24,020	23,868	152
Releases:					
General Fund Property Tax	(1,702,852)	0.46	(7,833)	(7,833)	-
Motor Vehicles	(2,548)	0.46	(12)	-	(12)
Penalties and other	-		(2,139)	(2,139)	-
	(1,705,400)		(9,984)	(9,972)	(12)
Total Property Valuation	\$1,200,703,195				
Net Levy			5,529,549	4,937,242	592,307
Uncollected taxes at June 30, 2019			55,877	52,510	3,367
Current year's taxes collected			\$ 5,473,672	\$ 4,884,732	\$ 588,940
Current levy collection percentage			98.99%	98.94%	99.43%

# *Town of Hope Mills*

## *North Carolina*

### STATISTICAL SECTION

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

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

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

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

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

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



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

**Table 1**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 20,815,142	\$ 20,924,217	\$ 21,640,345	\$ 19,753,952	\$ 22,290,398	\$ 26,142,385	\$ 32,720,974	\$ 18,038,638	\$ 18,503,271	\$ 19,051,701
Restricted	2,847,816	1,847,163	1,861,488	3,666,494	3,556,289	3,309,854	1,932,918	1,732,104	2,037,671	1,899,187
Unrestricted	2,304,064	3,202,001	3,010,082	2,835,537	11,258,338	9,379,088	3,983,833	(2,283,712)	(3,426,477)	(5,258,344)
<b>Total governmental activities net position</b>	<b>\$ 25,967,022</b>	<b>\$ 25,973,381</b>	<b>\$ 26,511,915</b>	<b>\$ 26,255,983</b>	<b>\$ 37,105,025</b>	<b>\$ 38,831,327</b>	<b>\$ 38,637,725</b>	<b>\$ 17,487,030</b>	<b>\$ 17,114,465</b>	<b>\$ 15,692,544</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 20,815,142	\$ 20,924,217	\$ 21,640,345	\$ 19,753,952	\$ 22,290,398	\$ 26,142,385	\$ 32,720,974	\$ 18,038,638	\$ 18,503,271	\$ 19,051,701
Restricted	2,847,816	1,847,163	1,861,488	3,666,494	3,556,289	3,309,854	1,932,918	1,732,104	2,037,671	1,899,187
Unrestricted	2,304,064	3,202,001	3,010,082	2,835,537	11,258,338	9,379,088	3,983,833	(2,283,712)	(3,426,477)	(5,258,344)
<b>Total primary government net position</b>	<b>\$ 25,967,022</b>	<b>\$ 25,973,381</b>	<b>\$ 26,511,915</b>	<b>\$ 26,255,983</b>	<b>\$ 37,105,025</b>	<b>\$ 38,831,327</b>	<b>\$ 38,637,725</b>	<b>\$ 17,487,030</b>	<b>\$ 17,114,465</b>	<b>\$ 15,692,544</b>



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

**Table 2**

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities:</b>										
General government	\$ 2,200,156	\$ 2,363,862	\$ 2,217,256	\$ 2,007,641	\$ 1,926,535	\$ 2,228,577	\$ 2,560,827	\$ 3,099,708	\$ 3,172,848	\$ 2,956,011
Public safety	4,715,122	4,995,231	5,383,237	6,428,635	6,394,217	6,508,309	6,615,440	7,296,356	7,486,943	8,226,191
Transportation	674,935	1,719,829	725,949	972,815	739,921	794,953	809,161	1,389,577	826,636	922,006
Environmental protection	1,402,864	1,054,676	1,118,459	1,140,437	1,123,503	1,222,752	1,414,564	1,517,396	1,321,066	1,906,644
Cultural and recreational	1,004,569	1,151,841	1,237,303	1,346,779	1,025,403	1,275,840	1,677,182	1,611,276	1,628,413	1,469,014
Interest on long-term debt	166,917	142,387	118,177	121,716	231,048	77,903	185,794	155,353	158,051	200,204
Total governmental activities expenses	10,164,563	11,427,826	10,800,381	12,018,023	11,440,627	12,108,334	13,262,968	15,069,666	14,593,957	15,680,070
<b>Total primary government expenses</b>	\$ 10,164,563	\$ 11,427,826	\$ 10,800,381	\$ 12,018,023	\$ 11,440,627	\$ 12,108,334	\$ 13,262,968	\$ 15,069,666	\$ 14,593,957	\$ 15,680,070
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 40,945	\$ 39,050	\$ 93,285	\$ 99,775	\$ 84,776	\$ 84,089	\$ 36,133	\$ 28,954	\$ 57,394	\$ 55,470
Public safety	251,625	383,076	147,533	188,264	146,442	266,952	333,748	223,710	207,640	252,021
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Environmental protection	951,952	1,017,350	1,045,283	1,171,456	1,164,706	1,215,338	1,166,288	1,161,570	1,151,285	1,288,292
Cultural and recreational	148,972	143,308	652,817	675,961	686,092	651,545	693,386	669,046	129,731	103,999
Operating grants and contributions	466,187	486,129	427,378	421,986	426,219	436,496	427,370	1,269,024	989,728	529,523
Capital grants and contributions	-	269,739	-	-	377,781	-	-	-	-	-
Total governmental activities program revenues	\$ 1,859,681	\$ 2,338,652	\$ 2,366,296	\$ 2,557,442	\$ 2,886,016	\$ 2,654,420	\$ 2,658,925	\$ 3,352,304	\$ 2,535,778	\$ 2,229,305
<b>Total primary government program revenues</b>	\$ 1,859,681	\$ 2,338,652	\$ 2,366,296	\$ 2,557,442	\$ 2,886,016	\$ 2,654,420	\$ 2,658,925	\$ 3,352,304	\$ 2,535,778	\$ 2,229,305
<b>Net revenue (expense)</b>										
Governmental activities	\$ (8,304,882)	\$ (9,089,174)	\$ (8,434,085)	\$ (9,460,581)	\$ (8,554,611)	\$ (9,453,914)	\$ (10,604,043)	\$ (11,717,362)	\$ (12,058,179)	\$ (13,450,765)
<b>Total primary government net revenue/expense</b>	\$ (8,304,882)	\$ (9,089,174)	\$ (8,434,085)	\$ (9,460,581)	\$ (8,554,611)	\$ (9,453,914)	\$ (10,604,043)	\$ (11,717,362)	\$ (12,058,179)	\$ (13,450,765)

Table 2 (cont.)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 4,048,851	\$ 4,250,548	\$ 4,416,028	\$ 4,716,050	\$ 5,132,425	\$ 5,196,699	\$ 5,240,051	\$ 5,205,880	\$ 5,401,789	\$ 5,552,474
Other taxes	649,643	860,773	3,277,942	3,060,934	3,236,752	3,473,254	3,396,498	3,511,658	4,324,983	4,458,377
Unrestricted grants and contributions	3,154,713	3,320,408	562,270	590,050	739,514	778,256	967,504	960,370	780,356	941,800
Permit and Fees	-	-	-	-	-	-	-	-	-	-
Sales and Service	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	6,730	3,834	3,376	2,009	5,024	19,813	37,340	94,290	161,480	88,401
Miscellaneous	42,038	38,244	141,048	178,914	65,639	61,206	511,947	29,802	286,299	251,903
Gain/(Loss) on Disposal of Equipment	-	-	-	3,223	(6,278)	27,062	(278,868)	-	-	-
Stormwater assessments	421,656	621,726	631,498	653,469	659,291	678,510	678,600	713,016	730,707	735,889
Special items	-	-	-	-	9,442,816	-	-	(16,305,054)	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total government activities	8,323,631	9,095,533	9,032,162	9,204,649	19,275,183	10,234,800	10,553,072	(5,790,038)	11,685,614	12,028,844
Total primary government	\$ 8,323,631	\$ 9,095,533	\$ 9,032,162	\$ 9,204,649	\$ 19,275,183	\$ 10,234,800	\$ 10,553,072	\$ (5,790,038)	\$ 11,685,614	\$ 12,028,844
<b>Change in Net Position</b>										
Governmental activities										
Total primary government	\$ 18,749	\$ 6,359	\$ 598,077	\$ (255,932)	\$ 10,720,572	\$ 780,886	\$ (50,971)	\$ (17,507,400)	\$ (372,565)	\$ (1,421,921)
Total primary government	\$ 18,749	\$ 6,359	\$ 598,077	\$ (255,932)	\$ 10,720,572	\$ 780,886	\$ (50,971)	\$ (17,507,400)	\$ (372,565)	\$ (1,421,921)

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

**Table 3**

<u>Fiscal Year</u>	<u>Property Tax</u> <sup>(1)</sup>	<u>Tax Rate</u>
2011	4,041,059	0.42
2012	4,246,424	0.42
2013	4,384,715	0.42
2014	4,758,118	0.42
2015	5,156,618	0.46
2016	5,186,625	0.46
2017	5,241,172	0.46
2018	5,209,941	0.46
2019	5,379,245	0.46
2020	5,529,549	0.46

Notes:

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

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

**Table 4**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Non Spendable	\$ -	\$ -	\$ 28,321	\$ -	\$ -	\$ 6,240	\$ 22,005	\$ 26,017	\$ 33,209	\$ 32,411
Restricted	2,774,770	1,679,248	1,695,219	3,864,399	3,423,303	3,177,205	1,799,789	1,598,517	1,903,624	1,897,843
Committed	190,621	96,734	-	-	-	-	-	-	-	-
Assigned	1,134,990	882,512	1,013,696	409,833	846,199	-	-	850,000	850,000	580,000
Unassigned	1,645,272	2,400,438	3,111,217	3,129,060	3,664,480	5,977,244	7,460,513	5,743,781	4,904,840	4,818,212
<b>Total General Fund</b>	<b>\$ 5,745,653</b>	<b>\$ 5,058,932</b>	<b>\$ 5,848,453</b>	<b>\$ 7,403,292</b>	<b>\$ 7,933,982</b>	<b>\$ 9,160,689</b>	<b>\$ 9,282,307</b>	<b>\$ 8,218,315</b>	<b>\$ 7,691,673</b>	<b>\$ 7,328,466</b>
<b>All other governmental funds</b>										
Non Spendable	\$ 73,046	\$ 67,915	\$ 66,225	\$ 35,241	\$ 32,936	\$ 31,344	\$ 31,344	\$ 31,344	\$ 31,344	\$ 31,344
Restricted	-	100,000	100,044	100,050	100,050	101,305	101,785	102,243	102,703	(30,000)
Assigned	-	-	-	-	-	-	-	-	-	-
Committed	462,743	796,134	1,017,335	1,667,822	10,583,038	7,477,398	1,472,663	548,464	656,513	856,799
Unassigned	-	-	-	-	-	-	-	-	-	(328,993)
<b>Total all other governmental funds</b>	<b>\$ 535,789</b>	<b>\$ 964,049</b>	<b>\$ 1,183,604</b>	<b>\$ 1,803,113</b>	<b>\$ 10,716,024</b>	<b>\$ 7,610,047</b>	<b>\$ 1,605,792</b>	<b>\$ 682,051</b>	<b>\$ 790,560</b>	<b>\$ 529,150</b>

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

**Table 5**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Ad valorem taxes	\$ 4,041,059	\$ 4,246,424	\$ 4,384,715	\$ 4,758,118	\$ 5,156,618	\$ 5,186,625	\$ 5,242,841	\$ 5,215,557	\$ 5,407,471	\$ 5,501,321
Other taxes and licenses	115,205	807,707	938,360	609,649	567,514	564,213	565,167	552,198	583,566	596,763
Unrestricted intergovernmental	3,636,565	3,320,409	3,420,505	3,566,780	3,973,507	4,205,148	4,318,543	4,426,133	4,464,575	4,746,236
Restricted intergovernmental	463,832	482,629	467,321	441,986	441,859	439,680	682,013	1,269,024	985,103	496,646
Permits and fees	720,677	1,053,535	831,656	902,653	855,793	1,000,879	1,065,162	987,933	1,023,170	1,078,315
Sales and services	1,141,869	1,199,708	1,213,421	1,356,166	1,321,993	1,380,281	1,325,225	1,298,290	1,309,594	1,414,304
Investment earnings	6,730	3,834	3,376	2,009	5,024	19,813	37,340	94,290	161,480	88,140
Miscellaneous	18,929	293,072	88,645	25,126	49,001	58,195	257,364	33,574	291,457	72,312
<b>Total revenues</b>	<b>10,144,866</b>	<b>11,407,318</b>	<b>11,347,999</b>	<b>11,642,487</b>	<b>12,371,309</b>	<b>12,854,834</b>	<b>13,493,655</b>	<b>13,876,999</b>	<b>14,226,416</b>	<b>13,994,037</b>
<b>Expenditures</b>										
General government	1,757,853	2,113,497	2,176,899	1,899,100	1,795,320	2,121,869	2,379,832	3,012,560	2,963,950	2,595,113
Public Safety	4,855,184	4,809,882	4,720,822	6,316,391	6,215,096	5,828,005	6,064,245	7,367,304	6,831,856	6,801,632
Transportation	504,481	1,645,327	619,692	941,373	610,383	577,248	654,731	1,236,768	694,507	734,697
Environmental protection	1,314,565	1,309,083	1,020,347	1,374,124	1,052,531	1,182,791	1,247,379	1,773,134	1,149,063	1,292,404
Culture and recreation	944,093	1,045,393	1,096,376	1,286,418	1,292,820	1,252,288	1,244,811	1,664,539	1,698,002	1,821,258
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	614,444	628,022	642,190	2,781,913	697,281	806,994	1,033,000	930,860	977,267	928,753
Interest and other charges	180,630	156,277	131,333	108,560	189,857	195,808	191,556	160,607	162,914	138,602
Capital outlay	-	-	219,888	2,393,943	1,679,306	3,268,306	6,658,217	731,014	167,648	318,869
<b>Total expenditures</b>	<b>10,171,250</b>	<b>11,707,481</b>	<b>10,627,547</b>	<b>17,101,822</b>	<b>13,532,594</b>	<b>15,233,309</b>	<b>19,473,771</b>	<b>16,876,786</b>	<b>14,645,207</b>	<b>14,631,328</b>
Excess of revenues over (under) expenditures	(26,384)	(300,163)	720,452	(5,459,335)	(1,161,285)	(2,378,475)	(5,980,116)	(2,999,787)	(418,791)	(637,291)
<b>Other financing sources (uses)</b>										
Transfers in	-	-	-	-	-	-	-	713,425	-	-
Transfers out	-	-	-	-	-	-	-	(713,425)	-	-
Insurance Proceeds	-	-	-	-	-	27,062	97,479	12,054	658	12,674
Legal Settlements	-	-	-	158,683	9,442,816	-	-	-	-	-
Sale of capital assets	63,094	41,704	38,624	-	-	-	-	-	-	-
Loss on investment	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Installment purchase obligations	-	-	250,000	7,475,000	1,162,070	472,143	-	1,000,000	-	-
<b>Total other financing sources (uses)</b>	<b>63,094</b>	<b>41,704</b>	<b>288,624</b>	<b>7,633,683</b>	<b>10,604,886</b>	<b>499,205</b>	<b>97,479</b>	<b>1,012,054</b>	<b>658</b>	<b>12,674</b>
<b>Net change in fund balances</b>	<b>\$ 36,710</b>	<b>\$ (258,459)</b>	<b>\$ 1,009,076</b>	<b>\$ 2,174,348</b>	<b>\$ 9,443,601</b>	<b>\$ (1,879,270)</b>	<b>\$ (5,882,637)</b>	<b>\$ (1,987,733)</b>	<b>\$ (418,133)</b>	<b>\$ (624,617)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.8%</b>	<b>6.7%</b>	<b>7.4%</b>	<b>19.7%</b>	<b>7.5%</b>	<b>8.4%</b>	<b>9.6%</b>	<b>6.8%</b>	<b>7.9%</b>	<b>7.5%</b>

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

**Table 6**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service</b>	<b>Total Assessed Value</b>	<b>Ratio of Assessed Value to Estimated Actual Value <sup>(1)</sup></b>	<b>Property Tax Rate <sup>(2)</sup></b>
2011	843,817,796	20,984,069	5,581,484	870,383,349	100%	0.42
2012	878,694,775	23,963,864	6,740,533	909,399,172	100%	0.42
2013	904,161,960	28,886,083	7,460,386	940,508,429	100%	0.42
2014	933,929,889	34,252,566	7,352,344	975,534,799	100%	0.42
2015	949,257,470	35,651,778	7,141,211	992,050,459	100%	0.46
2016	963,625,345	31,275,569	8,360,728	1,003,261,642	100%	0.46
2017	977,365,944	32,553,190	8,867,312	1,018,786,446	100%	0.46
2018 <sup>(3)</sup>	963,756,059	37,663,869	9,156,380	1,010,576,308	100%	0.46
2019	994,279,866	37,960,936	9,192,811	1,041,433,613	100%	0.46
2020	1,017,347,941	42,219,580	10,009,525	1,069,577,046	100%	0.46

Notes:

- (1) Assessed value is established by the Cumberland County Tax Office at 100% estimated market value.
- (2) Rate per \$100 of assessed valuation.
- (3) Denotes the year in which a revaluation was effective January 1st and reflected in the following fiscal year's property value.

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

**Table 7**

<u>Fiscal Year</u>	<u>Town of Hope Mills<sup>(1)</sup></u>	<u>Cumberland County<sup>(2)</sup></u>	<u>Combined Tax Rate Per \$100 of Assessed Value</u>
2011	0.420	0.740	1.160
2012	0.420	0.740	1.160
2013	0.420	0.740	1.160
2014	0.420	0.740	1.160
2015	0.460	0.740	1.200
2016	0.460	0.740	1.200
2017	0.460	0.799	1.259
2018	0.460	0.799	1.259
2019	0.460	0.799	1.259
2020	0.460	0.799	1.259

Notes:

(1) The Town tax is completely applicable to general government and not divided among other components.

(2) Overlapping rates are those of local and county governments that apply to property owners within the Town of Hope Mills.

**Town of Hope Mills  
Principal Property Taxpayers  
June 30, 2020**

**Table 8**

	2020				2011			
	Type of Enterprise	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Kings Quarters Southeast LLC	Apartments	\$ 23,913,163	1	2.37%				
Wal-Mart	Retail Store	15,029,527	2	1.49%	\$ 11,732,780	1	1.35%	
Birchfield Partners LLC	Real Estate	10,878,900	4	1.08%				
Lowes Home Centers	Retail Store	10,683,709	3	1.06%	4,536,267	9		
JDR Assoc LLC	Real Estate	10,029,954	5	0.99%				
Cumberland AL Investors LLC	Real Estate	7,751,544	6	0.77%				
Crown at Steeplechase	Real Estate	7,126,937	7	0.71%				
Southview Townhomes/United Resorl	Real Estate	6,821,300	8	0.68%	3,904,157		0.45%	
Village Green Assoc	Real Estate	6,801,266	9	0.67%	6,696,494	4	0.77%	
Stone Fayetteville LLC	Real Estate	6,650,226	10	0.66%	6,306,512	5		
Carolina Healthcare Center	Healthcare Facility				8,558,642	2	0.98%	
Village Compant LLC	Real Estate				5,729,721	6	0.66%	
Harold Kidd & Wife	Individual				4,998,722	7	0.57%	
Cumberland Ventures LLC	Real Estate				7,299,374	3	0.84%	
South Main Apartments	Apartments				4,788,105	8	0.55%	
marina investments LLC	Real Estate				4,453,874	10	0.51%	
<b>Totals</b>		<b>\$ 105,686,526</b>		<b>10.46%</b>	<b>\$ 69,004,648</b>		<b>6.69%</b>	
<b>Total Assessed Value</b>		<b>\$ 1,009,919,134</b>			<b>\$ 869,552,439</b>			

Source: Cumberland County Assessor's Office



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

**Table 9**

<b>Fiscal Year</b>	<b>Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (1)</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2011	4,047,167	3,964,241	97.95%	80,954	4,045,195	99.95%
2012	4,245,767	4,160,448	97.99%	83,804	4,244,252	99.96%
2013	4,398,112	4,297,944	97.72%	98,963	4,396,907	99.97%
2014	4,735,780	4,680,929	98.84%	53,314	4,734,243	99.97%
2015	5,066,002	5,059,101	99.86%	4,684	5,063,785	99.96%
2016	5,169,534	5,155,410	99.73%	9,662	5,165,072	99.91%
2017	5,241,173	5,224,190	99.68%	13,554	5,237,744	99.93%
2018	5,209,941	5,195,460	99.72%	13,284	5,208,744	99.98%
2019	5,379,245	5,348,667	99.43%	13,120	5,361,787	99.68%
2020	5,529,549	5,473,387	98.98%	-	5,473,387	98.98%

**Notes:**

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

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

**Table 10**

Fiscal Year	Governmental Activities			Total Primary Government	Debt as a % of	
	Installment Purchases	Revolving Loans			Assessed Valuation (1)	Per Capita (2)
2011	3,596,856	-		3,596,856	0.4%	237
2012	3,158,433	-		3,158,433	0.3%	204
2013	2,964,136	-		2,964,136	0.3%	190
2014	7,676,903 (3)	-		7,676,903	0.8%	490
2015	7,292,622	879,270 (4)		8,171,892	0.8%	498
2016	6,971,534	835,307		7,806,841	0.8%	474
2017	5,982,498	791,343		6,773,841	0.7%	410
2018	6,095,601	747,380		6,842,980	0.7%	411
2019	5,162,298	703,416		5,865,714	0.6%	349
2020	4,277,508	659,453		4,936,961	0.5%	283

**Notes:**

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

**Town of Hope Mills  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2020**

**Table 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable To Town (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Cumberland County Debt Outstanding	\$ 79,170,775	22.18%	\$ 17,560,078
Subtotal, overlapping debt			17,560,078
Town of Hope Mills direct debt			<u>4,936,961</u> (2)
Total direct and overlapping debt			<u><u>\$ 22,497,039</u></u>

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

Notes:

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

(2) - Includes all governmental activities debt.

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

**Table 12**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 69,630,668	\$ 72,751,934	\$ 75,240,674	\$ 78,042,784	\$ 79,364,037	\$ 89,829,468	\$ 81,746,347	\$ 80,846,105	\$ 83,314,689	\$ 85,348,588
Total net debt applicable to limit	3,596,856	3,158,433	2,964,136	7,676,903	8,171,892	7,806,841	6,773,841	6,842,980	5,865,714	4,936,961
Legal debt margin	\$ 66,033,812	\$ 69,593,501	\$ 72,276,538	\$ 70,365,881	\$ 71,192,145	\$ 82,022,627	\$ 74,972,506	\$ 74,003,125	\$ 77,448,975	\$ 80,411,627
Total net debt applicable to the limit as a percentage of debt limit	5.17%	4.34%	3.94%	9.84%	10.30%	8.69%	8.29%	8.46%	7.04%	5.78%

**Legal Debt Margin Calculation for Fiscal Year 2020 <sup>(1)</sup>**

Assessed Value	\$ 1,069,577,046
Debt Limit (8% of total assessed value)	85,566,164
Debt applicable to limit:	
General obligation bonds	-
Non bonded debt	4,936,961
Less: Statute exclusion for Water bonds	-
Total net debt applicable to limit	4,936,961
Legal Debt Margin	\$ 80,629,203

Notes:

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

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

**Table 13**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income<sup>(2)</sup></b>	<b>Per Capita Income<sup>(2)</sup></b>	<b>County Median Age<sup>(3)</sup></b>	<b>County <sup>(3)</sup> School Enrollment</b>	<b>County <sup>(3)</sup> Unemployment Rate</b>
2011	15,176	678,033,328	44,678	N/A	52,400	9.8%
2012	15,509	707,055,310	45,590	31.20	52,166	10.2%
2013	15,570	349,686,630	22,459	31.36	52,729	8.2%
2014	15,675	361,089,300	23,036	31.63	51,845	6.4%
2015	16,411	371,594,273	22,643	31.89	51,855	6.7%
2016	16,453	380,179,471	23,107	31.50	50,939	6.1%
2017	16,523	*	*	31.00	50,655	5.3%
2018	16,660	*	*	31.50	49,641	5.4%
2019	16,827	*	*	*	49,503	5.8%
2020	17,416	*	*	*	50,971	9.2%

Notes:

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

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

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

\* - data not available

**Cumberland County <sup>(2)</sup>**  
**Principal Employers**  
**Current Year and Nine Years Ago**

**Table 14**

<b>Employer</b>	<b>2020 <sup>(1)</sup></b>		<b>2011</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
U.S. Dept of Defense - Civilians	14,000+	1	6,500+	2
Cape Fear Valley Health Systems	7,000+	2	5,000+	4
Cumberland County Schools	6,500+	3	6,500+	1
Wal-Mart Associates Inc	3,000+	4	-	-
Goodyear Tire and Rubber Inc	2,500+	5	3,500+	5
Cumberland County	2,500+	6	2,500+	6
Veterans Administration	1500+	7	1,500+	8
City of Fayetteville	1,500+	8	2,000+	7
Fayetteville Technical Com College	1,000+	9	-	-
Mann & Hummel (Purolator)	1,000+	10	1,000+	10
U.S. Dept of Defense - Other	-	-	5,500+	3
U.S. Postal Service	-	-	1,000+	9

(1) - Data available from NC Department of Commerce and Cumberland County

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

**Town of Hope Mills**  
**Full-time Town Government Employees by Function**  
**Last Nine Fiscal Years <sup>(1)</sup>**

**Table 15**

<b>Function</b>	<b>2012 <sup>(1)</sup></b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General Government									
Administration	3	3	3	3	3	3	3	3	3
Human Resources	1	1	1	1	1	2	2	2	2
Finance	4	4	4	4	4	4	4	4	4
Planning	0	0	0	1	1	1	1	1	1
Public Safety									
Law Enforcement									
Officers	36	39	40	44	43	43	43	43	43
Civilians	4	4	4	4	4	4	4	4	4
Animal Control	1	1	1	1	1	1	1	1	1
Fire Department	22	25	28	30	33	33	34	34	35
Inspections	4	4	4	4	4	4	4	4	4
Public Works									
Administration	2	2	2	2	2	2	3	3	3
Buildings & Grounds	4	4	4	4	4	6	6	6	6
Streets	5	5	5	5	4	6	6	6	6
Sanitation	13	9	9	9	2	4	4	4	4
Service Garage	3	2	2	2	2	2	2	2	2
Parks & Recreation									
Administration	3	3	3	3	3	3	3	3	3
Programs	0	2	2	2	2	2	2	2	3
Athletics/Maintenance	6	6	6	6	5	6	7	7	8
Stormwater	2	3	3	2	2	2	2	2	2
<b>Total</b>	<b>113</b>	<b>117</b>	<b>121</b>	<b>127</b>	<b>120</b>	<b>128</b>	<b>131</b>	<b>131</b>	<b>134</b>

Notes:  
(1) - Only eight years presented due to availability of information

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function:</b>										
Public Safety										
Police Department:										
Arrests	859	819	862	613	632	739	562	886	695	611
Traffic violations	4,816	6,593	6,193	3,807	5,663	5,393	4,522	3,472	2,742	3,105
Fire Department:										
Fire calls answered	690	654	708	680	708	661	665	807	783	731
EMS calls answered	1,048	975	1,222	1,090	1,038	1,031	1,103	1,238	1,231	1,028
MVC calls answered	217	205	221	194	170	208	195	220	163	183
HAZ-MAT calls answered	19	27	22	23	22	21	29	23	25	27
Misc. Service calls answered	96	81	54	104	145	174	219	165	160	180
Fire inspections	139	104	171	173	218	229	117	141	489	207
Highways and streets										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	-	-	-	-	-	-	-	-	-	-
Sidewalk repaired (linear ft.)	-	-	-	-	-	-	-	-	-	-
Street sweeping (miles)	-	-	-	-	-	-	-	-	-	-
Inspections										
Building permits issued	202	219	208	176	194	173	324	52	63	80
Sanitation										
Residential waste collected (tons/year)	4,485	n/a	3,966	3,866	4,043	3,892	n/a	n/a	n/a	n/a
Yard waste collected (tons/year)	778	n/a	983	972	959	945	n/a	n/a	n/a	1,594
Trash pick-up fee	180	n/a	216	216	216	216	216	216	216	244
Culture and recreation										
Youth participation:										
Fall sports	1,024	1,099	1,095	1,025	866	860	710	700	644	645
Winter sports	435	442	442	513	468	500	426	369	325	374
Spring Sports	1,210	1,205	1,117	1,152	1,050	1,077	965	835	803	48
Senior Center Participants	n/a	n/a	2,973	6,702	8,953	8,013	6,565	12,374	6,811	7,013

Notes:



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

**Table 17**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety	1	1	1	1	1	1	1	1	1	1
Police stations	28	29	30	31	36	40	41	41	46	46
Police patrol units	1	1	1	1	1	1	1	1	1	1
Fire Stations	6	6	8	8	8	8	8	8	8	8
Fire Trucks										
Sanitation	6	6	6	6	6	6	4	4	4	4
Collection trucks										
Highways and streets	59	59	60	60	60	60	60	62	62	62
Paved Streets (miles)										
Culture and recreation	97	97	97	97	97	97	97	97	97	196
Parks acreage	9	9	9	9	9	9	9	9	9	11
Parks	14	14	14	14	14	14	14	14	14	14
Baseball fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	2	2	2	2	2	2	2	2	2	2
Football fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers										

Notes:

*Town of Hope Mills*

*North Carolina*

**COMPLIANCE SECTION**





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

P.O. Box 398  
1626 S. Madison Street  
Whiteville, NC 28472  
Telephone (910) 642-2109  
Fax (910) 642-5958

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hope Mills, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Hope Mills' basic financial statements, and have issued our report thereon dated October 29, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**Members**

**American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms**

Purpose of this Report

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

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

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*Whiteville, NC*

**October 29, 2020**



**Town of Hope Mills**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

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**Section II. Financial Statement Findings**

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None reported.

**Town of Hope Mills  
Corrective Action Plan  
For the Year Ended June 30, 2020**

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**Section II. Financial Statement Findings**

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None to Report.

**Town of Hope Mills**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2020**

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No findings noted in prior year.