

TOWN OF BETHEL, NORTH CAROLINA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2020

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements

Town of Bethel, North Carolina

Board of Commissioners

Gloristine Brown, Mayor
Carl Wilson, Mayor Pro Tem
Ferrell Blount, Commissioner
Janet Davis, Commissioner
Ed Dennis, Commissioner
Diana Wright, Commissioner

Administrative Officers

Thomas Asbell, Town Manager
Jessica Britt, Town Clerk

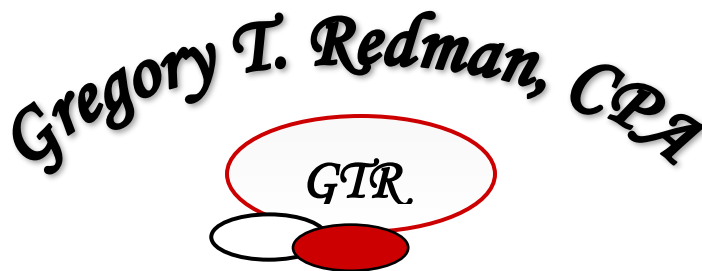
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June 30, 2020**

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Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Bethel, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Total Pension Liability and Total Pension Liability as a percentage of coverer payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Gregory S. Rudman, CPA

Tarboro, North Carolina
January 29, 2021

Management's Discussion and Analysis

Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020

As management of the Town of Bethel, we offer readers of the Town of Bethel's financial statements this narrative overview and analysis of the financial activities of the Town of Bethel 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

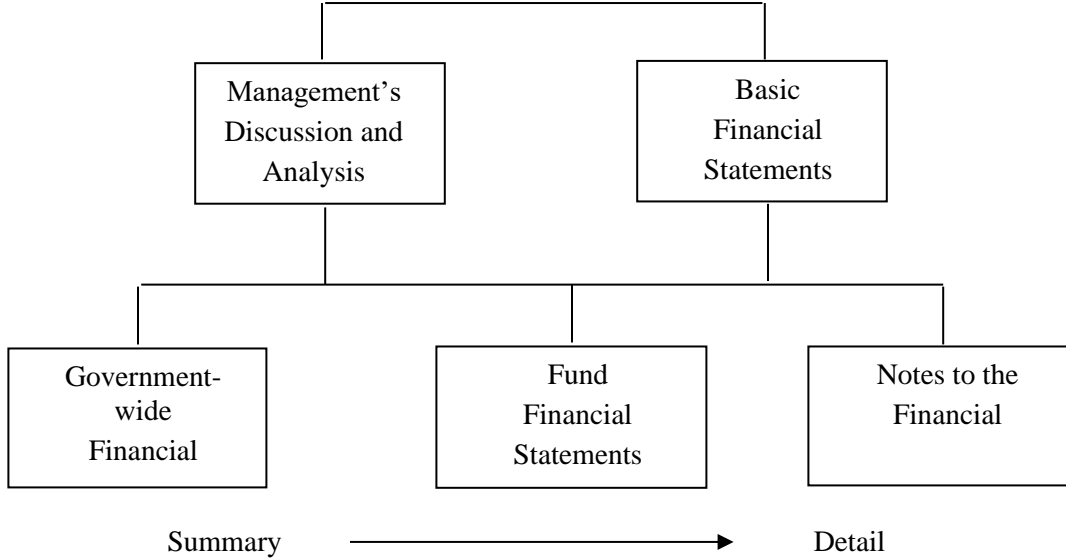
- The assets of the Town of Bethel exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,249,704 (net position).
- The government's total net position decreased by \$24,329, primarily due to the decrease in business type activities.
- As of the close of the current fiscal year, the Town of Bethel's governmental funds reported combined ending fund balances of \$1,867,538, an increase of \$291,752 in comparison with the prior year. Approximately 77 percent of this total amount, or \$1,435,620, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,435,620, or 174 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

**Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020**

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



Basic Financial Statements

The first two statements (Pages 12 and 13) 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 (Pages 14 through 21) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020

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

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

The government-wide financial statements are on pages 12 and 13 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Bethel, 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 Bethel can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Bethel 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown as the end of the budgetary statement.

Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020

Proprietary Funds – Town of Bethel has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Bethel uses its enterprise fund to account for its water and sewer operations. In the financial statements, the wastewater capital projects fund is included with the water and sewer enterprise fund. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Government-wide Financial Analysis
Town of Bethel’s Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Current and other assets	\$ 1,891,441	\$ 1,632,560	\$ 225,452	\$ 155,714	\$ 2,116,893	\$ 1,788,274
Capital assets	1,054,633	1,125,386	15,358,447	15,927,619	16,413,080	17,053,005
Deferred outflows of resources	79,191	79,806	15,755	21,286	94,946	101,092
Total	\$3,025,265	\$2,837,752	\$15,599,654	\$16,104,619	\$18,624,919	\$18,942,371
Long-term liabilities	\$ 375,388	\$ 359,959	\$ 3,829,224	\$ 4,085,254	\$ 4,204,612	\$ 4,445,213
Other liabilities	10,723	42,523	86,840	90,836	97,563	133,359
Deferred inflows of resources	69,397	83,722	3,642	6,074	73,039	89,796
Total	\$ 455,508	\$ 486,204	\$ 3,919,706	\$ 4,182,164	\$ 4,375,214	\$ 4,668,368
Net position:						
Net investment in capital assets, net of related debt	\$ 883,198	\$ 883,198	\$ 11,564,577	\$ 11,879,534	\$ 12,447,775	\$ 12,762,732
Restricted	431,868	422,667	82,740	72,086	514,608	494,753
Unrestricted	1,254,691	1,045,683	32,630	(29,135)	1,287,321	1,016,548
Total Net Position	\$2,569,757	\$2,351,548	\$11,679,947	\$11,922,485	\$14,249,704	\$14,274,033

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Town of Bethel exceeded liabilities and deferred inflows by \$14,249,704 as of June 30, 2020. The Town’s net position decreased by \$24,329 for the fiscal year ended June 30, 2020.

However, the largest portion, \$12,447,775 (87%), reflects the Town’s net investment in capital assets (e.g. land, buildings, machinery, equipment, and construction in progress). The Town of Bethel uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Bethel’s net investment in its capital assets is reported net of the

**Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020**

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 Bethel's net position \$514,608 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,287,321 (9%) is unrestricted.

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

- Increased operating costs in the governmental activities and business-type activities.

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

	Governmental Activities		Business-Type Activities		Total	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Revenues:						
Program Revenues:						
Charges for services	\$ 122,295	\$ 134,920	\$ 719,281	\$ 1,006,486	\$ 841,576	\$ 1,141,406
Operating grants and contributions	117,986	115,803	-	-	117,986	115,803
Capital grants and contributions	-	-	247,374	251,067	247,374	251,067
General Revenues:						
Property taxes	422,744	427,123	-	-	422,744	427,123
Other taxes	-	-	-	-	-	-
Grants and contributions	433,566	448,284	-	-	433,566	448,284
Other	21,196	22,889	16,000	-	37,196	22,889
Total Revenues	<u>\$1,117,787</u>	<u>\$1,149,019</u>	<u>\$ 982,655</u>	<u>\$ 1,257,553</u>	<u>\$ 2,100,442</u>	<u>\$ 2,406,572</u>
Expenses:						
General government	\$ 263,173	\$ 212,304	\$ -	\$ -	\$ 263,173	\$ 212,304
Public safety	361,933	403,868	-	-	361,933	403,868
Transportation	82,316	97,351	-	-	82,316	97,351
Environmental protection	93,966	95,793	-	-	93,966	95,793
Cultural and recreation	89,411	95,567	-	-	89,411	95,567
Interest on long-term debt	8,779	9,657	136,015	142,906	144,794	152,563
Water and sewer	-	-	1,089,178	1,454,914	1,089,178	1,454,914
Total Expenses	<u>\$ 899,578</u>	<u>\$ 914,540</u>	<u>\$ 1,225,193</u>	<u>\$ 1,597,820</u>	<u>\$ 2,124,771</u>	<u>\$ 2,512,360</u>
Increase (Decrease) in Net Position	\$ 218,209	\$ 234,479	\$ (242,538)	\$ (340,267)	\$ (24,329)	\$ (105,788)
Net position, July 1	<u>2,351,548</u>	<u>2,117,069</u>	<u>11,922,485</u>	<u>12,262,752</u>	<u>14,274,033</u>	<u>14,379,821</u>
Net Position, June 30	<u><u>\$2,569,757</u></u>	<u><u>\$2,351,548</u></u>	<u><u>\$11,679,947</u></u>	<u><u>\$11,922,485</u></u>	<u><u>\$14,249,704</u></u>	<u><u>\$14,274,033</u></u>

Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020

Governmental Activities. Governmental activities decreased the Town's net position by \$24,329. Key elements of this decrease are as follows:

- Decrease in revenues, particularly grants revenues and property taxes
- Depreciation expense in Business-type activities of \$569,172

Business-type Activities. Business-type activities decreased the Town of Bethel's net position by \$242,538. Key elements of this decrease are as follows:

- Expenses incurred during the current year, such as interest on long term debt, sewer treatment, and depreciation, are proportionately high for a Town this size.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Bethel'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 Bethel's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Bethel. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,435,620, while total fund balance reached \$1,867,538. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 174 percent of total general fund expenditures, while total fund balance represents 225 percent of that same amount.

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/increase services.

Revenues were more than the budgeted amounts. However, expenditures were greater than budgeted due to expenses in a number of departments, shown above as economic and physical development expenses.

Proprietary Funds. The Town of Bethel'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 \$32,630. The total decrease in net position was \$242,538. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Bethel's business-type activities.

**Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020**

Capital Asset and Debt Administration

Capital assets. The Town of Bethel’s investment in capital assets for its governmental and business–type activities as of June 30, 2020, totals \$16,413,081 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

There were no major capital asset transactions during the year.

**Town of Bethel’s Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities 6/30/20	Business-Type Activities 6/30/20	Total Primary Government 6/30/20
Land	\$ 126,622	\$ 18,231	\$ 144,853
Building and systems	103,875	-	103,875
Infrastructure	52,837	-	52,837
Parks	582,871	-	582,871
Plant and distribution system	-	15,340,217	15,340,217
Vehicle and motorized equipment	188,428	-	188,428
Total	<u>\$ 1,054,633</u>	<u>\$ 15,358,448</u>	<u>\$ 16,413,081</u>

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

**Town of Bethel’s Outstanding Debt
Figure 5**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Compensated absences	\$ 15,157	\$ 15,863	\$ 6,307	\$ 7,508	\$ 21,464	\$ 23,371
Installment purchases	221,580	242,188	46,319	56,683	267,899	298,871
Net pension liability	129,073	95,867	29,047	29,630	158,120	125,497
Total pension liability	9,578	6,041	-	-	9,578	6,041
Revenue bonds	-	-	2,172,000	2,214,000	2,172,000	2,214,000
Construction notes	-	-	527,551	703,403	527,551	703,403
General obligation bonds	-	-	1,048,000	1,074,000	1,048,000	1,074,000
Total	<u>\$ 375,388</u>	<u>\$ 359,959</u>	<u>\$ 3,829,224</u>	<u>\$ 4,085,224</u>	<u>\$ 4,204,612</u>	<u>\$ 4,445,183</u>

As mentioned in the financial highlights section of this document, the Town of Bethel maintained its bond rating from Moody Investor Service and Standard and Poor’s Corporation and Fitch Ratings at BBB+. This bond rating is a clear indication of the sound financial condition of the Town of Bethel.

Town of Bethel
Management Discussion and Analysis
For the Year Ended June 30, 2020

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries.

Additional information regarding the Town of Bethel's long-term debt can be found in Note B.1.4 of this report.

Economic Factors and Next Year's Budgets and Rates

- Increase in operating budget for the general fund for personnel costs.

Governmental Activities. The Town increased the operating budget for the general fund for personnel costs.

Business-type Activities. No changes in utility rates for fiscal year ended June 30, 2021.

Requests for Information

This report is designed to provide an overview of the Town of Bethel'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, Town of Bethel, North Carolina.

Basic Financial Statements

Town of Bethel, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,481,775	\$ 235,994	\$ 1,717,769
Taxes receivable	15,918	-	15,918
Accounts receivable (net)	17,792	156,329	174,121
Due from other governments	62,062	26,871	88,933
Internal balances	267,778	(267,778)	-
Inventories	-	9,081	9,081
Restricted cash and cash equivalents	46,116	64,955	111,071
Total Current Assets	<u>\$ 1,891,441</u>	<u>\$ 225,452</u>	<u>\$ 2,116,893</u>
Capital Assets:			
Non-depreciable:			
Land, improvements, and water system	\$ 126,622	\$ 18,231	\$ 144,853
Depreciable:			
Other capital assets, net of depreciation	928,011	15,340,216	16,268,227
Total Capital Assets	<u>\$ 1,054,633</u>	<u>\$ 15,358,447</u>	<u>\$ 16,413,080</u>
Total Assets	<u>\$ 2,946,074</u>	<u>\$ 15,583,899</u>	<u>\$ 18,529,973</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 55,464	\$ 10,416	\$ 65,880
Contributions to pension plan in current fiscal year	23,727	5,339	29,066
Total Deferred Outflows of Resources	<u>\$ 79,191</u>	<u>\$ 15,755</u>	<u>\$ 94,946</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 7,982	\$ 2,422	\$ 10,404
Accrued interest payable	2,738	14,604	17,342
Customer deposits	-	64,955	64,955
Unavailable revenue	3	4,859	4,862
Total Current Liabilities	<u>\$ 10,723</u>	<u>\$ 86,840</u>	<u>\$ 97,563</u>
Long-term Liabilities:			
Net pension liability	\$ 129,073	\$ 29,047	\$ 158,120
Total pension liability	9,578	-	9,578
Due within one year	36,608	263,988	300,596
Due in more than one year	200,129	3,536,189	3,736,318
Total Long-term Liabilities	<u>\$ 375,388</u>	<u>\$ 3,829,224</u>	<u>\$ 4,204,612</u>
Total Liabilities	<u>\$ 386,111</u>	<u>\$ 3,916,064</u>	<u>\$ 4,302,175</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	\$ 69,397	\$ 3,642	\$ 73,039
NET POSITION			
Net investment in capital assets	\$ 833,053	\$ 11,564,577	\$ 12,397,630
Restricted for:			
Stabilization by State statute	347,632	-	347,632
Public safety	6,110	-	6,110
Transportation	40,006	-	40,006
USDA loan	38,170	82,740	120,910
Unrestricted	1,304,786	32,630	1,337,416
Total Net Position	<u>\$ 2,569,757</u>	<u>\$ 11,679,947</u>	<u>\$ 14,249,704</u>

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

Town of Bethel, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 263,173	\$ 1,340	\$ 17,000	\$ -	\$ (244,833)	\$ -	\$ (244,833)
Public safety	361,933	253	50,241	-	(311,439)	-	(311,439)
Transportation	82,316	-	49,496	-	(32,820)	-	(32,820)
Environmental protection	93,966	92,602	1,174	-	(190)	-	(190)
Cultural and recreation	89,411	28,100	75	-	(61,236)	-	(61,236)
Interest on long-term debt	8,779	-	-	-	(8,779)	132,668	123,889
Total Governmental Activities	<u>\$ 899,578</u>	<u>\$ 122,295</u>	<u>\$ 117,986</u>	<u>\$ -</u>	<u>\$ (659,297)</u>	<u>\$ (132,668)</u>	<u>\$ (791,965)</u>
Business-type Activities:							
Water and sewer	<u>\$ 1,092,525</u>	<u>\$ 719,281</u>	<u>\$ -</u>	<u>\$ 247,374</u>	<u>\$ -</u>	<u>\$ (125,870)</u>	<u>\$ (125,870)</u>
Total Primary Government	<u>\$ 1,992,103</u>	<u>\$ 841,576</u>	<u>\$ 117,986</u>	<u>\$ 247,374</u>	<u>\$ (659,297)</u>	<u>\$ (258,538)</u>	<u>\$ (917,835)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 422,744	\$ -	\$ 422,744
Grants and contributions not restricted to specific program					433,566	-	433,566
Insurance recovery					-	16,000	16,000
Unrestricted investment earnings					6,508	-	6,508
Miscellaneous revenue					14,048	-	14,048
Gain (loss) on disposal of fixed assets					640	-	640
Total General Revenues, Special Items, and Transfers					<u>\$ 877,506</u>	<u>\$ 16,000</u>	<u>\$ 893,506</u>
Change in Net Position					<u>218,209</u>	<u>(242,538)</u>	<u>(24,329)</u>
Net Position, beginning					<u>\$ 2,351,548</u>	<u>\$ 11,922,485</u>	<u>\$ 14,274,033</u>
Net Position, ending					<u>\$ 2,569,757</u>	<u>\$ 11,679,947</u>	<u>\$ 14,249,704</u>

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

Town of Bethel, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	Major Fund	Total
	General Fund	Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,481,775	\$ 1,481,775
Restricted cash	46,116	46,116
Receivables, net:		
Taxes	15,918	15,918
Accounts	17,792	17,792
Due from other funds	267,778	267,778
Due from other governments	62,062	62,062
Total Assets	\$ 1,891,441	\$ 1,891,441
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 7,982	\$ 7,982
Total Liabilities	\$ 7,982	\$ 7,982
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	\$ 15,918	\$ 15,918
Unearned revenue	3	3
Total Deferred Inflows of Resources	\$ 15,921	\$ 15,921
FUND BALANCES		
Restricted:		
Stabilization by State Statute	\$ 347,632	\$ 347,632
Public safety	6,110	6,110
Transportation	40,006	40,006
USDA loan	38,170	38,170
Unassigned	1,435,620	1,435,620
Total Fund Balances	\$ 1,867,538	\$ 1,867,538
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,891,441	\$ 1,891,441

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

Town of Bethel, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

Reconciliation of fund balance as reported in the balance sheet governmental funds with net position of governmental activities.

Fund balance as reported in the balance sheet governmental funds	\$ 1,867,538
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Unavailable revenues are treated as liabilities in the funds rather than as revenue with full accrual accounting used for the Statement of Net Position.	15,918
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,054,633
Net pension liability	(129,073)
Total pension liability	(9,578)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	23,727
Pension related deferrals	(13,933)
Some liabilities, including bonds payable and accrued interest, and accrued not due and payable in the current period and therefore are not reported in the funds:	
Vacation accrual payable	(15,157)
Accrued interest payable	(2,738)
Long-term debt	(221,580)
Net Position of Governmental Activities	<u>\$ 2,569,757</u>

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

Town of Bethel
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Total Funds</u>
REVENUES		
Ad valorem taxes	\$ 424,118	\$ 424,118
Unrestricted intergovernmental	433,416	433,416
Restricted intergovernmental	67,923	67,923
Sales and services	120,702	120,702
Investment earnings	6,508	6,508
Miscellaneous	66,494	66,494
Total Revenues	<u>\$ 1,119,161</u>	<u>\$ 1,119,161</u>
EXPENDITURES		
Current:		
General Government	\$ 251,633	\$ 251,633
Public Safety	304,276	304,276
Transportation	84,136	84,136
Environmental protection	95,968	95,968
Cultural and recreational	61,728	61,728
Debt service	29,668	29,668
Total Expenditures	<u>\$ 827,409</u>	<u>\$ 827,409</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 291,752</u>	<u>\$ 291,752</u>
Net Change in Fund Balance	\$ 291,752	\$ 291,752
Fund Balances, beginning	1,575,786	1,575,786
Fund Balances, ending	<u>\$ 1,867,538</u>	<u>\$ 1,867,538</u>

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

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

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

Net changes in fund balances - total governmental funds	\$	291,752
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		(1,374)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt		20,609
Decrease in accrued interest payable		281
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.		
Change in compensated absences		706
Pension expense		(52,078)
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		
Depreciation expense for governmental assets		(70,753)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		
		29,066
Total Changes in Net Position of Governmental Activities	\$	218,209

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

Town of Bethel, North Carolina
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)
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Ad valorem taxes	\$ 381,900	\$ 381,950	\$ 424,118	\$ 42,168
Unrestricted intergovernmental	410,500	410,500	433,416	22,916
Restricted intergovernmental	51,250	78,375	67,923	(10,452)
Sales and services	129,650	129,650	120,702	(8,948)
Investment earnings	1,400	6,950	6,508	(442)
Miscellaneous	51,505	59,505	66,494	6,989
Total Revenues	\$ 1,026,205	\$ 1,066,930	\$ 1,119,161	\$ 52,231
EXPENDITURES				
Current:				
General government	\$ 253,025	\$ 301,997	\$ 251,633	\$ 50,364
Public safety	348,500	355,100	304,276	50,824
Transportation	93,900	92,900	84,136	8,764
Environmental protection	102,825	102,825	95,968	6,857
Cultural and recreational	80,908	96,753	61,728	35,025
Contingency	11,967	-	-	-
Debt service	29,047	29,047	29,668	(621)
Total Expenditures	\$ 920,172	\$ 978,622	\$ 827,409	\$ 151,213
Revenues Over (Under) Expenditures	\$ 106,033	\$ 88,308	\$ 291,752	\$ 203,444
Fund balance appropriated	\$ 35,658	\$ 17,725	\$ -	\$ (17,725)
OTHER FINANCING SOURCES (USES)				
Transfer to Water Sewer Fund	\$ (141,691)	\$ (106,033)	\$ -	\$ 106,033
Total Other Financing Sources (Uses)	\$ (141,691)	\$ (106,033)	\$ -	\$ 106,033
Net Change in Fund Balance	\$ -	\$ -	\$ 291,752	\$ 309,477
Fund balance, beginning			\$ 1,575,786	
Fund balance, ending			\$ 1,867,538	

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

Town of Bethel, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Major Enterprise Fund Water and Sewer Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 235,994
Accounts receivable (net)	156,329
Due from other governments	26,871
Inventories	9,081
Restricted cash and cash equivalents	64,955
Total Current Assets	<u>\$ 493,230</u>
Noncurrent Assets:	
Capital Assets:	
Water and Sewer System, net of depreciation	15,358,447
Total Noncurrent Assets	<u>\$ 15,358,447</u>
Total Assets	<u><u>\$ 15,851,677</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	\$ 10,416
Contributions to pension plan in current fiscal year	5,339
Total Deferred Outflows of Resources	<u>\$ 15,755</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 2,423
Due to other funds	267,778
Current portion of long-term liabilities	263,988
Accrued interest payable	14,604
Customer deposits	64,955
Unavailable revenue	4,859
Total Current Liabilities	<u>\$ 618,607</u>
Noncurrent Liabilities:	
Net pension liabilities	\$ 29,047
Other noncurrent liabilities	3,536,189
Total Noncurrent Liabilities	<u>\$ 3,565,236</u>
Total Liabilities	<u>\$ 4,183,843</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>\$ 3,642</u>
NET POSITION	
Net investment in capital assets	\$ 11,564,577
Restricted: USDA loan	82,740
Unrestricted	32,630
Total Net Position	<u><u>\$ 11,679,947</u></u>

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

Town of Bethel, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Fund <hr/> Water and Sewer Fund <hr/>
OPERATING REVENUES	
Charges for services	\$ 713,255
Other operating revenues	6,026
Total Operating Revenues	<u>\$ 719,281</u>
OPERATING EXPENSES	
Water treatment and distribution	\$ 105,464
Waste collection and treatment	417,889
Depreciation	569,172
Total Operating Expenses	<u>\$ 1,092,525</u>
Operating Income (Loss)	<u>\$ (373,244)</u>
NONOPERATING REVENUES (EXPENSES)	
Insurance proceeds	\$ 16,000
Interest and other charges	(132,668)
Total Nonoperating Revenue (Expenses)	<u>\$ (116,668)</u>
Income (loss) before contributions and transfers	\$ (489,912)
Capital Contributions	247,374
Change in Net Position	<u>\$ (242,538)</u>
Total Net Position, beginning	<u>\$ 11,922,485</u>
Total Net Position, ending	<u><u>\$ 11,679,947</u></u>

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

Town of Bethel, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Major Enterprise Fund Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 806,599
Payments to suppliers	(382,707)
Payments to or on behalf of employees for services	(83,745)
Customers deposits received, net	1,375
Other operating revenues	6,026
Net Cash Provided (Used) by Operating Activities	<u>\$ 347,548</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Increase in due to other funds	<u>\$ 17,878</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on bond maturities	\$ (255,417)
Interest paid on bond maturities	(136,015)
Insurance recovery	16,000
Capital contributions	247,375
Net cash used by capital and related financing activities	<u>\$ (128,057)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 237,369</u>
Cash and Cash Equivalents, beginning of year	<u>63,580</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 300,949</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss)	\$ (373,244)
Adjustments to reconcile operating income to net cash provided by:	
Depreciation	569,172
Increase in accounts receivable allowance	62,404
Increase in accounts payable and accrued liabilities	(4,056)
Increase in customer deposits	1,375
Decrease in deferred outflows of resources - pensions	5,531
Decrease in net pension liability	(583)
Increase in deferred inflows of resources - pensions	(2,432)
Decrease in accounts receivable	93,344
Increase in prepaid revenue	2,032
Decrease in inventory	49
Decrease in due from other governments	(6,044)
Total Adjustments	<u>\$ 720,792</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 347,548</u></u>

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

Town of Bethel, 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 Bethel conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Bethel is a municipal corporation that is governed by an elected mayor and a five-member Board of Commissioners. These financial statements present the Town as required by accounting principles generally accepted in the United States of America.

B. Basis of Presentation - Fund Accounting

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. 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 and investment earnings, result from non-exchange transactions or ancillary activities. Other non-operating revenues are ancillary activities such as investment earnings.

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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 nonoperating 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 enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Bethel, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

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

Sales taxes and certain intergovernmental revenues, such as 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 Bethel because the tax is levied by Pitt County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$3,000. All amendments must be approved by the governing board. The governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at fair value. Because the NCCMT Government Portfolio has a weighted maturity of less than 90 days, it is projected as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.1. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Bethel Restricted Cash

Governmental Activities:

General Fund

Streets	\$ 40,006
Public safety	6,110
	\$ 46,116

Business-type Activities:

Water and Sewer Fund

Customer Deposits	\$ 64,955
	\$ 64,955

Town of Bethel, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. The taxes levied are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables at year end.

6. Inventories

Inventories are maintained for all enterprise fund supplies and materials held for subsequent use. They are valued at the lower of cost (first-in, first-out) or market. The costs of these inventories are expensed when consumed rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows; land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$1,000; and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Town's board has collectively decided not to retroactively pick-up infrastructure, as is optional for local governments with less than \$10 million in revenues as defined in GASB Statement No. 34, paragraph 143. Infrastructure is reported as a capital asset beginning with the year of implementation of GASB Statement No. 34, which was the fiscal year ending June 30, 2003.

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

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Infrastructure	40 years
Improvements	25 years
Vehicles	10 years
Furniture and Equipment	10 years
Computer Equipment	5 years

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 one item that meet this criterion, pension deferrals in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – 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, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related 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.

Town of Bethel, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide 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 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.

11. Net Position/Fund Balances

a. Net Position

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

b. Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute – 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.

Town of Bethel, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for USDA Loan – portion of fund balance set aside for USDA loan payment.

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

12. Defined Benefit Cost-Sharing Plan

For purposes of measuring the net pension asset, 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 Bethel’s employer contributions are recognized when due and the Town of Bethel 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.

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

II. Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2019, the expenditures exceeded the authorized appropriations made by the governing board for General Fund debt service expenditures by \$621 and Water and Sewer Fund debt service expenditures by \$12,916. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All 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 name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository for collateralized 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 \$1,634,860 and a bank balance of \$1,640,718. Of the bank balance, \$258,060 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$350.

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

2. Investments

At June 30, 2020, the Town of Bethel had \$193,630 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 193,630	N/A	AAAM
Total		\$ 193,630		

Interest Rate Risk

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than twelve (12) months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk

The Town has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the balance sheet and the statement of net position is net of allowances for doubtful accounts:

Fund	June 30, 2020
General Fund:	
Taxes receivable	\$ 14,101
Accounts receivable	92,220
Total	\$ 106,321
Enterprise Fund:	
Accounts receivable	\$ 810,286

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

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 126,622	\$ -	\$ -	\$ 126,622
Total Capital Assets Not Being Depreciated	\$ 126,622	\$ -	\$ -	\$ 126,622
Capital Assets Being Depreciated:				
Buildings	\$ 398,853	\$ -	\$ -	\$ 398,853
Furniture and equipment	141,899	-	-	141,899
Infrastructure	85,437	-	-	85,437
Parks	854,849	-	-	854,849
Vehicles	781,549	-	-	781,549
Total Capital Assets Being Depreciated	\$2,262,587	\$ -	\$ -	\$2,262,587
Less accumulated depreciation for:				
Buildings	\$ 284,951	\$ 10,027	\$ -	\$ 294,978
Furniture and equipment	136,895	5,004	-	141,899
Infrastructure	30,464	2,136	-	32,600
Parks	251,161	20,817	-	271,978
Vehicles	560,352	32,769	-	593,121
Total Accumulated Depreciation	\$ 1,263,823	\$ 70,753	\$ -	\$ 1,334,576
Total Capital Assets Being Depreciated, Net	998,764			928,011
Governmental Activity Capital Assets, Net	\$ 1,125,386			\$ 1,054,633

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

Public safety	\$ 40,255
Transportation	2,850
Cultural and recreational	27,648
Total Depreciation Expense	\$ 70,753

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

- b. Capital asset activity for the Water and Sewer Fund for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund:				
Capital Assets Not Being Depreciated:				
Land	\$ 18,231	\$ -	\$ -	\$ 18,231
Total Capital Assets Not Being Depreciated	\$ 18,231	\$ -	\$ -	\$ 18,231
Capital Assets Being Depreciated:				
Plant and distribution systems	\$ 23,421,606	\$ -	\$ -	\$ 23,421,606
Furniture and maintenance equipment	58,498	-	-	58,498
Vehicles	231,344	-	-	231,344
Total Capital Assets Being Depreciated	\$ 23,711,448	\$ -	\$ -	\$ 23,711,448
Less accumulated depreciation for:				
Plant and distribution systems	\$ 7,512,217	\$ 569,172	\$ -	\$ 8,081,389
Furniture and maintenance equipment	58,498	-	-	58,498
Vehicles	231,344	-	-	231,344
Total Accumulated Depreciation	\$ 7,229,534	\$ 569,172	\$ -	\$ 7,798,706
Total Capital Assets Being Depreciated, Net	\$ 16,481,914			\$ 15,912,742
Water and Sewer Fund Capital Assets, Net	\$ 16,500,145			\$ 15,930,973

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employees' Retirement System

Plan Description. The Town of Bethel 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

Town of Bethel, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bethel 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 Bethel's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees, 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 Bethel were \$29,066 for the year ended June 30, 2018.

**Town of Bethel, North Carolina
Notes to the Financial Statements
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 \$158,120 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, the Town’s proportion was 0.00579%, which was an increase of 0.00050% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$62,713. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,074	\$ -
Changes of assumptions	25,771	-
Net difference between projected and actual earnings on pension plan investments	3,857	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	19,827
Town contributions subsequent to the measurement date	29,066	-
Total	\$ 85,768	\$ 19,827

\$29,066 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended June 30	
2019	20,924
2020	2,237
2021	9,850
2022	3,862
2023	-
Thereafter	-
	\$ 36,873

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.

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:

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

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease █ (6.00%)	Discount Rate █ (7.00%)	1% Increase █ (8.00%)
Town's proportionate share of the net pension liability (asset)	\$361,650	\$158,120	\$(11,054)

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.

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

b. Law Enforcement Officers Special Separation Allowance

1) Plan Description

The Town of Bethel 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 creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	4
Total	4

2) Summary of Significant Accounting Policies

Basis of Accounting

The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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 following criteria which are outlined in GASB Statements 73.

3) Actuarial Assumptions

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

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

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-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4) Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$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 \$6,041. 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 \$(5,145).

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,709	\$ 52,200
Changes of assumptions	3,369	1,012
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	-	-
Total	<u>\$ 9,078</u>	<u>\$ 53,212</u>

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

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2020	\$ (8,434)
2021	(8,434)
2022	(8,434)
2023	(9,000)
2024	(9,906)
Thereafter	74
	\$ (44,134)

\$0 paid as benefits came due 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 total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.26 percent) or one percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Town's proportionate share of the net pension liability (asset)	\$ 10,906	\$ 9,578	\$ 8,390

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

	2020
Beginning balance	\$ 6,041
Service cost	2,751
Interest on the total pension liability	220
Changes of benefit terms	-
Differences between expected and actual experience in the	99
Changes of assumptions or other inputs	467
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 9,578

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

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

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 62,713	\$ (5,145)	\$57,568
Pension Liability	158,120	9,578	167,698
Proportionate share of the net pension liability	0.00579%	n/a	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	27,074	5,709	32,783
Changes of assumptions	25,771	3,369	29,140
Net difference between projected and actual earnings on plan investments	3,857	-	3,857
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	29,066	-	29,066
Deferred of Inflows of Resources:			
Differences between expected and actual experience	-	52,200	52,200
Changes of assumptions	-	1,012	1,012
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	19,827	-	19,827

Town of Bethel, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

The Town made contributions of \$6,925 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for General 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.

Funding Policy

The Town elects to contribute each month an amount equal to two percent of each officer's salary if the employee elects one percent in voluntary contribution, 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 \$10,393, which consisted of \$3,273 from the Town and \$7,120 from the employees.

e. 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

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

membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has not 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.

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 29,066
Differences between expected and actual experience	32,783
Changes of assumptions	29,140
Net difference between projected and actual	3,857
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	<u><u>\$ 94,846</u></u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 15,918
Changes of assumptions	1,012	-
Differences between expected and actual experience	52,200	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,827	-
	<u><u>\$ 73,039</u></u>	<u><u>\$ 15,918</u></u>

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

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town carries commercial insurance for all risks of loss. Claims resulting from these risks have not exceeded coverage in any of the last three fiscal years. The Town has property, general liability, and auto liability coverage of \$2 million per occurrence and worker's compensation of \$100,000 per occurrence.

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

4. Long-term Obligations

a. Installment Purchase

The Town has entered into a direct placement installment agreement with the USDA for funds used to purchase a Fire Truck with various equipment, and a Jet Vac Sewer Truck.

The equipment is pledged as collateral for the debt. The agreement was executed on February 2, 2004 and requires 20 annual payments of \$30,752, which includes interest of 4.5%.

Annual debt service requirements to maturity for the installment, including interest, are as follows:

<u>Year Ending June 30</u>	<u>General Fund</u>		<u>Water and Sewer Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 14,958	\$ 2,878	\$ 10,831	\$ 2,084	\$ 30,751
2022	15,631	2,205	11,319	1,597	30,752
2023	16,334	1,502	11,828	1,088	30,752
2024	17,041	767	12,340	555	30,703
Total	<u>\$63,964</u>	<u>\$ 7,352</u>	<u>\$ 46,318</u>	<u>\$ 5,324</u>	<u>\$122,958</u>

The Town has entered into a direct placement installment agreement to purchase a fire truck. The equipment is pledged as collateral for the debt. The agreement was executed on February 22, 2018 and requires annual payments of \$11,827 at an interest rate of 3.375%.

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

The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner USDA may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

Annual debt service requirements to maturity for the installment purchase, including \$55,332 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>General Fund</u>
2021	\$ 6,493	\$ 5,334	\$ 11,827
2022	6,727	5,100	11,827
2023	6,954	4,873	11,827
2024	7,188	4,639	11,827
2025	7,419	4,408	11,827
2026-2030	41,079	18,056	59,135
2031-2035	48,498	10,637	59,135
2036-2038	33,259	2,274	35,533
Total	<u>\$ 157,617</u>	<u>\$ 55,321</u>	<u>\$ 212,938</u>

b. General Obligation Indebtedness

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and that are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriate when due.

As of June 30, 2005, the Town had issued \$1,230,000 Water and Sewer serial bonds. As of January 18, 2005, the Town issued an additional \$90,000 2004 Water and Sewer serial bonds. The total of \$1,306,000 Water and Sewer serial bonds are due in annual installments of varying amounts.

\$ 1,048,000

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

Annual debt service requirements to maturity for general obligation bonds, including interest of \$662,175 on the Water and Sewer bonds, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Water and Sewer Fund</u>
2021	27,000	47,160	74,160
2022	28,000	45,945	73,945
2023	30,000	44,685	74,685
2024	31,000	43,335	74,335
2025	32,000	41,940	73,940
2026-2030	182,000	186,885	368,885
2031-2035	227,000	142,020	369,020
2036-2040	274,000	86,265	360,265
2041-2044	217,000	23,940	240,940
Total	<u>\$ 1,048,000</u>	<u>\$ 662,175</u>	<u>\$ 1,710,175</u>

c. Construction Notes

The Town has signed a 20-year direct borrowing note with the State of North Carolina for up to \$3,517,009 to finance the Wastewater Capital Project. The note was executed on August 3, 1999 with payments beginning November 2003. Through June 30, 2006, \$3,517,009 of the available loan amount has been received and used by the Town for construction.

Annual debt service requirements to maturity for the full amount of the note of \$703,403 including interest of \$26,905, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Water and Sewer Fund</u>
2021	\$ 175,850	\$ 13,453	\$ 189,303
2022	175,850	8,968	184,818
2023	175,853	4,484	180,337
Total	<u>\$ 527,553</u>	<u>\$ 26,905</u>	<u>\$ 554,458</u>

d. Revenue Bonds

\$662,000 Water and Sewer Revenue Bonds, Series 2012, issued for water and sewer system improvements, on September 24, 2012, and due on June 1, 2052, with interest at 2.125%

\$ 589,000

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

\$1,766,000 Water and Sewer Revenue Bonds, Series 2011, issued for water and sewer system improvements. Principal installments are due annually on June 1 with annual interest payments due on June 1, at an annual interest rate of 3.375%

\$ 1,583,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Business-type Activities</u>
2021	43,000	65,943	108,943
2022	44,000	64,654	108,654
2023	45,000	63,331	108,331
2024	46,000	61,975	107,975
2025	48,000	60,585	108,585
2026-2030	264,000	280,261	544,261
2031-2035	304,000	238,068	542,068
2036-2040	355,000	188,830	543,830
2041-2045	413,000	131,130	544,130
2046-2050	480,000	63,820	543,820
2051-2052	130,000	4,303	134,303
Total	<u>\$ 2,172,000</u>	<u>\$ 1,222,900</u>	<u>\$ 3,394,900</u>

The Town was in compliance with the covenants as to rates, fees, rentals, and charges in Section 5.01 of the Bond Order, authorizing the issuance for the Water and Sewer Revenue Bonds, Series 2011. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 100% of the debt service requirement excluding revenue bonds plus 110% of the revenue bonds debt service requirement.

Operating revenues	\$ 719,281
Operating expenses*	<u>523,353</u>
Operating income	195,928
Nonoperating revenues (expenses)**	<u>247,374</u>
Income available for debt service	443,302
Debt service, principal and interest paid	386,884
Debt service coverage ratio	115%

*Per rate covenants, this does not include the depreciation expense of \$569,172.

**Per rate covenants, this does not include interest paid of \$132,668.

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

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2.428 million in water and sewer system revenue bonds issued during 2011 and 2012. Proceeds from the bonds provided financing for the addition of water line from Greenville to Bethel and the repairs of water lines in the Town. The bonds are payable solely from water and sewer customer net revenues and are payable through 2052. Annual principal and interest payments on the bonds are expected to require less than 13 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,394,900. Principal and interest paid for the current year and total customer net revenues were \$386,884 and \$719,281, respectively.

The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner DEQ may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

e. Changes in Long-term Liabilities

	July 1, 2019	Increases	Decreases	June 30, 2020	Current Portion
Governmental Activities:					
Compensated absences	\$ 15,863	\$ -	\$ 706	\$ 15,157	\$ 15,157
Direct placement -					
Installment purchases	242,189	-	20,609	221,580	21,451
Net pension liability	95,867	33,206	-	129,073	-
Total pension liability	6,041	3,537	-	9,578	-
Total	\$ 441,804	\$ 36,743	\$ 21,315	\$ 375,388	\$ 36,608
Business-type Activities:					
Compensated absences	\$ 7,508	\$ -	\$ 1,201	\$ 6,307	\$ 6,307
Direct placement -					
Installment purchases	56,683	-	10,364	46,319	10,831
Net pension liability	29,630	-	583	29,047	-
General obligation bonds	1,074,000	-	26,000	1,048,000	27,000
Revenue bond	2,214,000	-	42,000	2,172,000	44,000
Direct borrowing -					
Construction notes	703,403	-	175,852	527,551	175,850
Total	\$4,339,704	\$ -	\$ 256,000	\$ 3,829,224	\$263,988

At June 30, 2020, the Town of Bethel had a legal debt margin of \$1,075,522.

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

f. Interfund Balances and Activity

Interfund Loan – At June 30, 2020, the Water and Sewer Fund owes the General Fund \$267,778. This loan was used to pay operating expenses of the Water and Sewer Fund. The Town is working on several options to reduce expenses in the Water and Sewer Fund. As of June 30, 2020, the Town has not set up a repayment schedule.

5. Fund Balance

Net Investment in Capital Assets

	Governmental	Business-Type
Capital Assets	\$ 1,054,633	\$ 15,358,447
Less: Long-term debt	(221,580)	(3,793,870)
Net Investment in Capital Assets	\$ 833,053	\$ 11,564,577

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	\$ 1,867,538
Less:	
Stabilization by State Statute	347,582
Public safety	6,110
Streets-Powell Bill	40,006
Debt Service	38,170
Remaining Fund Balance	1,435,670

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

As of January 25, 2021, the completion of the financial statements, there were no material subsequent events that were required to be reported.

Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Town of Bethel, North Carolina
Town of Bethel's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town of Bethel's proportion of the net pension liability (asset) (%)	0.00579%	0.00529%	0.00758%	0.00705%	0.00687%	0.00681%	0.00670%
Town of Bethel's proportion of the net pension liability (asset) (\$)	\$ 158,120	\$ 125,497	\$ 115,801	\$ 149,625	\$ 30,832	\$ (40,162)	\$ (80,761)
Town of Bethel's covered-employee payroll	\$ 281,479	\$ 277,594	\$ 333,626	\$ 324,607	\$ 400,344	\$ 398,650	\$ 390,620
Town of Bethel's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.17%	45.21%	34.71%	46.09%	7.70%	-10.07%	-20.68%
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%

Town of Bethel, North Carolina
Town of Bethel's Contributions
Required Supplementary Information
Last Seven Fiscal Years

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	\$ 29,066	\$ 20,266	\$ 21,832	\$ 24,761	\$ 23,453	\$ 25,259	\$ 26,573
Contributions in relation to the contractually required contributions	<u>29,066</u>	<u>20,266</u>	<u>21,832</u>	<u>24,761</u>	<u>23,453</u>	<u>25,259</u>	<u>26,573</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Bethel's covered-employee payroll	<u>\$311,114</u>	<u>\$281,479</u>	<u>\$277,594</u>	<u>\$333,626</u>	<u>\$324,607</u>	<u>\$400,344</u>	<u>\$398,650</u>
Contributions as a percentage of covered-employee payroll	9.34%	7.20%	7.86%	7.42%	7.23%	6.31%	6.67%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 6,041	\$ 75,371	\$ 52,924	\$ 48,843
Service cost	2,751	2,026	4,784	3,993
Interest on the total pension liability	220	2,382	2,043	1,744
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	99	(73,334)	10,223	-
Changes of assumptions or other inputs	467	(404)	5,397	(1,656)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 9,578</u>	<u>\$ 6,041</u>	<u>\$ 75,371</u>	<u>\$ 52,924</u>

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 9,578	\$ 6,041	\$ 75,371	\$ 52,924
Covered payroll	159,050	106,385	202,090	163,863
Total pension liability as a percentage of covered payroll	6.02%	5.68%	37.30%	32.30%

Notes to the schedules:

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

Supplemental Information

Town of Bethel, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 420,443	
Penalties and interest		3,675	
Total Ad Valorem Taxes	<u>\$ 381,950</u>	<u>\$ 424,118</u>	<u>\$ 42,168</u>
Unrestricted Intergovernmental:			
Local option sales taxes		\$ 351,696	
Utility franchise tax		75,096	
Beer and wine tax		6,624	
Total Unrestricted Intergovernmental	<u>\$ 410,500</u>	<u>\$ 433,416</u>	<u>\$ 22,916</u>
Restricted Intergovernmental:			
Powell Bill allocation		\$ 49,496	
Court costs, fees, and charges		253	
Solid waste disposal tax		1,174	
Miscellaneous grants		17,000	
Total Restricted Intergovernmental	<u>\$ 78,375</u>	<u>\$ 67,923</u>	<u>\$ (10,452)</u>
Sales and Services:			
Solid waste disposal fees		\$ 92,602	
Cemetery fees		28,100	
Total Sales and Services	<u>\$ 129,650</u>	<u>\$ 120,702</u>	<u>\$ (8,948)</u>
Investment earnings	<u>\$ 6,950</u>	<u>\$ 6,508</u>	<u>\$ (442)</u>
Miscellaneous:			
Fire and rescue fees		\$ 48,741	
Donations		1,725	
Sale of fixed assets		640	
Other miscellaneous		15,388	
Total Miscellaneous	<u>\$ 59,505</u>	<u>\$ 66,494</u>	<u>\$ 6,989</u>
Total Revenues	<u>\$ 1,066,930</u>	<u>\$ 1,119,161</u>	<u>\$ 52,231</u>
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		\$ 10,658	
Other operating expenditures		2,904	
Total Governing Body	<u>\$ 16,350</u>	<u>\$ 13,562</u>	<u>\$ 2,788</u>

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Annual Budget and Actual
For the Fiscal Year Ended June 30, 2020**

<i>(Expenditures continued)</i>	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		\$ 118,551	
Other operating expenditures		113,863	
Total Administration	<u>\$ 279,022</u>	<u>\$ 232,414</u>	<u>\$ 46,608</u>
Taxes:			
Collection fees		5,657	
Total Taxes	<u>\$ 6,625</u>	<u>\$ 5,657</u>	<u>\$ 968</u>
Total General Government	<u>\$ 301,997</u>	<u>\$ 251,633</u>	<u>\$ 50,364</u>
Public Safety:			
Police:			
Salaries and employee benefits		\$ 196,543	
Other operating expenditures		48,280	
Total Police	<u>\$ 291,100</u>	<u>\$ 244,823</u>	<u>\$ 46,277</u>
Fire:			
Vehicle maintenance		\$ 7,514	
Other operating expenditures		51,939	
Total Fire	<u>\$ 64,000</u>	<u>\$ 59,453</u>	<u>\$ 4,547</u>
Total Public Safety	<u>\$ 355,100</u>	<u>\$ 304,276</u>	<u>\$ 50,824</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits		\$ 39,930	
Other operating expenditures		44,206	
Total Transportation	<u>\$ 92,900</u>	<u>\$ 84,136</u>	<u>\$ 8,764</u>
Environmental Protection:			
Solid Waste:			
Salaries and employee benefits		\$ 26,060	
Other operating expenditures		69,908	
Total Environmental Protection	<u>\$ 102,825</u>	<u>\$ 95,968</u>	<u>\$ 6,857</u>
Cultural and Recreation:			
Parks and Recreation:			
Operating expenditures		\$ 2,187	
Total Parks and Recreation	<u>\$ 6,545</u>	<u>\$ 2,187</u>	<u>\$ 4,358</u>
Libraries:			
Operating expenditures		\$ 24,488	
Total Libraries	<u>\$ 26,658</u>	<u>\$ 24,488</u>	<u>\$ 2,170</u>

Town of Bethel, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Annual Budget and Actual
For the Fiscal Year Ended June 30, 2020

<i>(Expenditures continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Senior Center:			
Operating expenditures		\$ 12,379	
Total Senior Center	<u>\$ 26,100</u>	<u>\$ 12,379</u>	<u>\$ 13,721</u>
Cemetery:			
Operating expenditures		\$ 22,674	
Total Senior Center	<u>\$ 37,450</u>	<u>\$ 22,674</u>	<u>\$ 14,776</u>
Total Cultural and Recreation	<u>\$ 96,753</u>	<u>\$ 61,728</u>	<u>\$ 35,025</u>
Debt Service:			
Interest		\$ 9,059	
Principal retirement		20,609	
Total Debt Service	<u>\$ 29,047</u>	<u>\$ 29,668</u>	<u>\$ (621)</u>
Total Expenditures	<u>\$ 978,622</u>	<u>\$ 827,409</u>	<u>\$ 151,213</u>
Fund balance appropriated	<u>\$ 17,725</u>	<u>\$ -</u>	<u>\$ (17,725)</u>
Other Financing Sources (Uses):			
Transfer to Water Sewer Fund	(106,033)	\$ -	
Total Other Financing Sources (Uses)	<u>\$ (106,033)</u>	<u>\$ -</u>	<u>\$ 106,033</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 291,752</u>	<u>\$ 291,752</u>
Fund balance, beginning		<u>1,575,786</u>	
Fund balances, ending		<u>\$ 1,867,538</u>	

Town of Bethel, North Carolina
Water and Sewer
Schedule of Revenues and Expenditures
Changes in Fund Balance - Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Operating Revenues:			
Water sales		\$ 241,686	
Sewer charges		471,569	
Other operating revenues		6,026	
Total Operating Revenues	<u>\$ 906,750</u>	<u>\$ 719,281</u>	<u>\$ (187,469)</u>
Total Revenues	<u>\$ 906,750</u>	<u>\$ 719,281</u>	<u>\$ (187,469)</u>
EXPENDITURES			
Water Treatment and Distribution:			
Salaries and employee benefits		\$ 44,792	
Maintenance		4,414	
Other operating expenditures		55,205	
Total Operating Expenditures	<u>\$ 166,450</u>	<u>\$ 104,411</u>	<u>\$ 62,039</u>
Waste Collection and Treatment:			
Salaries and employee benefits		\$ 37,639	
Maintenance		4,957	
Other operating expenditures		375,032	
Total Waste Collection and Treatment	<u>\$ 734,342</u>	<u>\$ 417,628</u>	<u>\$ 316,714</u>
Debt Service:			
Interest and other charges		\$ 136,015	
Principal retirement		254,216	
Total Debt Service	<u>\$ 377,315</u>	<u>\$ 390,231</u>	<u>\$ (12,916)</u>
Total Expenditures	<u>\$ 1,278,107</u>	<u>\$ 912,270</u>	<u>\$ 365,837</u>
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses) and Fund Balance Appropriated	<u>\$ (371,357)</u>	<u>\$ (192,989)</u>	<u>\$ 178,368</u>
Other Financing Sources (Uses):			
Pitt County		\$ 50,413	
City of Greenville		8,957	
Greenville Utilities		188,004	
Insurance proceeds		16,000	
Total Other Financing Sources (Uses)	<u>\$ 371,357</u>	<u>\$ 263,374</u>	<u>\$ (107,983)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses and Fund Balance Appropriated	<u>\$ -</u>	<u>\$ 70,385</u>	<u>\$ 70,385</u>

Town of Bethel, North Carolina
Water and Sewer
Schedule of Revenues and Expenditures
Changes in Fund Balance - Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues Over (Under) Expenditures	<u>\$ 70,385</u>
Reconciling items:	
Vacation accrual	1,202
Principal retirement	254,216
Depreciation	(569,172)
Accrued interest	3,347
Decrease in deferred outflows of resources - pensions	(5,531)
Decrease in net pension liability	583
Decrease in deferred inflows of resources - pensions	2,432
Total Reconciling Items	<u>\$ (312,923)</u>
Change in Net Position	<u><u>\$ (242,538)</u></u>

Other Schedules

This section contains additional information on property taxes.

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

**Town of Bethel
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 422,371	\$ 412,742	\$ 9,629
2018-2019	11,529	-	6,852	4,677
2017-2018	4,478	-	1,140	3,338
2016-2017	3,590	-	513	3,077
2015-2016	2,592	-	349	2,243
2014-2015	2,298	-	1,045	1,253
2013-2014	2,459	312	-	2,771
2012-2013	1,402	482	38	1,846
2011-2012	945	246	5	1,185
2010-2011	1,258	408	1,666	-
	\$ 30,551	\$ 423,819	\$ 424,350	\$ 30,019
Less: allowance for uncollectible Ad valorem taxes receivable	(13,259)			(14,101)
Ad valorem taxes receivable - net	\$ 17,292			\$ 15,918
Reconcilement with revenues: Taxes - Ad valorem - General Fund				\$ 424,118
Reconciling Items:				
Interest collected				(3,675)
Taxes written off				1,666
Releases				16
Discounts allowed				2,225
Total Reconciling Items				\$ 232
Total Collections and Credits				\$ 424,350

Town of Bethel
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020

	Town - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original Levy:					
Property taxed at current rate	\$ 63,994,697	0.66	\$ 422,365	\$ 353,654	\$ 68,711
Total	<u>\$ 63,994,697</u>		<u>\$ 422,365</u>	<u>\$ 353,654</u>	<u>\$ 68,711</u>
Discoveries	3,333	0.66	22	22	-
Abatements	<u>(2,424)</u>	0.66	<u>(16)</u>	<u>(16)</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 63,995,606</u></u>				
Net Levy			\$ 422,371	\$ 353,660	\$ 68,711
Uncollected Taxes at June 30, 2020			<u>\$ (9,629)</u>	<u>\$ (9,629)</u>	<u>\$ -</u>
Current Year's Taxes Collected			<u>\$ 412,742</u>	<u>\$ 344,031</u>	<u>\$ 68,711</u>
Current Levy Collection Percentage			<u>97.72%</u>	<u>97.28%</u>	<u>100.00%</u>