

CITY OF GOOD HOPE, ALABAMA
BASIC FINANCIAL STATEMENTS
With Supplementary Information
September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Good Hope, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Good Hope, Alabama, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Good Hope, Alabama, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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, Schedule of Changes in the Net Pension Liability, the Schedule of Employer Contributions to Pension Plan, Budgetary Comparison Information, and Notes to the Required Supplementary Information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Good Hope, Alabama's basic financial statements. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements listed in the table of contents are the responsibility of management and were derived from and relate 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 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. In our opinion, the combining financial statements listed in the table of contents are fairly stated in all material respects in relation to the financial statements taken as a whole.

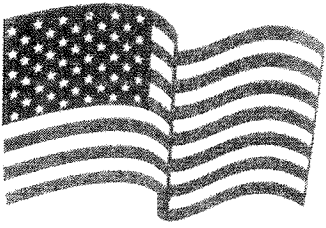
Honorable Mayor and Members
of the City Council
City of Good Hope, Alabama
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019, on our consideration of the City of Good Hope, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 City of Good Hope, Alabama's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Cullman, Alabama
January 25, 2019



Mayor: Jerry Bartlett
Clerk: Christie Chamblee

City of **GOOD HOPE** *Alabama*

Council Members:
John Harris
Maxie Jones
Susan Eller
Greg Brown
Taft Dillashaw

Management's Discussion and Analysis Concerning the Audited Financial Statements for the Fiscal Year Ended September 30, 2017

The City of Good Hope (City) was incorporated under the laws of the State of Alabama in 1962 and operates under an elected Mayor-Council form of government. The City's elected officials consist of a full-time mayor, who also serves as the wastewater treatment plant superintendent, and five part-time council members, each elected by city-wide vote to serve concurrent four-year terms.

Mayor Jerry Bartlett is the chief executive officer of the City of Good Hope. The Mayor is responsible for the supervision of the daily operations and the officers of the City of Good Hope. The Mayor, with assistance from the City Clerk, prepares the annual budget for the City of Good Hope.

The Council is the legislative body and adopts all policies, procedures, and laws that govern the City of Good Hope. The Council is responsible for the financial management and long term planning of the City of Good Hope which includes amending and adopting the annual budget.

The City Clerk/Treasurer, Christie Chamblee, is appointed by the City Council. As City Clerk, she is responsible for preparation of the agenda and the recording of the minutes of all City Council Meetings, she supervises the collection of the revenues for the City of Good Hope, and she serves as custodian of the records and also performs the duties prescribed by law and assigned by the Mayor and Council. As City Treasurer, she is responsible for management of funds for the City of Good Hope and its financial records, she designates all City depositories and authorizes the issuance of payments for the lawful expenditures of City's funds, and she also performs the duties prescribed by law and assigned by the Mayor and Council.

The costs of general government, streets and sanitation, public safety, culture and recreation, as well as appropriations to various public agencies and non-profit groups, debt service for governmental purposes and most matching funds for federal and state grants are paid from the General Fund.

The Wastewater Department is accounted for in enterprise funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts—management's discussion and analysis, the basic financial statements, required supplementary information and an optional section that presents combining statements for general fund and the non-major governmental funds. Major governmental funds are the general fund and the capital projects fund. The basic financial statements include two kinds of statements that present different views of the City.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the City's sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds which are added together and presented in single columns in the basic financial statements.

The following summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of City of Good Hope's Government-wide and Fund Financial Statements

	<u>Fund Statements</u>		
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City government (Except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary such as police, fire and public works	Activities the City operates similar to private businesses: the water and sewer systems
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expense during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position--the difference between the City's assets and liabilities--are one way to measure the City's financial health.

Increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. In order to assess the overall health of the City, however, additional factors such as changes in property tax base, economic growth, unemployment, new and/or expanded businesses and industries, and the condition of the City's assets and infrastructure must be considered.

The government-wide financial statements of the City are divided into two categories:

Governmental activities -- Most of the City's basic services are included here, such as police, fire, public works and general administration. Property taxes, sales taxes, fees for certain services and state-shared revenues finance most of these activities.

Business-type activities -- The City charges fees to customers to cover most of the costs of certain services it provides. The City's sewer system is self-sustaining.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds-- not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law or by bond covenants. The City Council establishes other funds to control and manage money for particular purposes.

The City of Good Hope has two kinds of funds: Governmental Funds and Proprietary Funds.

Most of the City's basic services are included in **governmental funds** which focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that could be spent in the near future to finance the City's operations. Additional information is furnished in the notes to the financial statements. The City has two major funds - the general fund and capital projects fund.

The collection and disposal of wastewater for which customers are charged fees are accounted for and reported in an **enterprise fund**, one type of Proprietary Fund.

FINANCIAL HIGHLIGHTS

The City's net position increased \$284,646 over the course of this year's operation, which was derived from a \$275,287 increase in the net position of the governmental activities and \$9,359 increase in the business-type activities.

Budgeted revenues in the general fund for fiscal year 2017 were based generally on the previous year's receipts; however, actual revenues increased during the year due to the improving local economy. Revenues were \$68,042 more than budgeted. General fund expenditures were \$290,456 more than budgeted due to the budget not being amended for additional capital outlay expenditures approved during the year and the City did not budget for debt service payments.

The most important source of revenue in the general fund for fiscal year 2017 was sales taxes, which produced \$924,006 for general purposes. The other major sources of revenue in fiscal year 2017 were beer and alcohol taxes in the amount of \$176,674, the municipal three percent tax in the amount of \$83,403, property taxes in the amount of \$79,267, and charges for services in the amount of \$86,320.

CONDENSED FINANCIAL STATEMENTS

The following condensed financial statements serve as indicators for management:

CONDENSED STATEMENT
CITY OF GOOD HOPE,
September 30,

		Governmental Activities	
		2017	2016
Current assets		\$ 960,935	\$ 995,844
Restricted assets		24,310	36,724
Capital assets:			
Land and other assets not depreciated		1,209,806	988,352
Buildings, improvements, and equipment net of depreciation		2,003,774	1,963,506
Deferred outflows of resources		80,722	3,001
TOTAL ASSETS		\$ 4,279,547	\$ 3,987,427
Current liabilities		\$ 108,744	\$ 97,419
Liabilities payable from restricted assets		-	-
Long-term liabilities		1,145,192	1,168,031
TOTAL LIABILITIES		\$ 1,253,936	\$ 1,265,450
Deferred inflows of resources		\$ 103,969	\$ 75,622
Net position:			
Net investment in capital assets		\$ 2,045,549	\$ 1,687,446
Restricted		24,310	29,029
Unrestricted		851,783	929,880
TOTAL NET POSITION		\$ 2,921,642	\$ 2,646,355
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		\$ 4,279,547	\$ 3,987,427

OF NET POSITION
ALABAMA
2017 and 2016

Business-type Activities		Total	
2017	2016	2017	2016
\$ 38,526	\$ 45,062	\$ 999,461	\$ 1,040,906
128,187	129,012	152,497	165,736
116,703	98,405	1,326,509	1,086,757
1,485,875	1,579,776	3,489,649	3,543,282
65,069	86,758	145,791	89,759
<u>\$ 1,834,360</u>	<u>\$ 1,939,013</u>	<u>\$ 6,113,907</u>	<u>\$ 5,926,440</u>
\$ -	\$ -	\$ 108,744	\$ 97,419
138,007	139,007	138,007	139,007
1,213,007	1,326,019	2,358,199	2,494,050
<u>\$ 1,351,014</u>	<u>\$ 1,465,026</u>	<u>\$ 2,604,950</u>	<u>\$ 2,730,476</u>
\$ -	\$ -	\$ 103,969	\$ 75,622
\$ 454,640	\$ 438,920	\$ 2,500,189	\$ 2,126,366
(9,820)	(9,995)	14,490	19,034
38,526	45,062	890,309	974,942
<u>\$ 483,346</u>	<u>\$ 473,987</u>	<u>\$ 3,404,988</u>	<u>\$ 3,120,342</u>
<u>\$ 1,834,360</u>	<u>\$ 1,939,013</u>	<u>\$ 6,113,907</u>	<u>\$ 5,926,440</u>

CONDENSED STATEMENT
CITY OF GOOD HOPE,
For the year ended September 30,

		Governmental Activities	
		2017	2016
Program Revenues:			
Charges for services		\$ 194,366	\$ 88,085
Operating grants and contributions		99,357	45,711
Capital grants and contributions		71,000	-
General Revenues:			
Property taxes		79,267	21,133
Sales taxes		924,006	882,382
Other taxes		303,261	399,826
Alabama Trust Fund		21,644	22,187
TVA Distributions		77,588	84,278
Unrestricted investment earnings		1,238	837
Other		(12,338)	117,227
	TOTAL REVENUES	\$ 1,759,389	\$ 1,661,666
Expenses:			
General government		\$ 367,000	\$ 507,567
Street and highways		716,926	513,170
Culture and recreation		102,847	110,728
Public safety		40,000	36,000
Health and social services		31,025	5,000
Conservation		4,000	3,500
Education		27,639	26,750
Interest on long-term debt		42,210	43,480
Sewer		-	-
	TOTAL EXPENSES	\$ 1,331,647	\$ 1,246,195
	INCREASE (DECREASE) IN NET		
	NET POSITION BEFORE TRANSFERS	\$ 427,742	\$ 415,471
Transfers		(152,455)	(153,140)
	INCREASE IN NET POSITION	\$ 275,287	\$ 262,331
Net position at beginning of year		2,646,355	2,384,024
	NET POSITION AT END OF YEAR	\$ 2,921,642	\$ 2,646,355

OF ACTIVITIES
ALABAMA
2017 and 2016

Business-type Activities		Total	
2017	2016	2017	2016
\$ 167,982	\$ 162,918	\$ 362,348	\$ 251,003
-	-	99,357	45,711
-	-	71,000	-
-	-	79,267	21,133
-	-	924,006	882,382
-	-	303,261	399,826
-	-	21,644	22,187
-	-	77,588	84,278
-	-	1,238	837
-	1,434	(12,338)	118,661
\$ 167,982	\$ 164,352	\$ 1,927,371	\$ 1,826,018
\$ -	\$ -	\$ 367,000	\$ 507,567
-	-	716,926	513,170
-	-	102,847	110,728
-	-	40,000	36,000
-	-	31,025	5,000
-	-	4,000	3,500
-	-	27,639	26,750
-	-	42,210	43,480
311,078	297,569	311,078	297,569
\$ 311,078	\$ 297,569	\$ 1,642,725	\$ 1,543,764
\$ (143,096)	\$ (133,217)	\$ 284,646	\$ 282,254
152,455	153,140	-	-
\$ 9,359	\$ 19,923	\$ 284,646	\$ 282,254
473,987	454,064	3,120,342	2,838,088
\$ 483,346	\$ 473,987	\$ 3,404,988	\$ 3,120,342

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City of Good Hope completed the year, its general fund reported a combined fund balance of \$848,919 as compared with the previous year's balance of \$919,184. The revenues of the general fund decreased by \$33,248 (1.99%) due to a decrease in grants, donations, and other miscellaneous revenues received. The expenditures of the general fund increased by \$295,285 (25.61%) due to an increase in highways and streets for road maintenance done during the year and for additional capital outlay related to equipment purchases.

The total net position for the City of Good Hope increased by \$284,646 due to an increase in tax revenues and charges for services. The City's financial position was stable and increased during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council does not amend the annual budget of the City of Good Hope to reflect actual year ending amounts. Over the course of the year the budget was revised several times by the City Council and Treasurer:

- 1) To move budgeted amounts from one line item to another to accurately reflect the category to which the expenditure was charged;
- 2) During the year where increases or decreases in the cost of various items made it necessary to adjust the budget, or where the City Council found it necessary or expedient to approve an expenditure which was not contemplated when the budget was adopted.
- 3) Increases in appropriations to prevent budget overruns.

Capital outlay expenditures were \$180,396 more than the budgeted amount. The budget was not amended for additional expenditures for equipment during the year. Transfers out of the General Fund were \$126,031 were more than the budgeted amount due to additional transfers to capital project fund.

CAPITAL ASSETS

The capital assets of the City are reported at actual or estimated historic cost. The capital assets are depreciated on a straight-line basis over the estimated useful life.

Governmental Activities:

During the fiscal year ended September 30, 2017, the City had the following major capital asset purchases:

- ✓ Installation of culverts and flumes on Good Hope School Road of \$57,193
- ✓ Purchase of .06 Acres of land for right of way for \$20,000
- ✓ Purchase of Mower Max 22' boom with 60" rotary deck for \$148,900
- ✓ Purchase of 2009 Ford DRW Super Truck for \$21,800

The City had two ongoing projects as of September 30, 2017:

Wilco Hess Highway 69 Construction

As of February 2014, the City received a Community Development Block Grant (CDBG) in the amount of \$200,000 from the Alabama Department of Economic and Community Affairs (ADECA) for street improvements to SR-69. The City is to provide matching funds of \$50,000. The grant can only be used for construction costs. As of September 30, 2017, the City has incurred total costs of \$192,969 related to the project and requested \$71,000 in grant funds.

The City has approved a contract to Community Consultants in the amount of \$15,000 for grant administrative services. As of September 30, 2017, the City had incurred \$7,750 on the contract.

The City has approved a contract to Carcel & G Contracting, LLC in the amount of \$228,657 for street improvements to SR-69. As of September 30, 2017, the City had incurred \$95,337 on the contract, which includes retainage of \$4,767.

Bavar Creek Bridge

The City has approved a contract with CDG Engineers & Associates, Inc. for construction, engineering, and inspection services related to the Bavar Creek Bridge project at per diem rates not to exceed \$104,394. As of September 30, 2017, the City had incurred \$84,725 on the contract.

As of September 30, 2017, the City had incurred a total cost of \$287,112 on the project.

Business-Type Activities:

Sewer System:

During the year ended September 30, 2017, the City began a project to replace two pumps along with the control panels at the wastewater treatment plant. Due to delays in the fabrication of the control panels, the installation of the pumps was delayed until the fourth quarter of calendar year 2017. As of September 30, 2017, the City had incurred \$18,298, which was included in construction in progress as of year end.

See Note D for additional information related to capital assets.

LONG-TERM DEBT

Governmental Activities:

The only long-term debt activities during the year for governmental activities were the normal routine payments as required by the debt agreements.

Business-Type Activities:

Sewer System:

The only long-term debt activities during the year for the sewer system were the normal routine payments as required by the debt agreements.

See Note E for additional information related to long-term debt.

CURRENT EVENTS

Governmental Activities:

As of February 2018, the City Council approved to install cameras at the basketball court, municipal park, the family park, the wastewater treatment plant, and city hall for an amount not to exceed \$11,000.

As of May 2018, the City Council approved to execute an On Call Professional Service Agreement with Kendig Keast Collaborative to review the City's current zoning ordinance. The City approved Work Order No. 1 for \$600 for a review of the ordinances, with additional work to be done at per diem rates. As of July 2018, the City approved to execute Work Order No. 2, Step No. 1 for \$8,800 to complete the Essential and First Priority Edits on the zoning ordinance.

As of August 2018, the City Council approved to repair water retention problems on Day Gap road at a cost not to exceed \$40,000.

As of October 2018, the City Council approved to enter into a six month recruitment contract with Retail Strategies in the amount of \$12,000.

Business-Type Activities:

Sewer System:

As of August 2018, the City was awarded a Community Development Block Grant in the amount of \$200,000 through the Alabama Department of Economic and Community Affairs (ADECA) for sewer improvements. The City is to provide a match of \$40,000 on the grant.

As of August 2018, the City Council approved to execute a contract with CDG Engineers & Associates, Inc. for the preparation of plans and specifications for construction of the AgCor Sewer Lift Station. The amounts to be paid for their services are not to exceed \$18,028 for the final design phase and bidding phase, \$9,014 for the construction phase, and \$3,005 for the resident inspection services

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability and stewardship of the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk Christie Chamblee at 135 Municipal Drive, Cullman, AL 35057. Telephone: (256) 739-3757 or Email Address - clerk@goodhopeal.com.

CITY OF GOOD HOPE, ALABAMA
STATEMENT OF NET POSITION
September 30, 2017

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current assets:			
Cash equivalents	\$ 641,573	\$ 12,106	\$ 653,679
Accounts receivable	12,840	26,420	39,260
Due from other governments	290,559	-	290,559
Prepaid expenses and deposits	15,963	-	15,963
TOTAL CURRENT ASSETS	<u>\$ 960,935</u>	<u>\$ 38,526</u>	<u>\$ 999,461</u>
Restricted assets:			
Cash equivalents	\$ 19,212	\$ 128,187	\$ 147,399
Due from other governments	5,098	-	5,098
TOTAL RESTRICTED ASSETS	<u>\$ 24,310</u>	<u>\$ 128,187</u>	<u>\$ 152,497</u>
Capital assets:			
Land and other assets not being depreciated	\$ 1,209,806	\$ 116,703	\$ 1,326,509
Buildings, improvements, and equipment, net of depreciation	2,003,774	1,485,875	3,489,649
TOTAL CAPITAL ASSETS	<u>\$ 3,213,580</u>	<u>\$ 1,602,578</u>	<u>\$ 4,816,158</u>
Deferred outflows of resources:			
Deferred outflow of resources - pension	\$ 80,722	\$ -	\$ 80,722
Unamortized loss on refunding	-	65,069	65,069
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 80,722</u>	<u>\$ 65,069</u>	<u>\$ 145,791</u>
TOTAL ASSETS	<u>\$ 4,279,547</u>	<u>\$ 1,834,360</u>	<u>\$ 6,113,907</u>

(continued)

CITY OF GOOD HOPE, ALABAMA
STATEMENT OF NET POSITION - CONTINUED
September 30, 2017

<u>LIABILITIES AND NET POSITION</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 6,389	\$ -	\$ 6,389
Payroll taxes payable	955	-	955
Accrued interest	1,878	-	1,878
Notes and warrants payable	99,522	-	99,522
TOTAL CURRENT LIABILITIES	<u>\$ 108,744</u>	<u>\$ -</u>	<u>\$ 108,744</u>
Liabilities payable from restricted assets:			
Accrued interest	\$ -	\$ 18,007	\$ 18,007
Notes and warrants payable	-	120,000	120,000
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>\$ -</u>	<u>\$ 138,007</u>	<u>\$ 138,007</u>
Long-term liabilities:			
Notes and warrants payable	\$ 1,068,509	\$ 1,275,000	\$ 2,343,509
Net pension liability	76,683	-	76,683
Unamortized debt discount	-	(61,993)	(61,993)
TOTAL LONG-TERM LIABILITIES	<u>\$ 1,145,192</u>	<u>\$ 1,213,007</u>	<u>\$ 2,358,199</u>
TOTAL LIABILITIES	<u>\$ 1,253,936</u>	<u>\$ 1,351,014</u>	<u>\$ 2,604,950</u>
Deferred inflows of resources:			
Deferred inflow of resources - pension	\$ 114	\$ -	\$ 114
Unearned revenues	103,855	-	103,855
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 103,969</u>	<u>\$ -</u>	<u>\$ 103,969</u>
Net position:			
Net investment in capital assets	\$ 2,045,549	\$ 454,640	\$ 2,500,189
Restricted for:			
Debt service	-	(9,820)	(9,820)
Capital improvements	16,769	-	16,769
Highways and streets	7,541	-	7,541
Unrestricted	851,783	38,526	890,309
TOTAL NET POSITION	<u>\$ 2,921,642</u>	<u>\$ 483,346</u>	<u>\$ 3,404,988</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 4,279,547</u>	<u>\$ 1,834,360</u>	<u>\$ 6,113,907</u>

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

CITY OF GOOD
STATEMENT
Year ended

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 367,000	\$ 128,084	\$ -	\$ -
Streets and highways	716,926	-	99,357	71,000
Culture and recreation	102,847	66,282	-	-
Education	27,639	-	-	-
Public safety	40,000	-	-	-
Health and social services	31,025	-	-	-
Conservation	4,000	-	-	-
Interest on long-term debt	42,210	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,331,647	\$ 194,366	\$ 99,357	\$ 71,000
Business-type activities:				
Sewer	311,078	167,982	-	-
TOTAL GOVERNMENT	\$ 1,642,725	\$ 362,348	\$ 99,357	\$ 71,000

General revenues:

Taxes:

- Sales taxes
- Beer and alcohol taxes
- Municipal three percent tax
- Property taxes
- Lodging taxes
- Other

Alabama trust fund

TVA distributions

Miscellaneous

Disposal of assets

Unrestricted investment earnings

Transfers

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

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

HOPE, ALABAMA
OF ACTIVITIES
September 30, 2017

Net (Expenses) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
\$ (238,916)	\$ -	\$ (238,916)	
(546,569)	-	(546,569)	
(36,565)	-	(36,565)	
(27,639)	-	(27,639)	
(40,000)	-	(40,000)	
(31,025)	-	(31,025)	
(4,000)	-	(4,000)	
(42,210)	-	(42,210)	
\$ (966,924)	\$ -	\$ (966,924)	
-	(143,096)	(143,096)	
\$ (966,924)	\$ (143,096)	\$ (1,110,020)	
924,006	-	924,006	
176,674	-	176,674	
83,403	-	83,403	
79,267	-	79,267	
13,587	-	13,587	
29,597	-	29,597	
21,644	-	21,644	
77,588	-	77,588	
(7,708)	-	(7,708)	
(4,630)	-	(4,630)	
1,238	-	1,238	
(152,455)	152,455	-	
\$ 1,242,211	\$ 152,455	\$ 1,394,666	
\$ 275,287	\$ 9,359	\$ 284,646	
2,646,355	473,987	3,120,342	
\$ 2,921,642	\$ 483,346	\$ 3,404,988	

CITY OF GOOD
BALANCE SHEET --
September 30,

	<u>ASSETS</u>	<u>General Fund</u>
Cash equivalents		\$ 634,367
Due from other governments		290,559
Accounts receivable		12,840
Prepaid expenses		15,853
Utility deposits		110
	TOTAL ASSETS	<u>\$ 953,729</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>		
Liabilities:		
Accounts payable		\$ -
Payroll taxes payable		955
	TOTAL LIABILITIES	<u>\$ 955</u>
Deferred Inflows of Resources:		
Unearned revenues		\$ 103,855
Fund Balances:		
Nonspendable:		
Prepaid expenditures		\$ 15,853
Utility deposit		110
Restricted for:		
Highways and streets		-
Capital improvements		-
Assigned for:		
Capital improvements		-
Unassigned		832,956
	TOTAL FUND BALANCES	<u>\$ 848,919</u>
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 953,729</u>

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

HOPE, ALABAMA
GOVERNMENTAL FUNDS
 2017

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,206	\$ 19,212	\$ 660,785
-	5,098	295,657
-	-	12,840
-	-	15,853
-	-	110
<u>\$ 7,206</u>	<u>\$ 24,310</u>	<u>\$ 985,245</u>

\$ 6,389	\$ -	\$ 6,389
-	-	955
<u>\$ 6,389</u>	<u>\$ -</u>	<u>\$ 7,344</u>

\$ -	\$ -	\$ 103,855
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\$ -	\$ -	\$ 15,853
-	-	110
-	7,541	7,541
-	16,769	16,769
817	-	817
-	-	832,956
<u>\$ 817</u>	<u>\$ 24,310</u>	<u>\$ 874,046</u>

<u>\$ 7,206</u>	<u>\$ 24,310</u>	<u>\$ 985,245</u>
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CITY OF GOOD HOPE, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2017

Total fund balances per governmental funds balance sheet (page 22) \$ 874,046

Amounts reported for governmental activities in the statement of net position
(pages 17-18) are different due to:

Capital assets used in governmental activities are not financial resources and
are, therefore, not reported in the funds.

Land and other assets not being depreciated	\$ 1,209,806	
Buildings, improvements, and equipment	6,071,378	
Accumulated depreciation	<u>(4,067,604)</u>	3,213,580

Long-term liabilities applicable to the City's governmental activities are not due
and payable in the current period and accordingly are not reported as fund
liabilities. Interest on long-term debt is not accrued in governmental funds, but
rather is recognized as an expenditure when due. All liabilities - both current
and long-term - are reported in the statement of net position. In addition, the
deferred interest on refunding, the deferred discounts, and the deferred premium
are expenditures and revenues at the fund level, but are deferred and amortized
in the statement of net position.

Notes and warrants payable	\$ (1,168,031)	
Accrued interest	(1,878)	
Net Pension Liability	(76,683)	
Less deferred outflows of resources - pension	80,722	
Plus deferred inflows of resources - pension	<u>(114)</u>	<u>(1,165,984)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 18) \$ 2,921,642

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

CITY OF GOOD HOPE, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
Year ended September 30, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales taxes	\$ 924,006	\$ -	\$ -	\$ 924,006
Beer and alcohol taxes	176,674	-	-	176,674
Municipal three percent tax	83,403	-	-	83,403
Property taxes	79,267	-	-	79,267
Lodging taxes	13,587	-	-	13,587
One-cent gasoline tax	68,937	-	-	68,937
Other	29,597	-	-	29,597
Licenses and permits:				
Privilege business licenses	63,743	-	-	63,743
Alcohol business licenses	8,035	-	-	8,035
Franchise fees	25,616	-	-	25,616
Building permits	10,652	-	-	10,652
Intergovernmental revenues:				
State gasoline and excise taxes	-	-	30,420	30,420
Alabama Trust Fund	-	-	21,644	21,644
TVA distribution	77,588	-	-	77,588
Charges for services	86,320	-	-	86,320
Miscellaneous:				
Interest earned	1,238	-	-	1,238
Uncollectible accounts	(9,621)	-	-	(9,621)
Miscellaneous	1,913	-	-	1,913
TOTAL REVENUES	\$ 1,640,955	\$ -	\$ 52,064	\$ 1,693,019
Expenditures:				
Current:				
General government	\$ 323,243	\$ -	\$ 24,442	\$ 347,685
Streets and highways	515,674	-	32,341	548,015
Culture and recreation	77,703	-	-	77,703
Public safety	40,000	-	-	40,000
Health and social services	31,025	-	-	31,025
Conservation	4,000	-	-	4,000
Education	27,639	-	-	27,639
Capital outlay	292,396	201,454	-	493,850
Debt service:				
Principal retirement	96,381	-	-	96,381
Interest charges	40,332	-	-	40,332
TOTAL EXPENDITURES	\$ 1,448,393	\$ 201,454	\$ 56,783	\$ 1,706,630
REVENUE OVER (UNDER) EXPENDITURES	\$ 192,562	\$ (201,454)	\$ (4,719)	\$ (13,611)
Other financing sources (uses):				
Sale proceeds	\$ 13,204	\$ -	\$ -	\$ 13,204
Capital contributions	-	71,000	-	71,000
Operating transfers in (out)	(276,031)	123,576	-	(152,455)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (262,827)	\$ 194,576	\$ -	\$ (68,251)
REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER USES	\$ (70,265)	\$ (6,878)	\$ (4,719)	\$ (81,862)
Fund balance at October 1	919,184	7,695	29,029	955,908
FUND BALANCES AT SEPTEMBER 30	\$ 848,919	\$ 817	\$ 24,310	\$ 874,046

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

CITY OF GOOD HOPE, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2017

Net change in fund balances - total governmental funds (page 24) \$ (81,862)

Amounts reported for governmental activities in the statement of activities (pages 19-20) are different due to:

Governmental funds report capital outlays as current expenditures. However, in the government-wide 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 (\$493,850) exceeded depreciation (\$214,294) in the current period. 279,556

In the statement of activities, the gain on sale of capital assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold (\$158,310) less accumulated depreciation (\$140,476). (17,834)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Net pension liability, including deferred outflows of resources and deferred inflows of resources	924	
Accrued interest at end of year	(1,878)	(954)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of debt principal 96,381

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 20) \$ 275,287

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

CITY OF GOOD HOPE, ALABAMA
BALANCE SHEET – PROPRIETARY FUND
September 30, 2017

<u>ASSETS</u>	<u>Sewer</u>
Current Assets:	
Cash equivalents	\$ 12,106
Accounts receivable	26,420
TOTAL CURRENT ASSETS	\$ 38,526
Restricted assets:	
Cash equivalents	\$ 128,187
Capital assets:	
Land and improvements	\$ 98,405
Buildings	65,573
Vehicles and equipment	35,952
Sewer system	4,981,602
Accumulated depreciation	(3,597,252)
	\$ 1,584,280
Construction in progress	18,298
TOTAL CAPITAL ASSETS	\$ 1,602,578
Deferred outflows of resources:	
Unamortized loss on refunding	\$ 65,069
TOTAL ASSETS	\$ 1,834,360
<u>LIABILITIES AND NET POSITION</u>	
Liabilities payable from restricted assets:	
Accrued interest	\$ 18,007
General obligation refunding warrants - current maturities	120,000
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 138,007
Long-term liabilities:	
General obligation refunding warrants - 2010 Issue	\$ 1,275,000
Unamortized discount on warrants	(61,993)
TOTAL LONG-TERM LIABILITIES	\$ 1,213,007
TOTAL LIABILITIES	\$ 1,351,014
Net position:	
Net investment in capital assets	\$ 454,640
Restricted for debt service	(9,820)
Unrestricted	38,526
TOTAL NET POSITION	\$ 483,346
TOTAL LIABILITIES AND NET POSITION	\$ 1,834,360

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

CITY OF GOOD HOPE, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – PROPRIETARY FUND
 Year ended September 30, 2017

	Sewer
Operating revenues:	
Charges for services	\$ 167,982
Operating expenses:	
Salaries and wages	\$ 39,000
Payroll taxes	3,058
Telephone and utilities	28,353
Repairs and maintenance	28,384
Depreciation	93,901
Professional fees	31,602
Miscellaneous	283
TOTAL OPERATING EXPENSES	\$ 224,581
	\$ (56,599)
Nonoperating (expenses):	
Trustee fees	(600)
Interest expense	(85,897)
TOTAL NONOPERATING (EXPENSES)	\$ (86,497)
(DECREASE) IN NET POSITION BEFORE TRANSFERS	\$ (143,096)
Transfers in	152,455
	\$ 9,359
Net position - October 1	473,987
	\$ 483,346
	\$ 483,346

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

CITY OF GOOD HOPE, ALABAMA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year ended September 30, 2017

	Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 153,541
Cash payments to suppliers for goods and services	(91,680)
Cash payments to employees for services	(39,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 22,861
Cash flows from noncapital financing activities:	
Cash transfers from other funds	\$ 152,455
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (18,298)
Principal paid on long-term liabilities	(120,000)
Trustee fees	(600)
Interest paid on long-term liabilities	(58,220)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (197,118)
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (21,802)
Cash and cash equivalents, beginning of year	162,095
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 140,293
Cash and cash equivalents as of September 30, 2017 consisted of the following:	
Cash equivalents - current assets	\$ 12,106
Cash equivalents - restricted assets	128,187
TOTALS	\$ 140,293

Reconciliation of income from operating (loss) to net cash provided by operating activities:

Operating (loss)	\$ (56,599)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	93,901
Accounts receivable	(14,441)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 22,861

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

CITY OF GOOD HOPE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.1 REPORTING ENTITY

The City of Good Hope (City) was incorporated under the laws of the State of Alabama in 1962 and operates under an elected Mayor-Council form of government.

Component Units

In evaluating how to define the City of Good Hope, Alabama, for financial reporting purposes, management considered all the criteria for determining component units. The basic – but not the only – criteria for including a potential component unit within the reporting entity is the government's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City of Good Hope, Alabama, does not exercise oversight duties or responsibilities over other units of government.

A.2 BASIS OF PRESENTATION

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The City of Good Hope, Alabama did not have any fiduciary activities as of September 30, 2017.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 Statements of Activities. Program revenues include (a) fees, fines, 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 City's funds. Separate statements for each fund category – governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A.2 BASIS OF PRESENTATION – CONTINUED

Fund Financial Statements - Continued

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The city reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund: This fund accounts for funds used to construct capital assets such as public utilities, infrastructure, etc.

The City reports the following major proprietary fund:

Sewer: This fund accounts for the system maintenance and the sewage disposal service provided to its customers.

A.3 MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide and Proprietary Financial Statements

The government-wide and proprietary 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes are levied by the County on October 1 and are due by December 31. The County then remits the City its' share of the tax. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. However, all grants earned and charges for services are considered to be available as of year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A.3 MEASUREMENT FOCUS, BASIS OF ACCOUNTING – CONTINUED

Governmental Fund Financial Statements - Continued

Under the terms of grant agreements, the City 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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The City follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This standard incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB pronouncements, which does not conflict with or contradict GASB pronouncements and eliminates the criteria to apply post-November 30, 1989, pronouncements that do not conflict with or contradict GASB pronouncements.

A.4 ASSETS, LIABILITIES, AND NET POSITION

Cash Equivalents

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are reported at carrying amount, which reasonably estimates fair value. Certificates of deposit are carried at cost, which approximates market value.

Accounts Receivable

Accounts receivable are presented net of allowances for doubtful accounts. As of September 30, 2017, the allowance for doubtful accounts for all funds was \$-0-.

Property Tax Calendar

Cullman County is responsible for the assessment, collection, and apportionment of property taxes for the City of Good Hope. The County levies property taxes on October 1 on property values for the previous year ended September 30. Secured property tax payments are due by December 31. As prescribed by Governmental Accounting Standards Board (GASB) Statement 33, a receivable of \$103,855 has been accrued as a receivable as of September 30, 2017, for the bills sent out October 1, 2017, because the City has an enforceable legal claim on these property taxes. However, since these resources were not available for use during the year ended September 30, 2017, an offsetting balance of \$103,855 has also been reflected as unearned revenue in the financial statements.

Prepaid Expenses/Expenditures

Prepaid expenses/expenditures are payments made by the City in the current year to provide goods or services that benefit a subsequent period. Prepaid insurance is charged to expenditures/expenses over the term of the policies.

Restricted Assets

Certain proceeds of general long-term debt and proprietary fund warrants, as well as certain resources set aside for their repayment and other amounts are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants and/or contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A.4. ASSETS, LIABILITIES, AND NET POSITION - CONTINUED

Capital Assets, Depreciation and Amortization

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The City maintains infrastructure asset records consistent with all other capital assets. The cost of normal repairs and maintenance that do not add value to the asset or materially extend the assets lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. The City's capitalization policy is to capitalize all capital assets with a cost of \$5,000 or more.

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

Buildings and improvements	3-40
Office furniture and equipment	5-10
Street equipment	5-15
Municipal park	5-20
Autos and equipment	3-15
Infrastructure	7-25
Sewer system	5-20

Amortization

Unamortized debt discount is amortized on the straight-line method over the life of the warrants. Unamortized loss on refunding is amortized on the straight-line method over the lesser of the life of the old warrants refunded or the life of the new warrants issued.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses. Net position is classified in the following three components; net investment in capital assets, restricted net position; and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvements of those assets; debt related to unspent proceeds and restricted cash equivalents are excluded from the determination. Restricted net position consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories.

As of September 30, 2017, the City had \$(9,820) restricted for debt service; \$16,769 restricted for capital improvements; and \$7,541 restricted for highways and streets.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A.4 ASSETS, LIABILITIES, AND NET POSITION - CONTINUED

Governmental Fund Balances

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

<u>Classification</u>	<u>Descriptions</u>
Nonspendable	Nonspendable fund balances include fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Restricted fund balances include fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Committed fund balances include fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the City Council) and does not lapse at year end. The City Council is required to adopt an Ordinance in order to establish, modify, or rescind a fund balance commitment.
Assigned	Assigned fund balances include fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balances may be assigned by the Mayor or City Clerk.
Unassigned	Unassigned fund balances include positive fund balances within the General Fund which have not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pension

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE B – DEPOSITS (CASH)

The City's funds are invested in accordance with State statutes which allow investment in: (1) direct obligations of the United States government pledged by its full faith and credit, (2) savings accounts and certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, (3) pre-funded public obligations, and (4) interests in collective investment funds in accordance with guidelines set out in Section 11-81-21, Code of Alabama, 1975.

The City's deposits were insured by federal depository insurance coverage (FDIC) or the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is administered by the State Treasurer according to the State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit.

NOTE C – AMOUNTS DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts due from other governments on the balance sheet as of September 30, 2017, were as follows:

<u>Governmental Agency</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
State of Alabama	\$ 4,776	\$ 5,098
Cullman County Commission	285,783	-
	<u>\$ 290,559</u>	<u>\$ 5,098</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, consisted of the following:

	Balance 9/30/2016	Additions	(Removals)	Balance 9/30/2017
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 769,297	\$ 20,000	\$ -	\$ 789,297
Construction in progress	219,055	201,454	-	420,509
Total assets not being depreciated	\$ 988,352	\$ 221,454	\$ -	\$ 1,209,806
Capital assets being depreciated:				
Building and improvements	\$ 585,776	\$ -	\$ (43,445)	\$ 542,331
Office furniture and equipment	58,184	-	(6,680)	51,504
Street equipment	423,348	161,745	(104,185)	480,908
Municipal park	923,794	7,500	(4,000)	927,294
Autos	58,925	21,800	-	80,725
Infrastructure	3,907,264	81,351	-	3,988,615
Total capital assets being depreciated	\$ 5,957,291	\$ 272,396	\$ (158,310)	\$ 6,071,377
Less accumulated depreciation:				
Buildings and improvements	\$ 236,020	\$ 11,726	\$ (29,548)	\$ 218,198
Office furniture and equipment	50,654	614	(4,883)	46,385
Street equipment	333,650	19,092	(104,186)	248,556
Municipal park	126,371	25,144	(1,859)	149,656
Autos	32,305	11,562	-	43,867
Infrastructure	3,214,785	146,156	-	3,360,941
Total accumulated depreciation	\$ 3,993,785	\$ 214,294	\$ (140,476)	\$ 4,067,603
Total capital assets being depreciated, net	\$ 1,963,506	\$ 58,102	\$ (17,834)	\$ 2,003,774
Governmental activities capital assets, net	\$ 2,951,858	\$ 279,556	\$ (17,834)	\$ 3,213,580
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 98,405	\$ -	\$ -	\$ 98,405
Construction in progress	-	18,298	-	18,298
Total assets not being depreciated	\$ 98,405	\$ 18,298	\$ -	\$ 116,703
Capital assets being depreciated:				
Buildings and improvements	\$ 65,573	\$ -	\$ -	\$ 65,573
Autos and equipment	35,952	-	-	35,952
Sewer system	4,981,602	-	-	4,981,602
Total capital assets being depreciated	\$ 5,083,127	\$ -	\$ -	\$ 5,083,127
Less accumulated depreciation:				
Buildings and improvements	\$ 57,227	\$ 2,150	\$ -	\$ 59,377
Autos and equipment	33,989	207	-	34,196
Sewer system	3,412,135	91,544	-	3,503,679
Total accumulated depreciation	\$ 3,503,351	\$ 93,901	\$ -	\$ 3,597,252
Total capital assets being depreciated, net	\$ 1,579,776	\$ (93,901)	\$ -	\$ 1,485,875
Business-type activities capital assets, net	\$ 1,678,181	\$ (75,603)	\$ -	\$ 1,602,578

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE D – CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 19,905
Parks and recreation	25,144
Highways and Streets, including depreciation of general infrastructure	169,245
TOTAL	<u>\$ 214,294</u>

Depreciation expense of \$93,901 was charged to sewer operations in the business-type activities.

NOTE E – LONG-TERM DEBT

As of September 30, 2017, the long-term debt payable from the governmental activities consisted of the following:

Note payable to Premier Bank dated March 22, 2013; interest rate of 3.20%; payments of \$7,003 per month with a final maturity of December 15, 2027	\$ 731,871
 Note payable to Premier Bank dated October 14, 2013; interest rate of 3.9%; payments of \$2,911 per month with a final maturity of December 14, 2028	 316,473
 Cullman Electric Cooperative dated September 11, 2015; interest rate of 2.0%; revolving fund; payments of \$1,479 per month with a final maturity of December 20, 2024	 119,687
	<u>\$ 1,168,031</u>
Less Current Portion	99,522
TOTAL LONG-TERM NOTES PAYABLE	<u>\$ 1,068,509</u>

As of September 30, 2017, the long-term debt payable from business-type activities consisted of the following:

General Obligation Refunding Warrants Series 2010 dated September 1, 2010; original principal of \$2,065,000; due in annual principal installments ranging from \$120,000 to \$160,000, with interest ranging from 2.40% to 3.50% due November 2026	\$ 1,395,000
Less Current Portion	120,000
TOTAL LONG-TERM WARRANTS PAYABLE	<u>\$ 1,275,000</u>

Proceeds of the General Obligation Refunding Warrants shown in the business-type activities were used by proprietary funds and are being repaid by those funds. However, they remain a contingent liability of the City's governmental activities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE E – LONG-TERM DEBT – CONTINUED

Changes in long-term debt for the year ended September 30, 2017 were as follows:

Governmental Activities					
Description	Balance at Sept. 30, 2016	Additons	(Removals)	Balance at Sept. 30, 2017	Due within one year
Notes Payable:					
Note - Premier Bank	\$ 791,114	\$ -	\$ (59,243)	\$ 731,871	\$ 61,194
Note - Premier Bank	338,422	-	(21,949)	316,473	22,833
CEC - Revolving Note	134,876	-	(15,189)	119,687	15,495
TOTAL NOTES PAYABLE	\$ 1,264,412	\$ -	\$ (96,381)	\$ 1,168,031	\$ 99,522
Other Liabilities:					
Net Pension Liability	-	83,028	(6,345)	76,683	-
	<u>\$ 1,264,412</u>	<u>\$ 83,028</u>	<u>\$ (102,726)</u>	<u>\$ 1,244,714</u>	<u>\$ 99,522</u>
Less current portion				(99,522)	
				<u>\$ 1,145,192</u>	

Business-type Activities					
Description	Balance at Sept. 30, 2016	Additons	(Removals)	Balance at Sept. 30, 2017	Due within one year
General Obligation					
Warrants Series 2010	\$ 1,515,000	\$ -	\$ (120,000)	\$ 1,395,000	\$ 120,000
Unamortized debt discount	(68,981)	-	6,988	(61,993)	-
	<u>\$ 1,446,019</u>	<u>\$ -</u>	<u>\$ (113,012)</u>	<u>\$ 1,333,007</u>	<u>\$ 120,000</u>
Less current portion				(120,000)	
				<u>\$ 1,213,007</u>	

Annual principal maturities and debt service requirements of the long-term debt of the City of Good Hope during the next five years followed by five year increments to maturity are as follows:

Governmental Activities			
Year Ended September 30	Principal	Interest	Totals
2018	\$ 99,522	\$ 37,191	\$ 136,713
2019	102,770	33,943	136,713
2020	106,046	30,667	136,713
2021	109,595	27,119	136,714
2022	113,182	23,531	136,713
2023-2027	573,953	60,535	634,488
2028-2029	62,963	1,212	64,175
TOTALS	<u>\$ 1,168,031</u>	<u>\$ 214,198</u>	<u>\$ 1,382,229</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE E – LONG-TERM DEBT – CONTINUED

Business-type Activities			
Year Ended September 30	Principal	Interest	Totals
2018	\$ 120,000	\$ 41,778	\$ 161,778
2019	125,000	38,775	163,775
2020	130,000	35,425	165,425
2021	135,000	31,612	166,612
2022	135,000	27,563	162,563
2023-2027	750,000	66,656	816,656
TOTALS	\$ 1,395,000	\$ 241,809	\$ 1,636,809

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were not any interfund receivables/payables as of September 30, 2017. Interfund transfers during the year ended September 30, 2017 were as follows:

Fund	Transfers In	Transfers (Out)	Total Transfers In (Out)
General Fund	\$ -	\$ (276,031)	\$ (276,031)
Capital Projects	123,576	-	123,576
Sewer Fund	152,455	-	152,455
Totals	\$ 276,031	\$ (276,031)	\$ -

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; move receipts restricted to debt service from the funds collecting the receipts to the fund where debt service payments are due; and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended September 30, 2017, the City made the above-listed transfers to the various funds to subsidize capital projects, subsidize debt service payments, and to subsidize sewer improvements and other expenditures in the sewer fund.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE G – NET POSITION

Net position represents the difference between assets and liabilities. The net position amounts were determined as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net investment in capital assets:		
Capital assets	\$ 3,213,580	\$ 1,602,578
Less: Notes and Warrants payable	(1,168,031)	(1,275,000)
Add: Unamortized loss on refunding	-	65,069
Unamortized discount on bonds	-	61,993
TOTAL NET INVESTMENT IN CAPITAL ASSETS	<u>\$ 2,045,549</u>	<u>\$ 454,640</u>
Restricted for:		
Debt service	\$ -	\$ (9,820)
Capital projects	16,769	-
Streets and highways	7,541	-
TOTAL RESTRICTED	<u>\$ 24,310</u>	<u>\$ (9,820)</u>
Unrestricted	851,783	38,526
TOTAL NET POSITION	<u><u>\$ 2,921,642</u></u>	<u><u>\$ 483,346</u></u>

The Sewer fund maintains a Warrant Fund for the General Obligation Warrants Series 2010. Each month, the Sewer Fund deposits 1/12 of the current year's required debt service payments to this Warrant Fund. The annual principal installment for the Series 2010 warrant is due in November. Therefore, the restricted for debt service negative amount of \$(9,820) for the year ended September 30, 2017 was primarily due to the Sewer Fund having a couple of months after year end to make the monthly deposits to meet the annual debt service requirement.

NOTE H – PENSION PLAN

General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945. The purpose of the ERS is providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

General Information about the Pension Plan - Continued

Plan Description – Continued

- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 906 local participating employers. The ERS membership included approximately 85,874 participants as of September 30, 2016. The membership of ERS as of September 30, 2016 and the City of Good Hope as of September 30, 2016 consisted of the following:

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

General Information about the Pension Plan - Continued

Benefits Provided - Continued

	<u>ERS'</u> <u>Membership</u>	<u>City's</u> <u>Membership</u>
Retirees and beneficiaries currently receiving benefits	23,007	-
Terminated employees entitled to but not yet receiving benefits	1,155	-
Terminated employees not entitled to a benefit	6,654	-
Active members	54,823	5
Post-DROP participants still in active service	235	-
TOTALS	<u>85,874</u>	<u>5</u>

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2016, the City's active employee contribution rate was 7.48 percent for Tier 1 employees and 8.15 percent for Tier 2 employees of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 7.85 percent of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2016 was 7.48% of pensionable pay for Tier 1 employees, and 8.15% of pensionable pay for Tier 2 employees,. These required contribution rates are based upon the recommendations of the actuary, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$3,150 for the year ended September 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

Net Pension Liability

The City began participating in the pension plan as of July 2016.

The City's net pension liability for the year ended September 30, 2017 was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015 rolled forward to September 30, 2016 using standard roll-forward techniques as shown in the following table:

<u>Description</u>	<u>Total Pension Liability Roll-Forward</u>
(a) Total Pension Liability as of September 30, 2015	\$ -
(b) Entry Age Normal Cost for October 1, 2015 – September 30, 2016	9,380
(c) Actual Benefit Payments and Refunds for October 1, 2015 – September 30, 2016	<u>-</u>
(d) Expected Total Pension Liability as of September 30, 2016 [(a) x (1.08)] + (c) - [(d) x (1.04)]	\$ 9,380
(e) Actual Total Pension Liability as of September 30, 2016 (2015 Valuation Assumptions)	<u>\$ 80,443</u>
(f) Difference between Expected and Actual Experience (Gain)	\$ 71,063
(g) Less Liability Transferred for Immediate Recognition	<u>7,318</u>
(h) Experience (Gain)/Loss = (f) - (g)	\$ 63,745
(i) Actual Total Pension Liability as of September 30, 2016 (2016 Valuation Assumptions)	<u>\$ 90,346</u>
(j) Assumption Change (Gain)/Loss = (i) - (e)	\$ 9,903

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

Net Pension Liability - Continued

Actuarial Assumptions

The total pension liability as of September 30, 2016 was determined based on the annual actuarial funding valuation report as of September 30, 2015. The key actuarial assumptions are summarized below:

Inflation	2.75 percent
Salary increases	3.25 - 5.00 percent, including inflation
Investment rate of return*	7.75 percent, net of pension plan investment expense, including inflation

September 30, 2015 Actuarial Assumptions:

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125 percent at all ages for males and 120 percent for females at ages on or after 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 asset allocation and best estimates of geometric real rates of return for each major asset class, as provided by ERS, are summarized in the following table:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.50%

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

Net Pension Liability - Continued

Discount rate

The discount rate used to measure the total pension liability at September 30, 2016 was the long term rate of return, 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Projected future benefit payments for all current plan members were projected for all years.

Based on those assumptions, the City's fiduciary net position was projected to be available to make all projected future benefit payments of 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 and a municipal bond rate was not used in determining the discount rate.

Changes in Net Pension Liability

The changes in net pension liability for the City for the year ended September 30, 2017 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2015	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	9,380	-	9,380
Interest	-	-	-
Changes of assumptions	9,903	-	9,903
Differences between expected and actual experience	63,745	-	63,745
Contributions -- employer	-	3,001	(3,001)
Contributions -- employee	-	2,682	(2,682)
Net investment income	-	662	(662)
Benefit payments, including refunds of employee contributions	7,318	7,318	-
Net changes	\$ 90,346	\$ 13,663	\$ 76,683
Balances at 9/30/2016	\$ 90,346	\$ 13,663	\$ 76,683

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

Changes in Net Pension Liability - Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	Balance at September 30, 2016		
	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
	City's net pension liability	\$ 91,549	\$ 76,683

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2016. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2017, the City recognized pension expense of \$13,401.

Certain items are amortized over closed periods each year. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/loss and the impact of changes in actuarial assumptions are amortized over the average expected remaining service life of the active and inactive members of the City at the beginning of the measurement period. Investment gains and losses are amortized over a fixed five year period. At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,053	\$ -
Changes of assumptions	9,019	-
Net difference between projected and actual earnings on plan investments	-	114
Employer contributions subsequent to the measurement date	13,650	-
TOTALS	\$ 80,722	\$ 114

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE H – PENSION PLAN - CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 20,226	\$ 28
2019	6,576	28
2020	6,576	28
2021	6,576	30
2022	6,576	-
Thereafter	34,192	-
TOTALS	<u>\$ 80,722</u>	<u>\$ 114</u>

Amounts Payable to the Pension Plan

As of September 30, 2017, the Board had \$0 payable to ERS for legally required contributions for the month of September.

NOTE I – CONCENTRATIONS OF CREDIT RISK

The City grants unsecured credit for sewer charges to various customers who are generally located within Cullman County, Alabama. The unsecured credit amount would be an amount in excess of security deposit and the customer would be subject to discontinuance of service for nonpayment.

NOTE J – RISK MANAGEMENT

The City is exposed to various risks such as losses related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and other people, and natural disasters. These risks are handled through the purchase of commercial insurance.

NOTE K – COMMITMENTS

Governmental Activities

As of March 2013, the City entered into a commerce agreement to fund the construction of the interchange on Interstate 65 at County Road 222. The agreement provides for joint funding by the Cullman County Commission, City of Cullman and City of Good Hope for the project up to \$2,000,000. The loan was set for a period of 10 years. The Cullman Chamber of Commerce irrevocably pledged 70% of the lodging tax collected by them to pay for the debt. To the extent the lodging taxes do not pay for the debt service payments required for the loan, the three parties share equally in the additional amounts due. For the year ended September 30, 2017, the City of Good Hope incurred \$18,981 under the agreement.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE K – COMMITMENTS - CONTINUED

Governmental Activities - Continued

As of February 2014, the City received a Community Development Block Grant (CDBG) in the amount of \$200,000 from the Alabama Department of Economic and Community Affairs (ADECA) for street improvements to SR-69. The City is to provide matching funds of \$50,000. The grant can only be used for construction costs. As of September 30, 2017, the City has incurred total costs of \$192,969 related to the project and requested \$71,000 in grant funds.

The City has approved a contract to Community Consultants in the amount of \$15,000 for grant administrative services. As of September 30, 2017, the City had incurred \$7,750 on the contract.

The City has approved a contract to Carcel & G Contracting, LLC in the amount of \$228,657 for street improvements to SR-69. As of September 30, 2017, the City had incurred \$95,337 on the contract, which includes retainage of \$4,767.

The City has approved a contract with CDG Engineers & Associates, Inc. for construction, engineering, and inspection services related to the Bavar Creek Bridge project at per diem rates not to exceed \$104,394. As of September 30, 2017, the City had incurred \$84,725 on the contract.

NOTE L – SUBSEQUENT EVENTS

Governmental Activities

As of February 2018, the City Council approved to install cameras at the basketball court, municipal park, the family park, the wastewater treatment plant, and city hall for an amount not to exceed \$11,000.

As of May 2018, the City Council approved to execute an On Call Professional Service Agreement with Kendig Keast Collaborative to review the City's current zoning ordinance. The City approved Work Order No. 1 for \$600 for a review of the ordinances, with additional work to be done at per diem rates. As of July 2018, the City approved to execute Work Order No. 2, Step No. 1 for \$8,800 to complete the Essential and First Priority Edits on the zoning ordinance.

As of August 2018, the City Council approved to repair water retention problems on Day Gap road at a cost not to exceed \$40,000.

As of October 2018, the City Council approved to enter into a six month recruitment contract with Retail Strategies in the amount of \$12,000.

Sewer

As of August 2018, the City was awarded a Community Development Block Grant in the amount of \$200,000 through the Alabama Department of Economic and Community Affairs (ADECA) for sewer improvements. The City is to provide a match of \$40,000 on the grant.

As of August 2018, the City Council approved to execute a contract with CDG Engineers & Associates, Inc. for the preparation of plans and specifications for construction of the AgCor Sewer Lift Station. The amounts to be paid for their services are not to exceed \$18,028 for the final design phase and bidding phase, \$9,014 for the construction phase, and \$3,005 for the resident inspection services

GOVERNMENT AUDITING STANDARDS REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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INDEPENDENT AUDITOR'S 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

To the City Council
City of Good Hope, Alabama

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Good Hope, Alabama as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Good Hope, Alabama's basic financial statements and have issued our report thereon dated January 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Good Hope, Alabama's 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 City of Good Hope, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Good Hope, Alabama'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described below that we consider to be a material weakness:

- ✓ Criteria – Financial statements prepared in accordance with accounting principles generally accepted in the United States of America are required to be free of all material misstatements.
- ✓ Condition – During the testing of fund balance, the net pension liability and related accounts, and capital assets, we found material adjustments that needed to be made in order for the financial statements to comply with accounting principles generally accepted in the United States of America.
- ✓ Cause – The material adjustments were not found through the City's internal control processes.
- ✓ Effect or Potential Effect – Prior to adjusting the accounts, the following governmental activities accounts would have been misstated: 1) Deferred Outflows of Resources – Pension was understated by \$75,142; 2) Transportation Equipment was understated by \$21,800; 3) Net Pension Liability was understated by \$92,943; and 4) Fund Balance from prior year was understated by \$107,422.

City of Good Hope, Alabama's Response to Finding

The City's management will work with the City's third party accountant to implement internal controls to prevent these types of material adjustments in the future.

The City of Good Hope, Alabama's above response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.


CERTIFIED PUBLIC ACCOUNTANTS

Cullman, Alabama
January 25, 2019

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOOD HOPE, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
Year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues:				
Taxes:				
Sales taxes	\$ 845,000	\$ 845,000	\$ 924,006	\$ 79,006
Beer and alcohol taxes	162,276	162,276	176,674	14,398
Municipal three percent tax	84,022	84,022	83,403	(619)
Property taxes	88,760	88,760	79,267	(9,493)
Lodging taxes	12,763	12,763	13,587	824
One-cent gasoline tax	92,720	80,720	68,937	(11,783)
Other	31,524	31,524	29,597	(1,927)
Licenses and permits:				
Privilege business licenses	67,150	67,150	63,743	(3,407)
Alcohol business licenses	8,985	8,985	8,035	(950)
Franchise fees	27,870	27,870	25,616	(2,254)
Building permits	8,160	8,160	10,652	2,492
Intergovernmental revenues:				
TVA distribution	84,024	84,024	77,588	(6,436)
Grants	425	425	-	(425)
Charges for services	70,634	70,634	86,320	15,686
Miscellaneous:				
Interest earned	-	-	1,238	1,238
Uncollectible accounts	-	-	(9,621)	(9,621)
Miscellaneous	600	600	1,913	1,313
TOTAL REVENUES	<u>\$ 1,584,913</u>	<u>\$ 1,572,913</u>	<u>\$ 1,640,955</u>	<u>\$ 68,042</u>
Expenditures:				
Current:				
General government	\$ 331,519	\$ 331,519	\$ 323,243	\$ 8,276
Street and highways	540,069	540,069	515,674	24,395
Culture and recreation	78,471	78,471	77,703	768
Public safety	40,000	40,000	40,000	-
Health and social services	12,000	12,000	31,025	(19,025)
Conservation	4,000	4,000	4,000	-
Education	26,000	26,000	27,639	(1,639)
Capital outlay	112,000	112,000	292,396	(180,396)
Debt service:				
Principal retirement	-	-	96,381	(96,381)
Interest charges	13,878	13,878	40,332	(26,454)
TOTAL EXPENDITURES	<u>\$ 1,157,937</u>	<u>\$ 1,157,937</u>	<u>\$ 1,448,393</u>	<u>\$ (290,456)</u>
REVENUES OVER EXPENDITURES	<u>\$ 426,976</u>	<u>\$ 414,976</u>	<u>\$ 192,562</u>	<u>\$ (222,414)</u>
Other financing sources (uses):				
Sale proceeds	\$ -	\$ -	\$ 13,204	\$ 13,204
Operating transfers in (out)	(150,000)	(150,000)	(276,031)	(126,031)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ (262,827)</u>	<u>\$ (112,827)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 276,976</u>	<u>\$ 264,976</u>	<u>\$ (70,265)</u>	<u>\$ (335,241)</u>
Fund balance at October 1	919,184	919,184	919,184	-
FUND BALANCES AT SEPTEMBER 30	<u>\$ 1,196,160</u>	<u>\$ 1,184,160</u>	<u>\$ 848,919</u>	<u>\$ (335,241)</u>

CITY OF GOOD HOPE, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
For the year ended September 30, 2017

	<u>Year Ended</u> <u>September 30, 2016</u>
<u>Total Pension Liability</u>	
Service Cost	\$ 9,380
Interest	-
Change of benefit terms	-
Differences between expected and actual experience	63,745
Changes of assumptions	9,903
Benefit payments, including refunds of employee contributions	-
Transfers among employers	7,318
Net change in total pension liability	\$ 90,346
Total pension liability - beginning	-
Total pension liability - ending (a)	<u>\$ 90,346</u>
 <u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 3,001
Contributions - member	2,682
Net investment income	662
Benefit payments, including refunds of employee contributions	-
Transfers among employers	7,318
Net change in plan fiduciary net position	\$ 13,663
Plan net position - beginning	-
Plan net position - ending (b)	<u>\$ 13,663</u>
 Net pension liability - ending (a) - (b)	 <u>\$ 76,683</u>
 Plan fiduciary net position as a percentage of the total pension liability	 15.12%
 Covered-employee payroll	 \$ 40,147
 Net pension liability as a percentage of covered-employee payroll	 191.01%

CITY OF GOOD HOPE, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
 For the year ended September 30, 2017

	Year ended September 30	
	2017	2016
Actuarially determined contribution	\$ 13,650	\$ 3,001
Contributions in relation to the actuarially determined contribution *	13,650	3,001
Contribution deficiency (excess)	\$ -	\$ -
Covered-Employee payroll	\$ 182,299	\$ 40,147
Contributions as a percentage of covered-employee payroll	7.49%	7.48%

* These are the amount of employer contributions related to normal and accrued liability components of the employer rate net of any refunds or error service payments.

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for the year ended September 30, 2017 were based on the September 30, 2014 actuarial valuation.

Since the City of Good Hope only began participating as of July 2016, the contributions for fiscal year 2016 were based on the actuarial recommended rates.

Methods and assumptions used to determine contribution rates for the period October 1, 2016 to September 30, 2017::

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	11 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75-7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expenses, including inflation

CITY OF GOOD HOPE, ALABAMA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Year ended September 30, 2017

BUDGETARY DATA

Budget Policy and Practice

The City Clerk submits the annual budget to the City Council which adopts annual fiscal year appropriated budgets for the General Fund and Special Revenue Funds. Once approved, the City Council may amend the legally adopted budgets when unexpected modifications are required in estimated revenues and appropriations.

Budget

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. There were no revisions made to the budget throughout the year.

Expenditures in Excess of Budget Appropriations

Capital outlay expenditures were \$180,396 more than the budgeted amount. The budget was not amended for additional expenditures for equipment during the year.

Transfers out of the General Fund were \$126,031 more than the budgeted amount due to additional transfers to capital project fund.

SUPPLEMENTARY INFORMATION

CITY OF GOOD HOPE, ALABAMA
COMBINING BALANCE SHEET – GENERAL FUND
September 30, 2017

	General Fund	Parks and Recreation	Total General Fund
<u>ASSETS</u>			
Cash equivalents	\$ 619,902	\$ 14,465	\$ 634,367
Due from other governments	290,559	-	290,559
Accounts receivable	12,840	-	12,840
Prepaid insurance	15,853	-	15,853
Utility deposits	110	-	110
TOTAL ASSETS	\$ 939,264	\$ 14,465	\$ 953,729
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Payroll taxes payable	\$ 955	\$ -	\$ 955
Deferred Inflows of Resources:			
Unearned revenues	\$ 103,855	\$ -	\$ 103,855
Fund Balances:			
Nonspendable:			
Prepaid expenditures	\$ 15,853	\$ -	\$ 15,853
Utility deposit	110	-	110
Unassigned	818,491	14,465	832,956
TOTAL FUND BALANCES	\$ 834,454	\$ 14,465	\$ 848,919
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 939,264	\$ 14,465	\$ 953,729

CITY OF GOOD HOPE, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GENERAL FUND

Year ended September 30, 2017

	General Fund	Parks and Recreation	Total General Fund
Revenues:			
Taxes:			
Sales taxes	\$ 924,006	\$ -	\$ 924,006
Beer and alcohol taxes	176,674	-	176,674
Municipal three percent tax	83,403	-	83,403
Property taxes	79,267	-	79,267
Lodging taxes	13,587	-	13,587
One-cent gasoline tax	68,937	-	68,937
County tag taxes	28,423	-	28,423
Motor vehicle license tax	1,174	-	1,174
Licenses and permits:			
Privilege business licenses	63,743	-	63,743
Alcohol business licenses	8,035	-	8,035
Franchise fees	25,616	-	25,616
Building permits	10,652	-	10,652
Intergovernmental revenues:			
TVA distribution	77,588	-	77,588
Charges for services	20,038	66,282	86,320
Miscellaneous:			
Interest earned	1,238	-	1,238
Uncollectible accounts	(9,621)	-	(9,621)
Miscellaneous	1,913	-	1,913
TOTAL REVENUES	\$ 1,574,673	\$ 66,282	\$ 1,640,955
Expenditures:			
Current:			
General government	\$ 323,243	\$ -	\$ 323,243
Street and highways	515,674	-	515,674
Culture and recreation	-	77,703	77,703
Public safety	40,000	-	40,000
Health and social services	31,025	-	31,025
Conservation	4,000	-	4,000
Education	27,639	-	27,639
Capital outlay	284,896	7,500	292,396
Debt service:			
Principal retirement	96,381	-	96,381
Interest charges	40,332	-	40,332
TOTAL EXPENDITURES	\$ 1,363,190	\$ 85,203	\$ 1,448,393
REVENUES OVER (UNDER) EXPENDITURES	\$ 211,483	\$ (18,921)	\$ 192,562
Other financing sources (uses):			
Sales proceeds	\$ 13,204	\$ -	\$ 13,204
Transfers in (out)	(304,575)	28,544	(276,031)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (291,371)	\$ 28,544	\$ (262,827)
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (79,888)	\$ 9,623	\$ (70,265)
Fund balance at October 1	914,342	4,842	919,184
FUND BALANCES AT SEPTEMBER 30	\$ 834,454	\$ 14,465	\$ 848,919

CITY OF GOOD HOPE, ALABAMA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	4 Cent Gas Tax	7 Cent Gas Tax	Alabama Trust Fund	
<u>ASSETS</u>				
Cash equivalents	\$ 1,247	\$ 1,196	\$ 16,769	\$ 19,212
Due from other governmental units	2,241	2,857	-	5,098
TOTAL ASSETS	<u>\$ 3,488</u>	<u>\$ 4,053</u>	<u>\$ 16,769</u>	<u>\$ 24,310</u>
 <u>FUND BALANCES</u>				
Fund balances:				
Restricted for:				
Highways and streets	\$ 3,488	\$ 4,053	\$ -	\$ 7,541
Capital improvements	-	-	16,769	16,769
TOTAL FUND BALANCES	<u>\$ 3,488</u>	<u>\$ 4,053</u>	<u>\$ 16,769</u>	<u>\$ 24,310</u>

CITY OF GOOD HOPE, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year ended September 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	4 Cent Gas Tax	7 Cent Gas Tax	Alabama Trust Fund	
Revenues:				
Intergovernmental revenues:				
State gasoline taxes	\$ 12,733	\$ 14,710	\$ -	\$ 27,443
Alabama excise taxes	639	-	-	639
Petroleum inspection fees	-	2,338	-	2,338
Alabama Trust Fund	-	-	21,644	21,644
TOTAL REVENUES	<u>\$ 13,372</u>	<u>\$ 17,048</u>	<u>\$ 21,644</u>	<u>\$ 52,064</u>
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 24,442	\$ 24,442
Highways and streets	14,453	17,888	-	32,341
TOTAL EXPENDITURES	<u>\$ 14,453</u>	<u>\$ 17,888</u>	<u>\$ 24,442</u>	<u>\$ 56,783</u>
REVENUES (UNDER) EXPENDITURES	<u>\$ (1,081)</u>	<u>\$ (840)</u>	<u>\$ (2,798)</u>	<u>\$ (4,719)</u>
Fund balances at October 1	4,569	4,893	19,567	29,029
FUND BALANCES AT SEPTEMBER 30	<u><u>\$ 3,488</u></u>	<u><u>\$ 4,053</u></u>	<u><u>\$ 16,769</u></u>	<u><u>\$ 24,310</u></u>