

**TOWN OF BENSON
NORTH CAROLINA**

Financial Statements and
Supplementary Information

For The Year Ended June 30, 2020

Governing Board

Jerry M. Medlin, Mayor

Cassandra P. Stack

Dean McLamb

Dr. R. Max Raynor, Jr.

Maxine Holley

Jim Johnson

William Neighbors

Town Officials

Fred Nelson, Town Manager

Angela Thornton, Town Clerk

Kimberly Pickett, Finance Director

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FINANCIAL SECTION

SHARPE PATEL PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Benson as of June 30, 2020, 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 on pages 3 through 12, the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 67, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 63 through 64, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 65 and 66 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.

Supplementary and Other Information

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

The combining and individual fund statements, budgetary schedules, and other schedules 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, the budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of Town of Benson'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 these reports 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 the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Benson's internal control over financial reporting and compliance.

Sharpe Patel PLLC

Raleigh, North Carolina
December 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

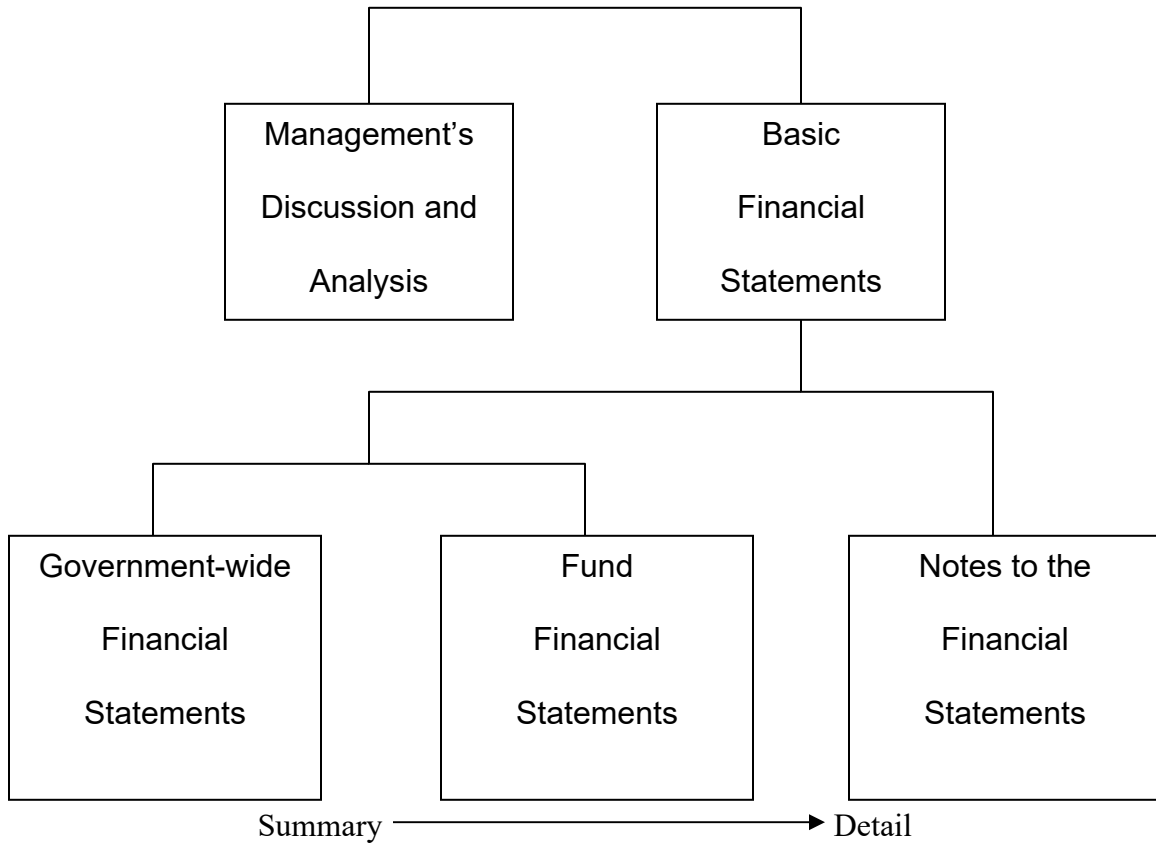
- The assets and deferred outflows of resources of the Town of Benson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,991,674 (*net position*).
- The government's total net position decreased by \$126,588. This comprised of an increase in the net position from the Electric Fund of \$4,750 and an increase in the Water and Sewer Fund of \$643,187. The governmental activities' net position decreased by \$774,288.
- As of the close of the current fiscal year, the Town of Benson's governmental funds reported combined ending fund balances of \$2,761,703 with a net decrease of \$429,972 in fund balance. Approximately 14% of this total amount, or \$391,765, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,191,924, or 51% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and electric services offered by the Town of Benson. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

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

Fund Financial Statements

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

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

Management Discussion and Analysis
Town of Benson

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Town of Benson has one fiduciary fund, which is an agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 10 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Benson’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Schedule 1 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Government-Wide Financial Analysis

Town of Benson's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:						
Current and other assets	\$ 2,822,647	\$ 3,280,479	\$ 1,657,639	\$ 2,624,690	\$ 4,480,286	\$ 5,905,169
Capital assets, net	<u>7,836,918</u>	<u>7,857,530</u>	<u>16,656,415</u>	<u>15,096,170</u>	<u>24,493,333</u>	<u>22,953,700</u>
Total assets	<u>10,659,565</u>	<u>11,138,009</u>	<u>18,314,054</u>	<u>17,720,860</u>	<u>28,973,619</u>	<u>28,858,869</u>
Deferred Outflows of Resources	<u>413,738</u>	<u>341,283</u>	<u>288,275</u>	<u>287,086</u>	<u>702,013</u>	<u>628,369</u>
Liabilities:						
Long-term liabilities outstanding	1,409,055	1,303,221	5,369,837	5,299,061	6,778,892	6,602,282
Other liabilities	<u>1,058,979</u>	<u>809,652</u>	<u>1,684,283</u>	<u>1,686,215</u>	<u>2,743,262</u>	<u>2,495,867</u>
Total liabilities	<u>2,468,034</u>	<u>2,112,873</u>	<u>7,054,120</u>	<u>6,985,276</u>	<u>9,522,154</u>	<u>9,098,149</u>
Deferred Inflows of Resources	<u>95,031</u>	<u>81,893</u>	<u>66,773</u>	<u>9,689</u>	<u>161,804</u>	<u>91,582</u>
Net Position:						
Net investment in capital assets	6,617,033	6,773,775	10,974,421	9,534,434	17,591,454	16,308,209
Restricted	391,765	389,677	-	-	391,765	389,677
Unrestricted	<u>1,501,440</u>	<u>2,121,074</u>	<u>507,015</u>	<u>1,478,547</u>	<u>2,008,455</u>	<u>3,599,621</u>
Total net Position	<u>\$ 8,510,238</u>	<u>\$ 9,284,526</u>	<u>\$11,481,436</u>	<u>\$ 11,012,981</u>	<u>\$ 19,991,674</u>	<u>\$ 20,297,507</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Benson exceeded liabilities and deferred inflows by \$19,991,674 as of June 30, 2020. The Town's net position decreased by \$126,588 for the fiscal year ended June 30, 2020. However, the largest portion (87%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Benson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Benson's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Benson's net position, \$391,765 (approximately 1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,008,455 is unrestricted. Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

Net position decreased by \$126,588 from operations due to the following:

- Total business-type revenues decreased from prior year, largely in part to the COVID-19 pandemic
- Total governmental activities revenues decreased from the prior year

Town of Benson's Changes in Net Position
Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 783,567	\$ 833,229	\$ 7,589,397	\$ 7,929,347	\$ 8,372,964	\$ 8,762,576
Operating grants and contributions	389,735	364,775	206,457	-	596,192	364,775
Capital grants and contributions	243,043	107,592	1,274,752	574,588	1,517,795	682,180
General Revenues:					-	-
Property taxes	1,939,827	1,738,431	-	-	1,939,827	1,738,431
Other taxes	1,525,186	1,826,627	34,900	-	1,560,086	1,826,627
Investment earnings, unrestricted	15,663	12,305	7,715	7,579	23,378	19,884
Total revenues	<u>4,897,021</u>	<u>4,882,959</u>	<u>9,113,221</u>	<u>8,511,514</u>	<u>14,010,242</u>	<u>13,394,473</u>
Expenses:						
General government	1,925,333	1,289,342	-	-	1,925,333	1,289,342
Public safety	1,989,281	1,803,060	-	-	1,989,281	1,803,060
Public works	370,644	379,109	-	-	370,644	379,109
Transportation	714,463	195,737	-	-	714,463	195,737
Sanitation	-	-	-	-	-	-
Culture and recreation	629,233	773,368	-	-	629,233	773,368
Water and sewer	-	-	3,772,876	3,710,413	3,772,876	3,710,413
Electric	-	-	4,692,645	4,871,444	4,692,645	4,871,444
Interest and other charges	42,355	44,639	-	-	42,355	44,639
Total expenses	<u>5,671,309</u>	<u>4,485,255</u>	<u>8,465,521</u>	<u>8,581,857</u>	<u>14,136,830</u>	<u>13,067,112</u>
Increase (decrease) in net position	<u>(774,288)</u>	<u>397,704</u>	<u>647,700</u>	<u>(70,343)</u>	<u>(126,588)</u>	<u>327,361</u>
Net Position:						
Beginning of year, as previously stated - July 1	9,284,526	8,886,822	11,012,981	11,083,324	20,297,507	19,970,146
Restatement	-	-	(179,245)	-	(179,245)	-
Beginning of year - July 1	<u>9,284,526</u>	<u>8,886,822</u>	<u>10,833,736</u>	<u>11,083,324</u>	<u>20,118,262</u>	<u>19,970,146</u>
End of year - June 30	<u>\$ 8,510,238</u>	<u>\$ 9,284,526</u>	<u>\$ 11,481,436</u>	<u>\$ 11,012,981</u>	<u>\$ 19,991,674</u>	<u>\$ 20,297,507</u>

Governmental activities. Governmental activities resulted in a decrease in the Town's net position by \$774,288. Key elements of the decrease are as follows:

- Increase in expenses for general government, public works, and public safety
- Increase in expenses for transportation
- Unexpected reduction in collection due to COVID-19 pandemic

Business-type activities. Business-type activities increased the Town of Benson's net position by \$647,700.

Key elements of this increase are as follows:

- Increase in capital repairs in the Water and Sewer Fund for the Waste Water Treatment Plant
- Capital repairs of underground water and sewer infrastructure being complete on Main Street

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Benson. At the end of the current fiscal year, Town of Benson's fund balance available in the General Fund was \$2,191,924, while total fund balance reached \$2,569,384. The Town has not adopted a formal fund balance policy. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 51% of total General Fund expenditures and transfers out, while total fund balance represents 59% of that same amount.

At June 30, 2020, the governmental funds of Town of Benson reported a combined fund balance of \$2,761,703, approximately a 13% decrease over last year.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased total revenue sources by \$605,254. Amendments were necessary due to the receipt of local option sales taxes, as well as property taxes, which was taken into account in the original budget and, due to conservatism, used in compiling the original budget. The town also took initiative in resurfacing more streets than originally planned for, so money was appropriated from Fund Balance.

Proprietary Funds. The Town of Benson's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to (\$311,225), and for the Electric Fund, \$810,473. The total change in net position decreased for the Water and Sewer and the Electric Funds was \$627,052. The decrease in the Water and Sewer fund was from the continued work at the WWTP due to Hurricane Matthew. Work was completed in December 2019; however, the Town is still awaiting a final reimbursement from FEMA. The decrease is also due to increased infrastructure repairs for the betterment of the town. The increase in the Electric fund was from conservative management practices within the department.

Capital Asset and Debt Administration

Capital assets. The Town of Benson’s investment in capital assets for its governmental and business–type activities as of June 30, 2020, totals \$24,493,333 net of accumulated depreciation. These assets include land, improvements, equipment, vehicles, infrastructure, plants and distribution systems.

Major capital asset transactions during the year include the following:

- Initiation of lease agreements for 4 additional Dodge Chargers for the Police Department
- Initiation of lease agreements for 2 Nissan Rogue SV for the Police Department
- Purchase of a new 2020 F550 for the Fire Department in the amount of \$153,640
- Purchase of a new Bucket Truck for the Electric Department in the amount of \$228,664

**Town of Benson’s Capital Assets
(Net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 773,291	\$ 773,291	\$ 28,870	\$ 28,870	\$ 802,161	\$ 802,161
Buildings and improvements	5,689,477	5,885,849	4,924,876	5,077,496	10,614,353	10,963,345
Infrastructure	59,486	99,142	-	-	59,486	99,142
Furniture, equipment, and machinery	390,126	415,460	139,862	359,719	529,988	775,179
Vehicles	845,417	666,125	604,160	254,959	1,449,577	921,084
Plant and distribution systems	-	-	5,814,755	5,978,176	5,814,755	5,978,176
Construction in progress	<u>79,121</u>	<u>17,663</u>	<u>5,143,892</u>	<u>3,396,950</u>	<u>5,223,013</u>	<u>3,414,613</u>
Total	<u>7,836,918</u>	<u>7,857,530</u>	<u>16,656,415</u>	<u>15,096,170</u>	<u>24,493,333</u>	<u>22,953,700</u>

Additional information on the Town’s capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Debt Administration:

**Outstanding Debt
Figure 5**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue bonds	\$ -	\$ -	\$ 861,000	\$ 879,000	\$ 861,000	\$ 879,000
Note payable	<u>1,081,966</u>	<u>1,083,755</u>	<u>4,436,119</u>	<u>4,519,799</u>	<u>5,518,085</u>	<u>5,603,554</u>
Total	<u>1,081,966</u>	<u>1,083,755</u>	<u>5,297,119</u>	<u>5,398,799</u>	<u>6,379,085</u>	<u>6,482,554</u>

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. Town of Benson’s legal debt margin is \$21,131,965.

Additional information on the Town’s debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Management’s comprehensive emphasis on economic development continues to aid in the expansion of current industry and attract new business.
- Occupancy rates on office and retail space. The Town of Benson’s occupancy overall rate remains 92% for the year.
- Currently, there are no vacant industrial structures in Benson. There is 100% occupancy. The greatest demand to date is for shell building (move in ready) space.
- Residential construction statistics are on the rise. New home construction in Benson is at an all-time high.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities. Overall, General Fund revenues are budgeted to be approximately 6% increase than 2020 actual amounts.

Business–type Activities: Water and Sewer Fund revenues are budgeted to be approximately 1% more than 2020 actual amounts. Electric Fund revenues are budgeted to be approximately .3 % less than 2020 actual amounts.

Requests for Information

This report is designed to provide an overview of the Town’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, PO Box 69; 303 E Church St, Benson, North Carolina, 27504.

BASIC FINANCIAL STATEMENTS

TOWN OF BENSON, NORTH CAROLINA

Exhibit 1

Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,710,732	\$ 1,023,640	\$ 2,734,372
Taxes receivables (net)	12,398	-	12,398
Accounts receivable	41,528	736,259	777,787
Due from other governments	259,765	43,385	303,150
Due from other funds	706,753	(706,753)	-
Inventories	-	314,676	314,676
Restricted cash	91,471	246,432	337,903
Total current assets	2,822,647	1,657,639	4,480,286
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	852,412	5,172,762	6,025,174
Other capital assets, net of depreciation	6,984,506	11,483,653	18,468,159
Total capital assets	7,836,918	16,656,415	24,493,333
Total assets	10,659,565	18,314,054	28,973,619
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	116,238	105,682	221,920
OPEB deferrals	4,995	4,542	9,537
Pension deferrals	292,505	178,051	470,556
Total deferred outflows of resources	413,738	288,275	702,013
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	48,485	396,154	444,639
Due to other governments	-	23,565	23,565
Customer deposits	-	246,432	246,432
Current portion of long-term liabilities	104,400	363,774	468,174
Total current liabilities	152,885	1,029,925	1,182,810
Long-term liabilities:			
Net pension liability	516,379	469,483	985,862
Total pension liability	389,715	184,875	574,590
Due in more than one year	1,409,055	5,369,837	6,778,892
Total liabilities	2,468,034	7,054,120	9,522,154
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	61	-	61
OPEB Deferrals	67,698	61,550	129,248
Pension deferrals	27,272	5,223	32,495
Total deferred inflows of resources	95,031	66,773	161,804
NET POSITION			
Net investment in capital assets	6,617,033	10,974,421	17,591,454
Restricted for:			
Stabilization by State Statue	300,294	-	300,294
Debt service	77,166	-	77,166
Economic and physical development	14,305	-	14,305
Unrestricted	1,501,440	507,015	2,008,455
Total net position	\$ 8,510,238	\$ 11,481,436	\$ 19,991,674

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

TOWN OF BENSON, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2020

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 1,925,333	\$ 227,301	\$ -	\$ 141,260	\$ (1,556,772)	\$ -	\$ (1,556,772)
Public safety	1,989,281	16,619	389,735	-	(1,582,927)	-	(1,582,927)
Transportation	714,463	-	-	101,783	(612,680)	-	(612,680)
Environmental protection	370,644	407,309	-	-	36,665	-	36,665
Cultural and recreation	606,183	132,338	-	-	(473,845)	-	(473,845)
Interest on long-term debt	42,355	-	-	-	(42,355)	-	(42,355)
Total governmental activities	<u>5,648,259</u>	<u>783,567</u>	<u>389,735</u>	<u>243,043</u>	<u>(4,231,914)</u>	<u>-</u>	<u>(4,231,914)</u>
Business-type activities:							
Electric	4,692,645	4,668,250	-	-	-	(24,395)	(24,395)
Water and sewer	3,772,876	2,921,147	206,457	1,274,752	-	629,480	629,480
Total business-type activities	<u>8,465,521</u>	<u>7,589,397</u>	<u>206,457</u>	<u>1,274,752</u>	<u>-</u>	<u>605,085</u>	<u>605,085</u>
Total primary government	<u>\$ 14,113,780</u>	<u>\$ 8,372,964</u>	<u>\$ 596,192</u>	<u>\$ 1,517,795</u>	<u>(4,231,914)</u>	<u>605,085</u>	<u>(3,626,829)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,939,827	-	1,939,827
Other taxes					1,190,536	-	1,190,536
Unrestricted investment earnings					15,663	7,715	23,378
Miscellaneous					137,689	-	137,689
Insurance recovery					173,911	34,900	208,811
Total general revenues and transfers					<u>3,457,626</u>	<u>42,615</u>	<u>3,500,241</u>
Change in net position					(774,288)	647,700	(126,588)
Total net position, previously reported					9,284,526	11,012,981	20,297,507
Restatement, see Note IX					-	(179,245)	(179,245)
Beginning net position, restated					<u>9,284,526</u>	<u>10,833,736</u>	<u>20,118,262</u>
Total net position, ending					<u>\$ 8,510,238</u>	<u>\$ 11,481,436</u>	<u>\$ 19,991,674</u>

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Fund</u> <u>General</u>	<u>Total Non- Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,533,717	\$ 177,015	\$ 1,710,732
Restricted cash	77,166	14,305	91,471
Taxes receivable - net	12,398	-	12,398
Accounts receivable	41,527	1	41,528
Due from other governments	258,767	998	259,765
Due from other funds	706,753	-	706,753
Total assets	<u>\$ 2,630,328</u>	<u>\$ 192,319</u>	<u>\$ 2,822,647</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 48,485	\$ -	\$ 48,485
Total liabilities	<u>48,485</u>	<u>-</u>	<u>48,485</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes, licenses and fees	61	-	61
Taxes receivable	12,398	-	12,398
Total deferred inflows of resources	<u>12,459</u>	<u>-</u>	<u>12,459</u>
FUND BALANCES			
Restricted			
Stabilization by State Statute	300,294	-	300,294
Other	77,166	14,305	91,471
Committed	-	177,015	177,015
Unassigned	2,191,924	999	2,192,923
Total fund balances	<u>2,569,384</u>	<u>192,319</u>	<u>2,761,703</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,630,328</u>	<u>\$ 192,319</u>	<u>\$ 2,822,647</u>

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

TOWN OF BENSON, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position (exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 2,761,703
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	12,364,341	
Accumulated depreciation	<u>(4,527,423)</u>	7,836,918
Deferred outflows of resources related to pensions are not reported in the funds		
		408,743
Deferred outflows of resources related to OPEB are not reported in the funds		
		4,995
Earned revenues considered deferred inflows of resources in fund statements.		
		12,398
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).	(1,310,113)	
OPEB liability	(203,342)	
Net pension liability	(516,379)	
Total pension liability	<u>(389,715)</u>	(2,419,549)
Deferred inflows of resources related to pensions are not reported in the funds		
		(27,272)
Deferred inflows of resources related to OPEB are not reported in the funds		
		<u>(67,698)</u>
Net position of governmental activities		<u><u>\$ 8,510,238</u></u>

The accompanying notes to the financial statements are an integral part of these statements

TOWN OF BENSON, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
REVENUES			
Ad valorem taxes	\$ 1,942,381	\$ -	\$ 1,942,381
Other taxes and licenses	1,175,341	-	1,175,341
Unrestricted intergovernmental	15,195	-	15,195
Restricted intergovernmental	398,275	234,503	632,778
Permits and fees	783,567	-	783,567
Investment earnings	14,308	1,355	15,663
Miscellaneous	154,610	2,682	157,292
Total revenues	<u>4,483,677</u>	<u>238,540</u>	<u>4,722,217</u>
EXPENDITURES			
Current:			
General government	696,081	667,518	1,363,599
Public safety	2,112,945	-	2,112,945
Public works	191,267	-	191,267
Transportation	158,052	556,410	714,462
Environmental protection	370,644	-	370,644
Cultural and recreational	606,182	61,456	667,638
Debt service:			
Principal	88,766	-	88,766
Interest	42,355	-	42,355
Total expenditures	<u>4,266,292</u>	<u>1,285,384</u>	<u>5,551,676</u>
Excess (deficiency) of revenues over expenditures	<u>217,385</u>	<u>(1,046,844)</u>	<u>(829,459)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	156,476	156,476
Transfers to other funds	(156,476)	-	(156,476)
Proceeds from loan	225,576	-	225,576
Insurance recovery	30,704	143,207	173,911
Total other financing sources (uses)	<u>99,804</u>	<u>299,683</u>	<u>399,487</u>
Net change in fund balance	317,189	(747,161)	(429,972)
Fund balances, beginning	<u>2,252,195</u>	<u>939,480</u>	<u>3,191,675</u>
Fund balances, ending	<u>\$ 2,569,384</u>	<u>\$ 192,319</u>	<u>\$ 2,761,703</u>

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

TOWN OF BENSON, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

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

Net changes in fund balances- total governmental funds		\$ (429,972)
--	--	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 371,174		
Depreciation expense for governmental assets	(372,181)		
Loss on disposal of capital assets	<u>(19,606)</u>		(20,613)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		116,238
--	--	---------

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

Change in unavailable revenue for tax revenues			(2,554)
--	--	--	---------

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

New long-term debt issues	(225,576)		
Principal payments on long-term debt	<u>88,766</u>		(136,810)

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	1,714		
Other	7,825		
Pension expense	(268,713)		
OPEB plan expense	<u>(41,402)</u>		<u>(300,577)</u>

Total changes in net position of governmental activities			<u>\$ (774,288)</u>
--	--	--	---------------------

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 5

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,793,595	\$ 1,931,670	\$ 1,942,381	\$ 10,711
Other taxes and licenses	1,144,647	1,145,832	1,175,341	29,509
Unrestricted intergovernmental	19,000	19,000	15,195	(3,805)
Restricted intergovernmental	459,685	501,942	398,275	(103,667)
Permits and fees	770,300	803,050	783,567	(19,483)
Investment earnings	18,000	19,205	14,308	(4,897)
Miscellaneous	42,500	397,373	154,610	(242,763)
Total revenues	<u>4,247,727</u>	<u>4,818,072</u>	<u>4,483,677</u>	<u>(334,395)</u>
Expenditures:				
Current:				
General government	647,999	773,252	696,081	77,171
Public safety	1,923,104	2,143,355	2,112,945	30,410
Public works	213,362	243,162	191,267	51,895
Transportation	399,000	224,000	158,052	65,948
Environmental protection	385,000	385,000	370,644	14,356
Cultural and recreational	701,234	725,068	606,182	118,886
Debt service:				
Principal	71,289	71,289	88,766	(17,477)
Interest	42,355	42,355	42,355	-
Total expenditures	<u>4,383,343</u>	<u>4,607,481</u>	<u>4,266,292</u>	<u>341,189</u>
Revenues over (under) expenditures	<u>(135,616)</u>	<u>210,591</u>	<u>217,385</u>	<u>6,794</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(378,416)	(156,476)	221,940
Proceeds from loan	-	-	225,576	225,576
Insurance recovery	-	-	30,704	30,704
Fund balance appropriated	135,616	167,825	-	(167,825)
Total other financing sources (uses)	<u>135,616</u>	<u>(210,591)</u>	<u>99,804</u>	<u>310,395</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>317,189</u>	<u>\$ 317,189</u>
Fund balance, beginning			<u>2,252,195</u>	
Fund balance, ending			<u>\$ 2,569,384</u>	

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 6

Statement of Net Position

Proprietary Funds

June 30, 2020

	Major Enterprise Funds		Total Non-Major Funds	Total
	Electric Fund	Water and Sewer Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 711,158	\$ 304,882	\$ 7,600	\$ 1,023,640
Accounts receivable - net	412,594	323,665	-	736,259
Due from other governments	12,061	31,157	167	43,385
Inventories	135,453	179,223	-	314,676
Restricted cash and cash equivalents	203,042	43,390	-	246,432
Total current assets	1,474,308	882,317	7,767	2,364,392
Noncurrent assets:				
Capital assets:				
Land and construction in progress	-	5,172,762	-	5,172,762
Other capital assets, net of depreciation	767,469	10,716,184	-	11,483,653
Total capital assets	767,469	15,888,946	-	16,656,415
Total noncurrent assets	767,469	15,888,946	-	16,656,415
Total assets	2,241,777	16,771,263	7,767	19,020,807
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	34,478	71,204	-	105,682
OPEB deferrals	1,482	3,060	-	4,542
Pension deferrals	58,088	119,963	-	178,051
	94,048	194,227	-	288,275
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	276,219	119,935	-	396,154
Due to other fund	-	706,753	-	706,753
Due to other governments	23,565	-	-	23,565
Customer deposits	203,042	43,390	-	246,432
Compensated absences, current	10,000	25,000	-	35,000
Current portion of long-term debt	89,692	239,082	-	328,774
Total current liabilities	602,518	1,134,160	-	1,736,678
Noncurrent liabilities:				
Accrued vacation	9,793	6,824	-	16,617
Other postemployment benefits	60,314	124,561	-	184,875
Net pension liability	153,166	316,317	-	469,483
Non-current portion of long-term debt	264,657	5,088,563	-	5,353,220
Total noncurrent liabilities	487,930	5,536,265	-	6,024,195
Total liabilities	1,090,448	6,670,425	-	7,760,873
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	20,080	41,470	-	61,550
Pension deferrals	1,704	3,519	-	5,223
	21,784	44,989	-	66,773
NET POSITION				
Net investment in capital assets	413,120	10,561,301	-	10,974,421
Unrestricted	810,473	(311,225)	7,767	507,015
Total net position	\$ 1,223,593	\$ 10,250,076	\$ 7,767	\$ 11,481,436

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

TOWN OF BENSON, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 7

	<u>Major Enterprise Funds</u>		<u>Total Non-Major Funds</u>	<u>Total</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>		
OPERATING REVENUES				
Charges for services	\$ 4,664,386	\$ 2,858,513	\$ -	\$ 7,522,899
Other operating revenues	3,864	62,634	-	66,498
Total operating revenues	<u>4,668,250</u>	<u>2,921,147</u>	<u>-</u>	<u>7,589,397</u>
OPERATING EXPENSES				
General operations	-	1,292,680	-	1,292,680
Electric operations	1,388,741	-	-	1,388,741
Power / water purchases	3,081,094	737,738	-	3,818,832
Equipment and line improvements	173,066	17,367	237	190,670
Water distribution	-	17,991	-	17,991
Waste water collection	-	1,234,282	-	1,234,282
Depreciation	49,507	365,854	-	415,361
Total operating expenses	<u>4,692,408</u>	<u>3,665,912</u>	<u>237</u>	<u>8,358,557</u>
Operating income (loss)	<u>(24,158)</u>	<u>(744,765)</u>	<u>(237)</u>	<u>(769,160)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	5,536	2,179	-	7,715
FEMA revenue	-	206,457	-	206,457
Insurance recovery	23,372	11,528	-	34,900
Interest and other charges	-	(106,964)	-	(106,964)
Total nonoperating revenues (expenses)	<u>28,908</u>	<u>113,200</u>	<u>-</u>	<u>142,108</u>
Income (loss) before contributions and transfers	4,750	(631,565)	(237)	(627,052)
Capital contributions	-	1,274,752	-	1,274,752
Change in net position	4,750	643,187	(237)	647,700
Total net position, previously reported	1,218,843	9,786,134	8,004	11,012,981
Restatement, see Note IX	-	(179,245)	-	(179,245)
Beginning net position, restated	<u>1,218,843</u>	<u>9,606,889</u>	<u>8,004</u>	<u>10,833,736</u>
Total net position, ending	<u>\$ 1,223,593</u>	<u>\$ 10,250,076</u>	<u>\$ 7,767</u>	<u>\$ 11,481,436</u>

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Funds			Total
	Electric Fund	Water and Sewer Fund	Total Non-Major Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 4,712,071	\$ 2,921,361	\$ 301	\$ 7,633,733
Cash paid for goods and services	(4,102,054)	(2,164,212)	(237)	(6,266,503)
Cash paid to or on behalf of employees for services	(540,742)	(1,078,536)	-	(1,619,278)
Customer deposits (returned) received	(15,496)	(1,253)	-	(16,749)
Other operating revenues	3,865	62,634	-	66,499
Net cash provided (used) by operating activities	57,644	(260,006)	64	(202,298)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in due to other funds	-	706,753	-	706,753
Total cash flow from noncapital financing activities	-	706,753	-	706,753
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	228,664	-	-	228,664
Principal paid on bonds/loans	(37,252)	(250,386)	-	(287,638)
Interest paid on bonds/loans	-	(106,964)	-	(106,964)
FEMA revenue	-	206,457	-	206,457
Insurance recovery	23,372	11,528	-	34,900
Capital grants	-	1,274,752	-	1,274,752
Proceeds from sale of capital assets	29,860	-	-	29,860
Acquisition and construction of capital assets	(228,664)	(1,746,942)	-	(1,975,606)
Net cash provided (used) by capital and related financing activities	15,980	(611,555)	-	(595,575)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	5,536	2,179	-	7,715
Net cash provided (used) by investing activities	5,536	2,179	-	7,715
Net increase (decrease) in cash and cash equivalents	79,160	(162,629)	64	(83,405)
Balances, beginning	835,040	510,901	7,536	1,353,477
Balances, ending	\$ 914,200	\$ 348,272	\$ 7,600	\$ 1,270,072
Reconciliation of operating loss to net cash provided by operating activities				
Operating loss	\$ (24,158)	\$ (744,765)	\$ (237)	\$ (769,160)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	49,507	365,854	-	415,361
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	40,467	52,847	-	93,314
Increase in due from other governments	7,218	10,001	301	17,520
Increase in net pension liability	15,158	82,621	-	97,779
Decrease in accounts payable and accrued liabilities	(22,380)	(90,713)	-	(113,093)
Decrease in inventories	18,093	47,953	-	66,046
Decrease in customer deposits	(15,496)	(1,253)	-	(16,749)
Increase (decrease) in accrued vacation	2,148	(3)	-	2,145
(Increase) decrease in deferred outflows of resources for pensions	13,077	(14,266)	-	(1,189)
Increase in deferred inflows of resources - pensions	(14,930)	42,154	-	27,224
Decrease in other postemployment benefits	(11,060)	(10,436)	-	(21,496)
Total adjustments	81,802	484,759	301	566,862
Net cash provided (used) by operating activities	\$ 57,644	\$ (260,006)	\$ 64	\$ (202,298)

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 9

Statement of Net Position

Fiduciary Fund

June 30, 2020

	<u>Fiduciary Fund</u> <u>Private-Purpose</u> <u>Trust Fund</u>
ASSETS	
Investments	\$ 26,751
Total assets	<u>\$ 26,751</u>
NET POSITION	
Held in trust	\$ 26,751
Total net position	<u>\$ 26,751</u>

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

TOWN OF BENSON, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2020

Exhibit 10

	Fiduciary Fund
	Private-Purpose Trust Fund
ADDITIONS	
Investment earnings	\$ -
Change in net position	-
NET POSITION	
Beginning of year, July 1	26,751
End of year, June 30	\$ 26,751

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Benson (“the Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Benson is a municipal corporation that is governed by an elected mayor and a six-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements include all funds that are controlled by, or financially dependent, on the Town.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, sanitation, parks and recreation and general government services.

The Town reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund accounts for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The USDA Grant Fund, Hurricane Matthew Insurance Proceeds Fund, Hurricane Florence Insurance Proceeds Fund, and FEMA Project Fund are the Town's only special revenue funds.

Capital Projects Fund. The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The Town has ten capital project funds: Street Paving Project, Community Park Improvement Project, Library Rehab Project, Voluntary Demolition Project, Interstate 95 Widening Project, BFA Lighting System, 2019 Street Paving Project, the Capital Reserve, the Bark Park Project, and the Lee Street Demolition Project.

The Town reports the following major enterprise funds:

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

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

The Town reports the following fiduciary fund type:

Private-Purpose Trust Fund. This fund is used to account for trust arrangements under which the principal and income benefits individuals, private organizations, or other governments. The Town maintains one private purpose trust fund: the J.L. George Endowment Beautification Trust Fund was created to preserve for the future beauty of the Town. The trust permits its earnings to be expended to support specific projects.

C. Measurement Focus and Basis of Accounting

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

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

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

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

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

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

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

The effects of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments-in-lieu-of-taxes and other charges between the Town's water and sewer funds and various other functions of the Town. Elimination of these charges would distort the costs and program revenues reported for the various functions concerned.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Electric Fund, Water and Sewer Fund and Capital Reserve Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Fund, Capital Projects Fund and the Enterprise Fund Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Appropriations are made at the departmental level and are amended as necessary by the governing board. The manager may make interdepartmental transfers (limited to 10% of the department's budget) without Board approval. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

Amendments are required to be approved by the governing board that alter total expenditures of any fund or that change functional appropriations by \$1,000 or more. During the year, several amendments to the original budget were necessary. The Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The unexpended loan proceeds from a loan agreement entered into by the Town are classified as restricted assets because their use is completely restricted to the purposes of purchasing police vehicles. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Any unexpended balances of grant or loan funds for the Capital Projects Funds are classified as restricted assets in the appropriate fund because their use is completely restricted to the purpose for which the grants and/or loans were intended. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintain, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

Town of Benson Restricted Cash

Governmental Activities:

General Fund:

Debt Service	\$	77,166
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Other governmental funds:

USDA Grant Fund

Economic and physical development		14,305
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Total governmental activities		91,471
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Business-type Activities:

Electric Fund:

Customer deposits		203,042
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Water and Sewer Fund:

Customer deposits		43,390
-------------------	--	--------

Total Business-type Activities		246,432
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Private Purpose Trust Fund:

J.L. George Endowment

Beautification Grant Trust Fund		26,751
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Total Restricted Cash	\$	364,654
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the Town are valued at the lower of cost or market. The inventories of the Town consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and estimated life in excess of two years. The minimum capitalization threshold is \$5,000 for all capital assets. Purchased and constructed capital assets are reported at cost or estimated historical costs. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings and structures	50 years
Improvements	10 – 25 years
Infrastructure	40 – 50 years
Furnishings and fixtures	10 years
Vehicles	6 – 10 years
Equipment (non-computer)	5 – 10 years
Computer equipment	3 years
Software	3 years

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, contributions made to the pension plan in the 2020 fiscal year and pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that met this criterion for this category – prepaid property taxes, property taxes receivable and pension deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance that is not available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

Restricted for Debt Service – portion of fund balance that is restricted by loan resolution with USDA future debt service.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic development purposes.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

11. Net Position/Fund Balances (Continued)

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

Committed for Transportation – portion of fund balance that is committed to the Street Paving Project.

Committed for Safety – portion of fund balances that is committed to the Voluntary Demolition Project and Power Line and Tree Trimming Project.

Committed for Capital Outlay – portion of fund balance that is committed future capital expenditures.

Committed for Cultural and Recreational – portion of fund balance that is committed to the Community Park Improvements Project.

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

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriation within a fund up to 10% of any department’s appropriation.

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

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

The Town of Benson has not adopted a minimum fund balance policy for the General Fund.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

12. Defined Benefit Cost-Sharing Plans

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

13. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

For the fiscal year ended June 30, 2020, the expenditures made for the Town's General Fund debt service exceeded authorized appropriations made by the governing board by \$17,477. In addition, total Water and Sewer Fund expenses exceeded authorized appropriations made by the governing board by \$62,814. Management and the Board will more closely review the budget reports to ensure compliance in future years and will make sure all debt payments are accounted for in the correct fund.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town and in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits (Continued)

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$3,071,975 and a bank balance of \$3,221,940. Of the bank balance, \$451,693 was covered by federal depository insurance and the remainder was covered by the Dedicated Method and monitored by the State Treasurer. At June 30, 2020, the Town's petty cash fund totaled \$300.

2. Investments

As of June 30, 2020, the Town had an investment in equity securities in its fiduciary fund, the J.L. George Endowment Beautification Grant Trust Fund. The market value of these securities was \$26,751 as of the close of business on June 30, 2020. The Town has no formal policy regarding credit risk of its investments.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amount of \$11,594.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 is net of the following allowances for doubtful accounts:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 18,703	\$ 44,119	\$ 259,765	\$ 322,587
Allowance for doubtful accounts	(6,305)	(2,591)	-	(8,896)
Total governmental activities	<u>\$ 12,398</u>	<u>\$ 41,528</u>	<u>\$ 259,765</u>	<u>\$ 313,691</u>
Business-Type Activities:				
Electric Fund	\$ -	\$ 517,774	\$ 12,061	\$ 529,835
Water and Sewer Fund	-	513,956	31,157	545,113
Non-major funds	-	-	167	167
Total receivables	-	1,031,730	43,385	1,075,115
Allowance for doubtful accounts	-	(295,470)	-	(295,470)
Total business-type activities	<u>\$ -</u>	<u>\$ 736,259</u>	<u>\$ 43,385</u>	<u>\$ 779,644</u>

Due from other governments consisted of the following:

Sales tax refund	<u>\$ 43,385</u>
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TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

4. Capital Assets

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

	Balance			Balance
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 773,291	\$ -	\$ -	\$ 773,291
Construction in Progress	17,663	61,458	-	79,121
Total capital assets not being depreciated	<u>790,954</u>	<u>61,458</u>	<u>-</u>	<u>852,412</u>
Capital assets being depreciated:				
Buildings and structures	8,614,604	-	-	8,614,604
Infrastructure	131,888	-	35,000	96,888
Furniture, equipment, and machinery	1,054,403	35,000	8,773	1,080,630
Vehicles	1,493,260	309,716	83,170	1,719,807
Total capital assets being depreciated	<u>11,294,155</u>	<u>344,716</u>	<u>126,943</u>	<u>11,511,929</u>
Less Accumulated Depreciation:				
Buildings and structures	2,728,755	196,372	-	2,925,127
Infrastructure	32,746	4,656	-	37,402
Furniture, equipment, and machinery	638,943	63,334	8,773	690,504
Vehicles	827,135	110,819	63,563	874,390
Total accumulated depreciation	<u>4,227,579</u>	<u>372,181</u>	<u>72,336</u>	<u>4,527,423</u>
Total capital assets being depreciated, net	<u>7,066,576</u>			<u>6,984,506</u>
Governmental activities capital assets, net	<u>\$ 7,857,530</u>			<u>\$ 7,836,918</u>

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

General government	\$ 196,618
Public safety	62,880
Public work	85,658
Cultural and recreation	27,026
	<u>\$ 372,181</u>

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

	Balance			Balance
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Business-type activities:				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Electrical system	2,211,037	-	-	2,211,037
Furniture and equipment	413,574	-	223,448	190,126
Vehicles	362,639	438,612	204,655	596,596
Total capital assets being depreciated	<u>2,987,250</u>	<u>438,612</u>	<u>428,103</u>	<u>2,997,759</u>
Less Accumulated Depreciation:				
Electrical system	1,870,573	9,027	-	1,879,600
Furniture and equipment	190,859	681	30,996	160,545
Vehicles	337,506	57,294	204,655	190,145
Total accumulated depreciation	<u>2,398,938</u>	<u>67,003</u>	<u>235,650</u>	<u>2,230,290</u>
Total capital assets being depreciated, net	<u>588,312</u>			<u>767,469</u>
Electric fund capital assets, net	<u>588,312</u>			<u>767,469</u>

Depreciation expense was \$49,507 for the year ended June 30, 2020.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

4. Capital Assets (Continued)

	Balance			Balance
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 28,870	\$ -	\$ -	\$ 28,870
Construction in progress	3,396,950	1,746,942	-	5,143,892
Total capital assets not being depreciated	<u>3,425,820</u>	<u>1,746,942</u>	<u>-</u>	<u>5,172,762</u>
Capital assets being depreciated:				
Buildings and structures	7,635,979	-	-	7,635,979
Water and sewer systems	8,329,677	-	-	8,329,677
Furniture and equipment	941,051	-	-	941,051
Vehicles	321,168	-	-	321,168
Total capital assets being depreciated	<u>17,227,875</u>	<u>-</u>	<u>-</u>	<u>17,227,875</u>
Less Accumulated Depreciation:				
Buildings and structures	2,558,483	152,620	-	2,711,103
Water and sewer systems	2,691,965	154,394	-	2,846,359
Furniture and equipment	804,047	26,723	-	830,770
Vehicles	91,342	32,117	-	123,459
Total accumulated depreciation	<u>6,145,837</u>	<u>365,854</u>	<u>-</u>	<u>6,511,691</u>
Total capital assets being depreciated, net	<u>11,082,038</u>			<u>10,716,184</u>
Water and sewer fund capital assets, net	<u>14,507,858</u>			<u>15,888,946</u>
Business-type activities capital assets, net	<u>\$ 15,096,170</u>			<u>\$ 16,656,415</u>

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Benson employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Benson's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Benson were \$221,920 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$985,862 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.03610%, which was an increase of 0.0037% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$431,715. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 168,805	\$ -
Changes of assumptions	160,679	-
Net difference between projected and actual earnings on pension plan investments	24,047	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,356	10,967
Town contributions subsequent to the measurement date	221,920	-
Total	<u>\$ 595,807</u>	<u>\$ 10,967</u>

\$221,920 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 176,433
2022	55,139
2023	98,942
2024	32,404
2025	-
	<u>\$ 362,918</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension liability or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 2,254,849	\$ 985,863	\$ (68,921)

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

b. Law Enforcement Officers Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	10
Total	10

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

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

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

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

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$389,715. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$42,581.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,874	\$ 12,646
Changes of assumptions	17,795	8,882
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 96,669	\$ 21,528

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 25,456	\$ 6,861
2022	25,456	6,861
2023	23,572	6,500
2024	18,961	1,306
2025	3,224	-
Thereafter	-	-

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 419,431	\$ 389,715	\$ 362,203

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

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

		2020
Beginning Balance	\$	267,700
Service Cost		14,242
Interest on the total pension liability		9,744
Changes of benefit terms		-
Differences between expected and actual experience in the measurement of the total pension liability		87,321
Changes of assumptions or other inputs		10,708
Benefit payments		-
Other changes		-
Ending balance of the total pension liability	\$	<u>389,715</u>

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

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 431,715	\$ 42,581	\$ 474,296
Pension Liability	985,863	389,715	1,375,578
Proportionate share of the net pension liability	0.0361%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	168,805	78,874	247,679
Changes of assumptions	160,679	17,795	178,474
Net difference between projected and actual earnings on plan investments	24,047	-	24,047
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,356	-	20,356
Town benefit payments and plan administrative expense made subsequent to the measurement date	221,920	-	221,920
 Deferred Inflows of Resources			
Differences between expected and actual experience	-	12,646	12,646
Changes of assumptions	-	8,882	8,882
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,967	-	10,967

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

d. Supplemental Retirement Income Plan for Employees

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 were \$38,864, which consisted of \$34,367 from the Town and \$4,497 from the law enforcement officers.

d. Supplemental Retirement Income Plan for Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to Town employees, including law enforcement employees. The Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. The Town elects to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 were \$109,662, which consisted of \$85,582 from the Town and \$24,080 from the employees.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Prior to July 1, 2007, retirees qualified for benefits similar to those of employees after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Employees hired on or after July 1, 2007 who retire with a minimum of 20 years of creditable service also have the option of purchasing coverage for themselves and dependents at the Town's group rate. Employees hired on or after July 1, 2007 who retire with less than 20 years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

Retired Employees' Years of Creditable	Date Hired	
	Pre-July 1, 2007	On or after July 1, 2007
Less than 5 years	Not eligible for coverage	Not eligible for coverage
5 - 20 years	Full coverage paid for by City	Not eligible for coverage
20+ years	Full coverage paid for by City	Full coverage paid for by City

Membership of the HCB plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation.

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	0
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	36	13
Total	38	13

Total OPEB Liability

The Town's total OPEB liability of \$388,218 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Salary increases	3.50 -7.75 percent
Discount rate	3.50 percent
Healthcare cost trend rates	7.0 percent

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning Balance June 30, 2019	\$ 405,762
Changes for the year	
Service Cost	32,215
Interest	15,647
Changes of benefit terms	46,717
Differences between expected and actual experience	(110,422)
Changes of assumptions or other inputs	5,406
Benefit payments	(7,107)
Net changes	(17,544)
Ending Balance June 30, 2020	\$ 388,218

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 432,885	\$ 388,218	\$ 348,344

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 336,802	\$ 388,218	\$ 449,704

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$79,042. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,737	\$ 98,015
Changes of assumptions	4,799	31,233
Own benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 9,536	\$ 129,248

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (15,537)
2022	(15,537)
2023	(15,537)
2024	(15,537)
2025	(15,537)
Thereafter	(42,027)

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 221,920
OPEB deferrals	9,537
Pension deferrals	<u>470,556</u>
Total	<u>\$ 702,013</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 61	\$ 61
Taxes Receivable, less penalties (General Fund)	-	12,398
OPEB deferrals	67,698	-
Pension deferrals	<u>27,272</u>	-
Total	<u>\$ 95,031</u>	<u>\$ 12,459</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases its insurance through a private agency. Through this agency, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$4 million lifetime limit. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town is not in a flood plain; however, the Town does carry \$1,000,000 of "difference in condition" coverage for flood or earthquake with a \$50,000 deductible.

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

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

5. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

a. Capital Leases

The Town has entered into an agreement to lease a 2line truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The agreement was executed on September 1, 2018 and requires five yearly payments of \$47,011. In this agreement, title passes to the Town at the end of the lease term.

During the year ended June 30, 2020, the Town entered into an agreement to lease a 2020 line truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The agreement was executed on February 26, 2020 and requires five yearly payments of \$50,209. In this agreement, title passes to the Town at the end of the lease term.

During the year ended June 30, 2020, the Town entered into an agreement to lease six vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the dates of inception. The agreements require 60 monthly payments totaling \$2,899, and final payments totaling \$15,607.

The following is an analysis of the assets recorded under capital leases at June 30, 2020:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles and motorized equipment	\$ 594,688	\$ 67,438	\$ 527,250

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year Ending June 30	
2021	\$ 131,993
2022	131,993
2023	131,993
2024	84,982
2025	78,912
Total minimum lease payments	559,873
Less: amount representing interest	66,925
Present value of minimum lease payments	\$ 492,948

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

b. Governmental Activities Long-Term Debt

\$610,000 USDA direct loan issued June 2006, interest at 4.25%, payable in annual installments of \$36,356, including interest, with a final payment due in 2036; secured by fire department building.	\$ 413,943
\$695,000 USDA direct loan issued June 2006, interest at 4.125%, payable in annual installments of \$40,810, including interest, with a final payment due in 2036; secured by fire department building.	460,139
\$69,500 USDA direct loan issued June 2019, interest at 2.375%, payable in annual installments of \$4,407, including interest, with a final payment due in 2040; secured by a vehicle.	69,500
\$325,000 direct note issued June 2014, interest at 2.15%, payable in annual installments of \$36,477, including interest, with a final payment due in 2024; secured by equipment	138,384
Total governmental activities notes payable	<u>\$ 1,081,966</u>

The future minimum payments of the governmental activities long-term debt notes payable as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 76,308	\$ 41,742	\$ 118,050
2022	78,768	39,275	118,043
2023	81,317	36,726	118,043
2024	83,945	34,094	118,039
2025	50,154	31,419	81,573
2026-2030	272,746	135,115	407,861
2031-2035	333,106	74,754	407,860
2036-2040	105,622	21,484	126,426
Total	<u>\$1,081,966</u>	<u>\$ 414,609</u>	<u>\$ 1,495,895</u>

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

c. Water and sewer fund

\$1,750,000 direct Clean Water Revolving Loan issued March 2008, interest at 2.265%, payable in annual installments of \$87,500, plus semi-annual interest payments; final payment due in 2028; secured by system assets	\$ 700,000
\$367,403 direct State Emergency Loan issued October 2013, interest at 0%, payable in annual installments of \$18,370, with a final payment due in 2034, secured by system assets	238,440
\$430,000 Water Line Repairs, phase 2 direct loan issued September, 2014, interest at 3.36%, payable in annual installments of \$36,865, with final payment due in September 2029, secured by system assets	109,106
\$216,000 direct Drinking Water State Revolving Loan issued in May 2014, interest at 0%, payable in annual installments of \$10,800, with final payment due in May 2034, secured by system assets	151,200
\$2,802,000 direct Water and Sewer System Revenue Bond Anticipation Note issued June 20, 2018 payable in escalating annual installments, including interest at 1.625% with final payment due in June 2058.	2,698,000
\$189,450 direct Public Works building loan issued June 20, interest at 2.98%, payable in annual installments of \$15,848, with final payment due in 2034, secured by the building	168,740
\$561,000 AMI Project direct Loan issued in December 19, 2014 and revised on April 30, 2015, interest at 0%, payable in annual installments of \$29,527 over a span of 19 years.	<u>370,633</u>
Total enterprise funds notes payable	<u><u>\$ 4,436,119</u></u>

d. Revenue bonds payable – water and sewer

\$981,000 Series 2010 Water and Sewer Revenue Bonds, interest at 3.25%, due in \$13,000 to \$44,000 annual installments, plus interest, final payment due 2050	<u><u>\$ 861,000</u></u>
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TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

The Town is not in compliance with the covenants as to rates, fees, rentals and charges in Section 5 of the Bond Order, authorizing the issuance of the Series 2010 water and sewer revenue bonds since its adoption in 2009. Section 5.02 of the Bond Order requires the debt service coverage ratio to be no less than 110 percent. Section 5.02 of the Bond Order also requires the debt service coverage ratio to be no less than 100 percent of the Subordinated Debt Service Requirement. The debt service coverage ratio calculations for the year ended June 30, 2020 are as follows:

Operating revenues	\$ 2,921,147
Operating expenses*	<u>3,330,058</u>
Operating income (loss)	(378,911)
Non-operating revenues (expenses)**	<u>220,164</u>
Income (loss) available for debt service	<u><u>\$ (158,747)</u></u>
Debt service, principal, and interest paid (Revenue bond only)	<u>\$ 45,535</u>
Debt service coverage ratio	<u><u>-28.68%</u></u>
Subordinated Debt Service:	
Debt service, principal, and interest paid (Subordinated Debt Service only)	<u>\$ 296,669</u>
Debt service coverage ratio	<u><u>-186.68%</u></u>

*Per rate covenants, this does not include the depreciation expense of \$365,854.

**Per rate covenants, this does not include interest paid of \$106,964.

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$981,000 in water and sewer system revenue bonds issued June 2010. Proceeds from the bonds provided financing for the extension of water and sewer lines. The bonds are payable solely from water and sewer customer net revenues and are payable through 2050. Annual principal and interest payments on the bonds are expected to require less than 6 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,362,092. Principal and interest paid for the current year and total customer net revenues (expenses) were \$45,535 and (\$378,911), respectively.

The Town did not meet the required debt covenants as noted above.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

The future minimum payments of the Business-type activities long-term debt as of June 30, 2020 are as follows:

Notes Payable:

Year Ending				
June 30	Principal	Interest	Total	
2021	\$ 222,082	\$ 75,128	\$ 306,355	
2022	235,543	71,087	302,371	
2023	237,798	66,988	300,389	
2024	237,465	65,462	298,407	
2025	211,115	51,973	296,425	
2026-2030	901,223	212,737	1,217,875	
2031-2035	566,893	166,420	748,773	
2036-2040	341,000	137,314	516,775	
2041-2045	370,000	108,632	516,775	
2046-2050	402,000	77,578	516,775	
2051-2055	435,000	43,860	516,775	
2056-2058	276,000	8,986	516,000	
Total	\$ 4,436,119	\$ 1,086,165	\$ 5,522,284	

Revenue Bonds Payable:

Year Ending				
June 30	Principal	Interest	Total	
2021	\$ 17,000	\$ 27,983	\$ 44,983	
2022	18,000	27,430	45,430	
2023	18,000	26,845	44,845	
2024	19,000	26,260	45,260	
2025	20,000	25,643	45,643	
2026-2030	108,000	118,171	226,171	
2031-2035	127,000	99,387	226,387	
2036-2040	150,000	77,351	227,351	
2041-2045	176,000	51,351	227,351	
2046-2050	208,000	20,671	228,671	
Total	\$ 861,000	\$ 501,092	\$ 1,362,092	

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

A summary of changes in long-term debt obligations follows:

	Balance July 1, 2019 (as restated)	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
Direct notes payable	\$ 1,083,755	\$ 69,500	\$ (71,289)	\$ 1,081,966	\$ 76,308
Compensated absences	91,262	-	(1,714)	89,548	-
Capitalized leases	-	156,076	(17,477)	138,599	28,092
Net pension liability (LGERS)	396,934	119,445	-	516,379	-
Total pension liability	267,700	122,015	-	389,715	-
Total OPEB liability	199,432	3,910	-	203,342	-
Total governmental activities	<u>\$ 2,039,083</u>	<u>\$ 470,946</u>	<u>\$ (90,480)</u>	<u>\$ 2,419,549</u>	<u>\$ 104,400</u>
Business-Type Activities:					
Water and Sewer Fund:					
Revenue bonds	\$ 879,000	\$ -	\$ (18,000)	\$ 861,000	\$ 17,000
Direct notes payable	4,699,031	-	(232,386)	4,466,645	222,082
Compensated absences	31,827	-	(3)	31,824	25,000
Net pension liability (LGERS)	233,696	82,621	-	316,317	-
Total OPEB liability	134,997	-	(10,436)	124,561	-
Total	<u>5,978,551</u>	<u>82,621</u>	<u>(260,825)</u>	<u>5,800,347</u>	<u>264,082</u>
Electric Fund:					
Compensated absences	17,645	2,148	-	19,793	10,000
Capitalized leases	162,937	228,664	(37,252)	354,349	89,692
Net pension liability (LGERS)	138,008	15,158	-	153,166	-
Total OPEB liability	71,374	-	(11,060)	60,314	-
Total	<u>389,964</u>	<u>245,970</u>	<u>(48,312)</u>	<u>587,622</u>	<u>99,692</u>
Total business-type activities	<u>\$ 6,368,515</u>	<u>\$ 328,591</u>	<u>\$ (309,137)</u>	<u>\$ 6,387,969</u>	<u>\$ 363,774</u>

The Town has a legal debt margin of \$21,131,965 at June 30, 2020.

6. Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 7,836,918	\$ 16,656,415
Less: long-term debt	(1,219,885)	(5,689,994)
Plus: unspent bond proceeds	-	-
Net investment in capital assets	<u>\$ 6,617,033</u>	<u>\$ 10,974,421</u>

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

From General Fund to the 2019 Street Paving Project to fund capital project	\$ 133,426
From General Fund to Community Park Improvements Project to fund capital projects	20,050
From General Fund to Library Rehab Project to fund capital projects	3,000

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

Balances due to / due from other funds at June 30, 2020, consist of the following:

Due to the General Fund from the Water & Sewer Fund	<u>\$ 706,753</u>
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The interfund balances are a result from the time lag of funding for water & sewer projects.

D. Fund Balance

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

Total fund balance-General Fund	\$ 2,569,384
Less:	
Stabilization by State Statute	300,294
Debt Service	77,166
Appropriated Fund Balance in 2021 budget	-
Remaining Fund Balance	<u>\$ 2,191,924</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The Town had no encumbrances at June 30, 2020.

IV. Extraordinary Event

During the year ended June 30, 2020, the Town received insurance proceeds of \$208,811 as it continues to make necessary repairs as a result of flooding from hurricanes over the past several years.

TOWN OF BENSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

V. Jointly Governed Organization

The Town, in conjunction with other local governments, is a member of the North Carolina Eastern Municipalities Power Agency (Power Agency). The Power Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Power Agency's governing board. The members, who receive power from the Power Agency, have signed power sales agreements to purchase a specified share of the power generated by the Power Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power from the power agency for the fiscal year ended June 30, 2020 were \$3,081,094.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VII. Related Organization

The six-member Board of the Town of Benson Housing Authority is appointed by the Mayor of the Town. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town is also disclosed as a related organization in the notes to the financial statements for the Town of Benson Housing Authority.

VIII. Concentration of Risk

For the year ended June 30, 2020, approximately 40% of total water and sewer charges for services related to one company.

IX. Restatement

During the year ended June 30, 2020, it was discovered that a loan from fiscal year 2019 was not recorded. A prior period adjustment was recorded on the Water and Sewer Fund, resulting in a restatement of \$179,245 to decrease fund balance.

X. Significant Effects of Subsequent Events

Subsequent events have been evaluated through December 11, 2020, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure. As of the date of issuance of the Town's audit, there is a pandemic situation regarding the COVID-19 virus. The Town is monitoring the effect of this pandemic on its financial operations. At this time, management has evaluated the situation and has concluded no additional disclosures are warranted.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

TOWN OF BENSON, NORTH CAROLINA
Town of Benson's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years*

Schedule 1

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Benson's proportion of the net pension liability (asset) (%)	0.0361%	0.0324%	0.0322%	0.0318%	0.0299%	0.0767%	0.0759%
Benson's proportion of the net pension liability (asset) (\$)	\$ 985,863	\$ 768,639	\$ 492,400	675,327	\$ 134,189	\$ (204,406)	\$ 394,161
Benson's covered-employee payroll	\$2,244,033	\$1,939,861	\$1,768,900	\$1,710,660	\$1,668,796	\$1,676,702	\$1,697,774
Benson's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.93%	39.62%	27.84%	39.48%	8.04%	-12.19%	23.22%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

TOWN OF BENSON, NORTH CAROLINA
Town of Benson's Contributions
Required Supplementary Information
Last Seven Fiscal Years

Schedule 2

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 221,920	\$ 170,795	\$ 149,372	\$ 132,530	\$ 117,643	\$ 119,438	\$ 119,499
Contributions in relation to the contractually required contribution	<u>221,920</u>	<u>170,795</u>	<u>149,372</u>	<u>132,530</u>	<u>117,643</u>	<u>119,438</u>	<u>119,499</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Benson's covered-employee payroll	\$2,412,322	\$2,244,033	\$1,939,861	\$1,768,900	\$1,710,660	\$1,668,796	\$1,676,702
Contribution as a percentage of covered-employee payroll	9.20%	7.61%	7.70%	7.49%	6.88%	7.16%	7.13%

TOWN OF BENSON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
June 30, 2020

Schedule 3

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 267,700	\$ 277,798	\$ 218,042	\$ 204,526
Service Cost	14,242	12,185	14,254	12,223
Interest on the total pension liability	9,744	8,778	8,416	7,302
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	87,321	(20,502)	17,791	-
Changes of assumptions or other inputs	10,708	(10,559)	19,295	(6,009)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 389,715</u>	<u>\$ 267,700</u>	<u>\$ 277,798</u>	<u>\$ 218,042</u>

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

TOWN OF BENSON, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officer's Special Separation Allowance
June 30, 2020

Schedule 4

	2020	2019	2018	2017
Total pension liability	\$ 389,715	\$ 267,700	\$277,798	\$218,042
Covered payroll	538,771	429,160	522,095	418,962
Total pension liability as a percentage of covered payroll	72.33%	62.38%	53.21%	52.04%

Notes to the schedules:

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

TOWN OF BENSON, NORTH CAROLINA
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2020

Schedule 5

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 32,215	\$ 33,308	\$ 36,003
Interest	15,647	13,431	10,861
Changes of benefit terms	46,717	-	-
Differences between expected and actual experience	(110,422)	2,006	4,555
Changes of assumptions	5,406	(16,447)	(26,331)
Benefit payments	(7,107)	(7,569)	(9,695)
Net change in total OPEB liability	(17,544)	24,729	15,393
Total OPEB liability - beginning	405,762	381,033	365,640
Total OPEB liability - ending	\$ 388,218	\$ 405,762	\$ 381,033
Covered payroll	\$ 1,986,348	\$ 1,666,147	\$ 1,666,147
Total OPEB liability as a percentage of covered payroll	19.54%	24.35%	22.87%

Notes to Schedule

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

Fiscal Year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 1,927,670	\$ 1,938,460	\$ 10,790
Interest and penalties	4,000	3,921	(79)
Total	<u>1,931,670</u>	<u>1,942,381</u>	<u>10,711</u>
Other taxes and licenses:			
Local option sales tax	685,787	732,364	46,577
Utility franchise tax	390,000	380,801	(9,199)
Occupancy tax	63,860	55,994	(7,866)
Privilege licenses	3,525	3,525	-
Disposal tax	2,660	2,657	(3)
Total	<u>1,145,832</u>	<u>1,175,341</u>	<u>29,509</u>
Unrestricted intergovernmental:			
Wine and beer taxes	19,000	15,195	(3,805)
Total	<u>19,000</u>	<u>15,195</u>	<u>(3,805)</u>
Restricted intergovernmental:			
Fire grants	272,535	270,196	(2,339)
Powell Bill	103,000	-	(103,000)
ABC Board profit distribution	22,172	23,845	1,673
Police grant	-	-	-
FEMA Radio Grant	95,695	95,694	(1)
Economic development	8,540	8,540	-
Total	<u>501,942</u>	<u>398,275</u>	<u>(103,667)</u>
Permits and fees:			
Recreation fees	80,000	53,966	(26,034)
Payments in lieu of taxes	117,500	115,196	(2,304)
Library fees	12,950	12,951	1
Court costs	3,450	3,260	(190)
Building permits	60,000	58,373	(1,627)
Golf cart permits	19,200	18,040	(1,160)
Garbage fees	382,000	407,309	25,309
Museum income	67,000	65,420	(1,580)
Rental income	44,300	32,433	(11,867)
Fire inspection fees	16,650	16,619	(31)
Total	<u>803,050</u>	<u>783,567</u>	<u>(19,483)</u>
Investment earnings	19,205	14,308	(4,897)
Miscellaneous	397,373	154,610	(242,763)
Total revenues	<u>4,818,072</u>	<u>4,483,677</u>	<u>(334,395)</u>

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	\$ 19,055	\$ 18,641	\$ 414
Operating expenses	25,760	16,244	9,516
Total	<u>44,815</u>	<u>34,885</u>	<u>9,930</u>
Administration:			
Salaries and employee benefits	128,354	124,566	3,788
Operating expenses	600,083	536,630	63,453
Capital outlay	-	-	-
Total	<u>728,437</u>	<u>661,196</u>	<u>67,241</u>
Total general government	<u>773,252</u>	<u>696,081</u>	<u>77,171</u>
Public safety:			
Inspections, zoning and safety:			
Salaries and employee benefits	172,432	137,570	34,862
Operating expenses	36,125	23,137	12,988
Capital outlay	750	105	645
Total	<u>209,307</u>	<u>160,812</u>	<u>48,495</u>
Police:			
Salaries and employee benefits	1,001,662	977,550	24,112
Operating expenses	129,654	104,038	25,616
Capital outlay	50,641	192,141	(141,500)
Total	<u>1,181,957</u>	<u>1,273,729</u>	<u>(91,772)</u>
Fire:			
Salaries and employee benefits	208,596	196,293	12,303
Operating expenses	231,939	185,442	46,497
Capital outlay	211,556	209,044	2,512
Volunteer firemen	100,000	87,625	12,375
Total	<u>752,091</u>	<u>678,404</u>	<u>73,687</u>
Total public safety	<u>2,143,355</u>	<u>2,112,945</u>	<u>30,410</u>
Public works:			
Municipal buildings:			
Salaries and employee benefits	34,062	18,838	15,224
Operating expenses	87,000	69,630	17,370
Capital outlay	5,000	-	5,000
Total	<u>126,062</u>	<u>88,468</u>	<u>37,594</u>

TOWN OF BENSON, NORTH CAROLINA

Schedule 6

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
(Continued)

	Budget	Actual	Variance Positive (Negative)
Central maintenance			
Salaries and employee benefits	\$ 7,500	\$ 4,747	\$ 2,753
Operating expenses	7,500	354	7,146
Capital Outlay	11,500	12,133	(633)
Total	<u>26,500</u>	<u>17,234</u>	<u>9,266</u>
Municipal grounds:			
Salaries and employee benefits	90,600	85,565	5,035
Operating expenses	-	-	-
Capital Outlay	-	-	-
Total	<u>90,600</u>	<u>85,565</u>	<u>5,035</u>
Total public works	<u>243,162</u>	<u>191,267</u>	<u>51,895</u>
Transportation:			
Streets:			
Salaries and employee benefits	-	-	-
Operating expenses	139,000	85,170	53,830
Capital outlay -	9,000	7,800	1,200
Total	<u>148,000</u>	<u>92,970</u>	<u>55,030</u>
Street Lights:			
Utilities	76,000	65,082	10,918
Total	<u>76,000</u>	<u>65,082</u>	<u>10,918</u>
Total transportation	<u>224,000</u>	<u>158,052</u>	<u>65,948</u>
Environmental protection:			
Sanitation:			
Contracted services	384,000	370,369	13,631
Tipping fees	1,000	275	725
Total	<u>385,000</u>	<u>370,644</u>	<u>14,356</u>
Total environmental protection	<u>385,000</u>	<u>370,644</u>	<u>14,356</u>
Cultural and recreational:			
Library:			
Salaries and employee benefits	66,690	60,297	6,393
Operating expenses	40,044	30,732	9,312
Capital outlay	2,148	2,345	(197)
Total	<u>108,882</u>	<u>93,374</u>	<u>15,508</u>

TOWN OF BENSON, NORTH CAROLINA

Schedule 6

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
(Continued)

	Budget	Actual	Variance Positive (Negative)
Museum:			
Salaries and employee benefits	\$ 42,728	\$ 42,370	\$ 358
Operating expenses	45,453	42,745	2,708
Capital outlay	2,000	241	1,759
Total	<u>90,181</u>	<u>85,356</u>	<u>4,825</u>
Parks and recreation:			
Salaries and employee benefits	284,556	261,092	23,464
Operating expenses	231,449	157,979	73,470
Capital outlay	2,500	1,731	769
Total	<u>518,505</u>	<u>420,802</u>	<u>97,703</u>
Cemetery:			
Operating expenses	7,500	6,650	850
Total	<u>7,500</u>	<u>6,650</u>	<u>850</u>
Total cultural and recreation	<u>725,068</u>	<u>606,182</u>	<u>118,886</u>
Debt service:			
Principal	71,289	88,766	(17,477)
Interest	42,355	42,355	-
Total	<u>113,644</u>	<u>131,121</u>	<u>(17,477)</u>
Total expenditures	<u>4,607,481</u>	<u>4,266,292</u>	<u>341,189</u>
Revenues over (under) expenditures	210,591	217,385	6,794
Other financing sources (uses):			
Transfers to other funds:	(378,416)	(156,476)	221,940
Insurance recovery	-	30,704	30,704
Loan proceeds	-	225,576	225,576
Total	<u>(378,416)</u>	<u>99,804</u>	<u>478,220</u>
Fund balance appropriated	<u>167,825</u>	-	<u>167,825</u>
Net change in fund balance	<u>\$ -</u>	317,189	<u>\$ 317,189</u>
Fund balance, beginning		<u>2,252,195</u>	
Fund balance, ending		<u>\$ 2,569,384</u>	

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF BENSON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2020

Schedule 7

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ (400,012)	\$ 577,027	\$ 177,015
Cash and cash equivalents, restricted	14,305	-	14,305
Accounts receivable	1	-	1
Due from other governments	522	476	998
	<u>522</u>	<u>476</u>	<u>998</u>
Total assets	<u>\$ (385,184)</u>	<u>\$ 577,503</u>	<u>\$ 192,319</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Restricted, other	14,305	-	14,305
Committed, other	(400,012)	577,503	177,491
Unassigned	523	-	523
Total fund balances	<u>(385,184)</u>	<u>577,503</u>	<u>192,319</u>
Total liabilities and fund balances	<u>\$ (385,184)</u>	<u>\$ 577,503</u>	<u>\$ 192,319</u>

TOWN OF BENSON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2020

Schedule 8

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Restricted intergovernmental	\$ -	\$ 234,503	\$ 234,503
Investment earnings	-	1,355	1,355
Miscellaneous	5,682	(3,000)	2,682
Total revenues	<u>5,682</u>	<u>232,858</u>	<u>238,540</u>
EXPENDITURES			
General government	667,518	-	667,518
Transportation	-	556,410	556,410
Public Safety	-	-	-
Cultural and recreational	-	61,456	61,456
Debt service : Principal	-	-	-
Total expenditures	<u>667,518</u>	<u>617,866</u>	<u>1,285,384</u>
Excess (deficiency) of revenues over expenditures	<u>(661,836)</u>	<u>(385,008)</u>	<u>(1,046,844)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds			
General Fund	-	156,476	156,476
Insurance recovery	-	143,207	143,207
Net changes in fund balances	<u>(661,836)</u>	<u>(85,325)</u>	<u>(747,161)</u>
Fund balances, beginning	<u>276,652</u>	<u>662,828</u>	<u>939,480</u>
Fund balances, ending	<u><u>\$ (385,184)</u></u>	<u><u>\$ 577,503</u></u>	<u><u>\$ 192,319</u></u>

TOWN OF BENSON, NORTH CAROLINA

Schedule 9

Special Revenue Fund - USDA Grant Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
US Department of Agriculture Loan repayment	\$ 60,000 -	\$ 25,000 34,538	\$ - 5,682	\$ 25,000 40,220	\$ (35,000) 40,220
Total revenues	<u>60,000</u>	<u>59,538</u>	<u>5,682</u>	<u>65,220</u>	<u>5,220</u>
Expenditures:					
Economic development loans	<u>60,000</u>	<u>50,915</u>	<u>-</u>	<u>50,915</u>	<u>9,085</u>
Total expenditures	<u>60,000</u>	<u>50,915</u>	<u>-</u>	<u>50,915</u>	<u>9,085</u>
Revenues over (under) expenditures	<u>-</u>	<u>8,623</u>	<u>5,682</u>	<u>14,305</u>	<u>14,305</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,623</u>	<u>5,682</u>	<u>\$ 14,305</u>	<u>\$ 14,305</u>
Fund balance, beginning			<u>8,623</u>		
Fund balance, ending			<u>\$ 14,305</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 10

Special Revenue Fund - Hurricane Florence Insurance Proceeds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Expenditures	\$ 280,000	\$ 11,971	\$ 249,835	\$ 261,806	\$ 18,194
Total expenditures	280,000	11,971	249,835	261,806	18,194
Revenues over (under) expenditures	(280,000)	(11,971)	(249,835)	(261,806)	18,194
Other Financing Sources:					
Insurance recovery	280,000	280,000	-	280,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 268,029</u>	(249,835)	<u>\$ 18,194</u>	<u>\$ 18,194</u>
Fund balance, beginning			<u>268,029</u>		
Fund balance, ending			<u>\$ 18,194</u>		

TOWN OF BENSON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Capital Project Funds
For the Fiscal Year Ended June 30, 2020

Schedule 11

	Street Paving Project	Community Park Improvement Project	Library Rehab Project	Voluntary Demolition Project	Interstate 95 Widening Project	Capital Reserve	BFA Lighting System	2019 Street Paving Project	Lee Street Demolition Project	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 31,963	\$ 230,515	\$ (122)	\$ 3,338	\$ (54,258)	\$ 221,609	\$ 775	\$ -	\$ 143,207	\$ 577,027
Due from other governments	-	-	476	-	-	-	-	-	-	476
Total assets	<u>\$ 31,963</u>	<u>\$ 230,515</u>	<u>\$ 354</u>	<u>\$ 3,338</u>	<u>\$ (54,258)</u>	<u>\$ 221,609</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 143,207</u>	<u>\$ 577,503</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Restricted:										
Committed, other	31,963	230,515	354	3,338	(54,258)	221,609	775	-	143,207	577,503
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>31,963</u>	<u>230,515</u>	<u>354</u>	<u>3,338</u>	<u>(54,258)</u>	<u>221,609</u>	<u>775</u>	<u>-</u>	<u>143,207</u>	<u>577,503</u>
Total liabilities and fund balances	<u>\$ 31,963</u>	<u>\$ 230,515</u>	<u>\$ 354</u>	<u>\$ 3,338</u>	<u>\$ (54,258)</u>	<u>\$ 221,609</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 143,207</u>	<u>\$ 577,503</u>

TOWN OF BENSON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2020

Schedule 12

	Street Paving Project	Community Park Improvement Project	Library Rehab Project	Voluntary Demolition Project	Interstate 95 Widening Project	Capital Reserve	BFA Lighting System	2019 Street Paving Project	Lee Street Demolition Project	Total Nonmajor Governmental Funds
REVENUES										
Restricted intergovernmental	\$ -	\$ 132,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,783	\$ -	\$ 234,503
Investment earnings	-	-	-	-	-	1,355	-	-	-	1,355
Miscellaneous	-	-	-	-	-	(3,000)	-	-	-	(3,000)
Total revenues	-	132,720	-	-	-	(1,645)	-	101,783	-	232,858
EXPENDITURES										
Transportation	-	-	-	-	73,910	-	-	482,500	-	556,410
Public Safety	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	23,810	37,646	-	-	-	-	-	-	61,456
Total expenditures	-	23,810	37,646	-	73,910	-	-	482,500	-	617,866
Excess (deficiency) of revenues over expenditures	-	108,910	(37,646)	-	(73,910)	(1,645)	-	(380,717)	-	(385,008)
OTHER FINANCING SOURCES (USES)										
Transfers (to) from other funds										
General Fund	-	20,050	3,000	-	-	-	-	133,426	-	156,476
Insurance proceeds	-	-	-	-	-	-	-	-	143,207	143,207
Net change in fund balance	-	128,960	(34,646)	-	(73,910)	(1,645)	-	(247,291)	143,207	(85,325)
Fund balances, beginning	31,963	101,555	35,000	3,338	19,652	223,254	775	247,291	-	662,828
Fund balances, ending	<u>\$ 31,963</u>	<u>\$ 230,515</u>	<u>\$ 354</u>	<u>\$ 3,338</u>	<u>\$ (54,258)</u>	<u>\$ 221,609</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 143,207</u>	<u>\$ 577,503</u>

Street Paving Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Paving	\$ 371,153	\$ 409,766	\$ -	\$ 409,766	\$ (38,613)
Total expenditures	<u>371,153</u>	<u>409,766</u>	<u>-</u>	<u>409,766</u>	<u>(38,613)</u>
Other Financing Sources (Uses):					
Transfers in (out)					
General Fund	371,153	441,729	-	441,729	70,576
Total other financing sources (uses)	<u>371,153</u>	<u>441,729</u>	<u>-</u>	<u>441,729</u>	<u>70,576</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 31,963</u>	<u>-</u>	<u>\$ 31,963</u>	<u>\$ 31,963</u>
Fund balance, beginning			<u>31,963</u>		
Fund balance, ending			<u>\$ 31,963</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 14

Community Park Improvement Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grant	\$ 366,850	\$ -	132,720	\$ 132,720	\$ (234,130)
Total revenues	<u>366,850</u>	<u>-</u>	<u>132,720</u>	<u>132,720</u>	<u>(234,130)</u>
Expenditures:					
Community Park improvement expense:	733,700	17,663	23,810	41,473	692,227
Total expenditures	<u>733,700</u>	<u>17,663</u>	<u>23,810</u>	<u>41,473</u>	<u>692,227</u>
Revenues over (under) expenditures	<u>(366,850)</u>	<u>(17,663)</u>	<u>108,910</u>	<u>91,247</u>	<u>458,097</u>
Other Financing Sources (Uses):					
Transfers in (out)					
General Fund	366,850	119,218	20,050	139,268	(227,582)
Total other financing sources (uses)	<u>366,850</u>	<u>119,218</u>	<u>20,050</u>	<u>139,268</u>	<u>(227,582)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 101,555</u>	128,960	<u>\$ 230,515</u>	<u>\$ 230,515</u>
Fund balance, beginning			<u>101,555</u>		
Fund balance, ending			<u>\$ 230,515</u>		

Library Rehab Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Library rehab expenses	\$ 35,000	\$ -	\$ 37,646	\$ 37,646	\$ (2,646)
Total expenditures	<u>35,000</u>	<u>-</u>	<u>37,646</u>	<u>37,646</u>	<u>(2,646)</u>
Other Financing Sources (Uses):					
Transfers in (out)					
General Fund	<u>35,000</u>	<u>35,000</u>	<u>3,000</u>	<u>38,000</u>	<u>3,000</u>
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>3,000</u>	<u>38,000</u>	<u>3,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 35,000</u>	<u>(34,646)</u>	<u>\$ 354</u>	<u>\$ 354</u>
Fund balance, beginning			<u>35,000</u>		
Fund balance, ending			<u>\$ 354</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 16

Voluntary Demolition Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Demolition expense	\$ 50,000	\$ 46,662	\$ -	\$ 46,662	\$ 3,338
Total expenditures	<u>50,000</u>	<u>46,662</u>	<u>-</u>	<u>46,662</u>	<u>3,338</u>
Other Financing Sources (Uses):					
Transfers in (out)					
General Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,338</u>	<u>-</u>	<u>\$ 3,338</u>	<u>\$ 3,338</u>
Fund balance, beginning			<u>3,338</u>		
Fund balance, ending			<u>\$ 3,338</u>		

Interstate 95 Widening Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NC Department of Transportation	\$ 66,654	\$ -	\$ -	\$ -	\$ (66,654)
Total revenues	66,654	-	-	-	(66,654)
Expenditures:					
Highway widening expenses	\$ 103,301	\$ 16,995	\$ 73,910	\$ 90,905	\$ 12,396
Total expenditures	103,301	16,995	73,910	90,905	12,396
Revenues over (under) expenditures	(36,647)	(16,995)	(73,910)	(90,905)	(54,258)
Other Financing Sources (Uses):					
Transfers in (out)					
General Fund	36,647	36,647	-	36,647	-
Total other financing sources (uses)	36,647	36,647	-	36,647	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,652</u>	(73,910)	<u>\$ (54,258)</u>	<u>\$ (54,258)</u>
Fund balance, beginning			19,652		
Fund balance, ending			<u>\$ (54,258)</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 18

Capital Reserve Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

With Comparative Totals from June 30, 2019

	2020		Variance Over / Under	2019
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ 1,355	\$ 1,355	\$ 815
Miscellaneous	-	(3,000)	(3,000)	10,250
Total revenues	-	(1,645)	(1,645)	11,065
Transfers (to) from general fund	-	-	-	(87,719)
Net change in fund balance	<u>\$ -</u>	<u>(1,645)</u>	<u>\$ (1,645)</u>	(76,654)
Fund balance, beginning		223,254		299,908
Fund balance, ending		<u>\$ 221,609</u>		<u>\$ 223,254</u>

TOWN OF BENSON, NORTH CAROLINA

Schedule 19

BFA Lighting System Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
JCVB Grant	\$ 12,000	\$ 12,000	\$ -	\$ 12,000	\$ -
BFA Match	12,000	12,000	-	12,000	-
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>	<u>-</u>
Expenditures:					
Construction	<u>24,000</u>	<u>23,225</u>	<u>-</u>	<u>23,225</u>	<u>775</u>
Total expenditures	<u>24,000</u>	<u>23,225</u>	<u>-</u>	<u>23,225</u>	<u>775</u>
Revenues over (under) expenditures	<u>-</u>	<u>775</u>	<u>-</u>	<u>775</u>	<u>775</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 775</u>
Fund balance, beginning			<u>775</u>		
Fund balance, ending			<u>\$ 775</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 20

2019 Street Paving Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 203,899	\$ -	101,783	\$ 101,783	\$ (102,116)
Total revenues	203,899	-	101,783	101,783	(102,116)
Expenditures:					
Paving	482,500	-	482,500	482,500	-
Total expenditures	482,500	-	482,500	482,500	-
Revenues over (under) expenditures	(278,601)	-	(380,717)	(380,717)	(102,116)
Other Financing Sources (Uses):					
Transfers in (out)					
General Fund	278,601	247,291	133,426	380,717	102,116
Total other financing sources (uses)	278,601	247,291	133,426	380,717	102,116
Net change in fund balance	<u>\$ -</u>	<u>\$ 247,291</u>	<u>\$ (247,291)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			247,291		
Fund balance, ending			<u>\$ -</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 21

Electric Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non - GAAP)

For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Electric sales	\$ 4,606,117	\$ 4,649,814	\$ 43,697
Cut out / late charges	15,000	14,572	(428)
Other operating charges	42,213	3,864	(38,349)
Total operating revenues	<u>4,663,330</u>	<u>4,668,250</u>	<u>4,920</u>
Nonoperating revenues:			
Interest earnings	5,100	5,536	436
Total revenues	<u>4,668,430</u>	<u>4,673,786</u>	<u>5,356</u>
Expenditures:			
Salaries and employee benefits	532,789	571,724	(38,935)
Power purchased	3,096,863	3,081,094	15,769
Operating expenditures	844,767	853,353	(8,586)
Equipment and line improvements	217,511	173,066	44,445
Total expenditures	<u>4,691,930</u>	<u>4,679,237</u>	<u>12,693</u>
Revenues over (under) expenditures	<u>(23,500)</u>	<u>(5,451)</u>	<u>18,049</u>
Other financing sources (uses):			
Transfers (to) from other funds:			
Capital projects	-	-	-
General fund	-	-	-
Insurance recovery	23,500	23,372	(128)
Appropriated fund balance	-	-	-
Total	<u>23,500</u>	<u>23,372</u>	<u>(128)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>17,921</u>	<u>\$ 17,921</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(49,507)	
Deferred outflows of resources for contributions made to pension plan in the current year		(4,681)	
Pension expense		32,105	
Change in accrued vacation		(2,148)	
Change in OPEB		<u>11,060</u>	
Change in net position		<u>\$ 4,750</u>	

TOWN OF BENSON, NORTH CAROLINA

Schedule 22

Load Management Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Load management expenses	\$ 300,000	\$ 283,788	\$ 2,462	\$ 286,250	\$ 13,750
Total expenditures	<u>300,000</u>	<u>283,788</u>	<u>2,462</u>	<u>286,250</u>	<u>13,750</u>
Other Financing Sources (Uses)					
Transfers in (out)					
Electric Fund	300,000	300,000	-	300,000	-
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,212</u>	(2,462)	<u>\$ 16,212</u>	<u>\$ 13,750</u>
Fund balance, beginning			<u>15,672</u>		
Fund balance, ending			<u>\$ 13,210</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 23

Water and Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non - GAAP)

For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales	\$ 1,390,250	\$ 1,347,206	\$ (43,044)
Sewer charges	1,562,000	1,511,307	(50,693)
Water and sewer taps	24,000	10,805	(13,195)
Other operating charges	54,715	51,829	(2,886)
Total operating revenues	<u>3,030,965</u>	<u>2,921,147</u>	<u>(109,818)</u>
Nonoperating revenues:			
Interest earnings	2,000	2,179	179
Total revenues	<u>3,032,965</u>	<u>2,923,326</u>	<u>(109,639)</u>
Expenditures:			
General operations:			
Salaries and employee benefits	618,967	640,440	(21,473)
Operating expenditures	616,920	588,297	28,623
Maintenance and repairs	51,150	47,836	3,314
Capital outlay	15,745	16,107	(362)
Total expenditures	<u>1,302,782</u>	<u>1,292,680</u>	<u>10,102</u>
Water distribution:			
Salaries and employee benefits	3,000	3,319	(319)
Water purchases	710,248	737,738	(27,490)
Supplies	15,000	13,996	1,004
Maintenance and repairs	1,000	567	433
Equipment and line repairs	200	109	91
Capital outlay	-	-	-
Total expenditures	<u>729,448</u>	<u>755,729</u>	<u>(26,281)</u>
Waste water collection:			
Salaries and employee benefits	505,941	503,290	2,651
Supplies	353,858	389,891	(36,033)
Maintenance and repairs	270,000	293,774	(23,774)
Other operating expenditures	31,560	31,565	(5)
Total expenditures	<u>1,161,359</u>	<u>1,218,520</u>	<u>(57,161)</u>
Debt services:			
Principal retirement	239,894	239,894	-
Interest and other charges	117,490	106,964	10,526
	<u>357,384</u>	<u>346,858</u>	<u>10,526</u>
Total expenditures	<u>3,550,973</u>	<u>3,613,787</u>	<u>(62,814)</u>
Revenues over (under) expenditures	<u>(518,008)</u>	<u>(690,461)</u>	<u>(172,453)</u>

TOWN OF BENSON, NORTH CAROLINA

Schedule 23

Water and Sewer Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non - GAAP)

For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers (to) from other funds:			
Other funds	\$ -	\$ -	\$ -
Insurance recovery	11,550	11,528	(22)
FEMA revenue	206,458	206,457	(1)
Capital contributions	-	1,274,752	1,274,752
Appropriated fund balance	300,000	-	(300,000)
Total	<u>518,008</u>	<u>1,492,737</u>	<u>974,729</u>
 Revenues and other sources over (under) expenditures and other uses	 <u>\$ -</u>	 802,276	 <u>\$ 802,276</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		239,894	
Capital outlay		-	
Depreciation		(365,854)	
Change in deferred outflow of resources		14,266	
Change in pension liability		(82,621)	
Change in accrued vacation		3	
Change in deferred inflows of resources		42,154	
Change in OPEB liability		10,436	
Miscellaneous		<u>(17,367)</u>	
Change in net position		<u>\$ 643,187</u>	

TOWN OF BENSON, NORTH CAROLINA

Schedule 24

Water and Sewer Capital Projects Fund

AMI Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:					
Public water improvements	\$ 671,000	\$ 555,185	\$ -	\$ 555,185	\$ 115,815
Electric utility improvements	425,000	451,133	-	451,133	(26,133)
Total expenditures	1,096,000	1,006,318	-	1,006,318	89,682
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Fund	120,000	120,000	-	120,000	-
Electric Fund	425,000	425,000	-	425,000	-
NCDENR / DWSRF Loan	551,000	518,266	-	518,266	(32,734)
Total other financing sources (uses)	1,096,000	1,063,266	-	1,063,266	(32,734)
Net change in fund balance	\$ -	\$ 56,948	-	\$ 56,948	\$ 56,948
Fund balance, beginning			56,948		
Fund balance, ending			\$ 56,948		

TOWN OF BENSON, NORTH CAROLINA

Schedule 25

Water and Sewer Capital Projects Fund

WWTP Pump Station Project (Fund 88)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:					
Paving	\$3,068,000	\$2,780,014	\$ 13,291	2,793,305	\$ 21,986
Total expenditures	3,068,000	2,780,014	13,291	2,793,305	21,986
Revenues over (under) expenditures	(3,068,000)	(2,780,014)	(13,291)	(2,793,305)	(274,695)
Other Financing Sources (Uses)					
Transfers from (to) other funds	-	(44,793)	-	(44,793)	(44,793)
USDA Loan	3,068,000	2,802,000	-	2,802,000	(266,000)
Total other financing sources (uses)	3,068,000	2,757,207	-	2,757,207	(310,793)
Net change in fund balance	\$ -	\$ (22,807)	(13,291)	\$ (36,098)	\$ (36,098)
Fund balance, beginning			(22,807)		
Fund balance, ending			\$ (36,098)		

TOWN OF BENSON, NORTH CAROLINA

Schedule 26

Water and Sewer Capital Projects Fund

Stormwater Infrastructure Rehabilitation (Fund 81)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:					
Construction	\$ 785,091	\$ 314,866	\$ 407,941	\$ 722,807	\$ 62,284
Total expenditures	785,091	314,866	407,941	722,807	62,284
Revenues over (under) expenditures	(785,091)	(314,866)	(407,941)	(722,807)	(62,284)
Other Financing Sources (Uses)					
Golden Leaf Foundation	785,091	252,409	375,664	628,073	(157,018)
Total other financing sources (uses)	785,091	252,409	375,664	628,073	(157,018)
Net change in fund balance	\$ -	\$ (62,457)	(32,277)	\$ (94,734)	\$ (94,734)
Fund balance, beginning			(62,457)		
Fund balance, ending			\$ (94,734)		

TOWN OF BENSON, NORTH CAROLINA

Schedule 27

Water and Sewer Capital Projects Fund

Public Works Building Replacement (Fund 83)

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020**

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Construction	\$ 500,000	\$ 186,990	\$ 74,489	\$ 261,479	\$ 238,521
Total expenditures	500,000	186,990	74,489	261,479	238,521
Revenues over (under) expenditures	(500,000)	(186,990)	(74,489)	(261,479)	(238,521)
Other Financing Sources (Uses)					
Golden Leaf Foundation	500,000	177,623	22,358	199,981	(300,019)
Total other financing sources (uses)	500,000	177,623	22,358	199,981	(300,019)
Net change in fund balance	<u>\$ -</u>	<u>\$ (9,367)</u>	(52,131)	<u>\$ (61,498)</u>	<u>\$ (61,498)</u>
Fund balance, beginning			(9,367)		
Fund balance, ending			<u>\$ (61,498)</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 28

Water and Sewer Capital Projects Fund

AIA Project (Fund 46)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
AIA Expenses	\$ 172,500	\$ 174,724	\$ (2,224)	\$ 172,500	\$ -
Total expenditures	<u>172,500</u>	<u>174,724</u>	<u>(2,224)</u>	<u>172,500</u>	<u>-</u>
Revenues over (under) expenditures	<u>(172,500)</u>	<u>(174,724)</u>	<u>2,224</u>	<u>(172,500)</u>	<u>-</u>
Other Financing Sources (Uses)					
AIA Grant	150,000	144,556	-	144,556	5,444
Town of Benson contribution	<u>22,500</u>	<u>22,500</u>	<u>-</u>	<u>22,500</u>	<u>-</u>
Total other financing sources (uses)	<u>172,500</u>	<u>167,056</u>	<u>-</u>	<u>167,056</u>	<u>5,444</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (7,668)</u>	2,224	<u>\$ (5,444)</u>	<u>\$ (5,444)</u>
Fund balance, beginning			<u>(7,668)</u>		
Fund balance, ending			<u>\$ (5,444)</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 29

Water and Sewer Capital Projects Fund

Sewer Check Valve Project (Fund 92)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NC Water Infrastructure Grant	\$ 80,000	\$ -	61,414	\$ 61,414	\$ 18,586
Total revenues	80,000	-	61,414	61,414	18,586
Expenditures:					
Expenses	80,000	61,414	17,367	78,781	1,219
Total expenditures	80,000	61,414	17,367	78,781	1,219
Revenues over (under) expenditures	-	(61,414)	44,047	(17,367)	(17,367)
Net change in fund balance	<u>\$ -</u>	<u>\$ (61,414)</u>	44,047	<u>\$ (17,367)</u>	<u>\$ (17,367)</u>
Fund balance, beginning			(61,414)		
Fund balance, ending			<u>\$ (17,367)</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 30

Water and Sewer Capital Projects Fund

E-SAP-W-17-0011 NC-16 Project (Fund 91)

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
NC Water Infrastructure Grant	\$ 875,000	\$ -	815,316	\$ 815,316	\$ 59,684
Total revenues	<u>875,000</u>	<u>-</u>	<u>815,316</u>	<u>815,316</u>	<u>59,684</u>
Expenditures:					
Expenses	875,000	117,305	1,248,997	1,366,302	(491,302)
Total expenditures	<u>875,000</u>	<u>117,305</u>	<u>1,248,997</u>	<u>1,366,302</u>	<u>(491,302)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(117,305)</u>	<u>(433,681)</u>	<u>(550,986)</u>	<u>(550,986)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (117,305)</u>	<u>(433,681)</u>	<u>\$ (550,986)</u>	<u>\$ (550,986)</u>
Fund balance, beginning			<u>(117,305)</u>		
Fund balance, ending			<u>\$ (550,986)</u>		

OTHER SCHEDULES

TOWN OF BENSON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Schedule 31

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 1,946,861	\$ 1,935,267	\$ 11,594
2018-2019	2,221	-	1,998	223
2017-2018	1,467	-	1,184	283
2016-2017	843	-	721	122
2015-2016	1,144	-	998	146
2014-2015	1,216	-	1,105	111
2013-2014	1,555	-	831	724
2012-2013	2,817	-	1,500	1,317
2011-2012	2,924	-	1,661	1,263
2010-2011	2,771	-	1,059	1,712
2009-2010	3,131	-	1,923	1,208
2008-2009	127	-	127	-
	<u>\$ 20,216</u>	<u>\$ 1,946,861</u>	<u>\$ 1,948,374</u>	18,703
Less: allowance for uncollectible accounts:				
	General Fund			(6,305)
	Ad valorem taxes receivable - net			\$ 12,398
<u>Reconciliation with revenues:</u>				
	Ad valorem taxes - General Fund			\$ 1,942,381
Reconciling items:				
	Other			5,993
	Subtotal			5,993
	Total collections and credits			\$ 1,948,374

TOWN OF BENSON, NORTH CAROLINA
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2020

Schedule 32

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 339,382,866	0.5300	\$ 1,945,365	\$ 1,799,639	\$ 145,726
Penalties, Licenses, etc.	-		-		
Discoveries - current and prior years	662,340	0.5300	3,536	3,536	-
Penalties	-		104		
Abatements	(376,154)	0.5300	\$ (2,144)	(2,144)	-
Total Property Valuation	<u>\$ 339,669,052</u>				
Net levy			1,946,861	1,801,031	145,726
Uncollected taxes at June 30, 2020			<u>11,594</u>	<u>11,594</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,935,267</u>	<u>\$ 1,789,437</u>	<u>\$ 145,726</u>
Current levy collection percentage			<u>99.40%</u>	<u>99.36%</u>	<u>100.00%</u>

COMPLIANCE SECTION

SHARPE PATEL PLLC

Certified Public Accountants

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 Board of Directors
Town of Benson
Benson, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Benson, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Benson's basic financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Benson'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Benson's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Benson'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Benson'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sharpe Patel PLLC

Raleigh, North Carolina
December 11, 2020

TOWN OF BENSON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP:
 Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	_____	x	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____	yes	_____	x	none reported
Noncompliance material to financial statements noted	_____	yes	_____	x	no

Federal Awards

Identification of major Federal programs:

There are no major Federal awards.

State Awards

Identification of major State programs:

There are no major State awards.

TOWN OF BENSON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2020

Finding 2019-001

Status: Corrected.