

**TOWN OF BENSON  
NORTH CAROLINA**

Financial Statements and  
Supplementary Information

For The Year Ended June 30, 2021

Governing Board

Jerry M. Medlin, Mayor  
Cassandra P. Stack  
Dean McLamb  
Dr. R. Max Raynor, Jr.  
Maxine Holley  
Jim Johnson  
William Neighbors

Town Officials

Fred Nelson, Town Manager  
Angela Thornton, Town Clerk  
Kimberly Pickett, Finance Director

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## **FINANCIAL SECTION**

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Benson, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Clinton Alcoholic Beverage Control Board was not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Benson, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's discussion and Analysis on pages 4 through 14, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 63 through 64, and the Law Enforcement's Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 65 through 66 and the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 67, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Benson, North Carolina. The combining and individual nonmajor fund statements, budgetary schedules, and other schedules are presented for additional analysis and are a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 22, 2021 on our consideration of the Town of Benson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Benson's internal control over financial reporting and compliance.

*Sharpe Patel PLLC*

Raleigh, North Carolina  
November 22, 2021



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

As management of the Town of Benson, we offer readers of the Town of Benson's financial statements this narrative overview and analysis of the financial activities of the Town of Benson for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

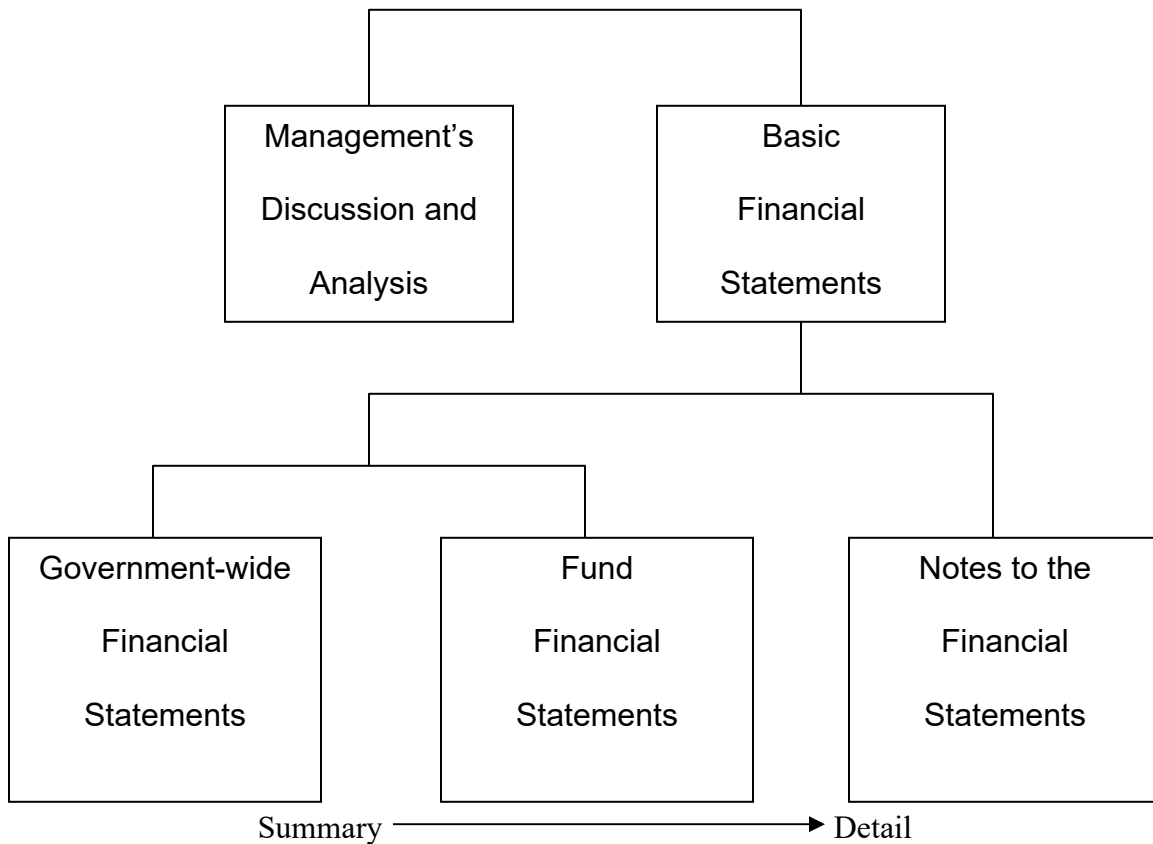
- The assets and deferred outflows of resources of the Town of Benson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,860,538 (*net position*).
- The government's total net position increased by \$868,864. This comprised of an increase in the net position from the Electric Fund of \$161,102 and an increase in the Water and Sewer Fund of \$613,255. The governmental activities' net position increased by \$85,078.
- As of the close of the current fiscal year, the Town of Benson's governmental funds reported combined ending fund balances of \$2,755,418 with a net decrease of \$6,285 in fund balance. Approximately 40% of this total amount, or \$1,256,956, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,617,707, or 36% of total general fund expenditures for the fiscal year.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

## Management Discussion and Analysis

### Town of Benson

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

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

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

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

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

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

## Government-Wide Financial Analysis

### Town of Benson's Net Position

Figure 2

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Assets:</b>						
assets	\$ 2,862,224	\$ 2,822,647	\$ 2,722,312	\$ 1,657,639	\$ 5,584,536	\$ 4,480,286
Capital assets, net	<u>8,230,196</u>	<u>7,836,918</u>	<u>16,553,644</u>	<u>16,656,415</u>	<u>24,783,840</u>	<u>24,493,333</u>
Total assets	<u>11,092,420</u>	<u>10,659,565</u>	<u>19,275,956</u>	<u>18,314,054</u>	<u>30,368,376</u>	<u>28,973,619</u>
<b>Deferred Outflows of Resources</b>						
	<u>667,220</u>	<u>413,738</u>	<u>369,448</u>	<u>288,275</u>	<u>1,036,668</u>	<u>702,013</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	1,487,088	1,409,055	5,186,459	5,369,837	6,673,547	6,778,892
Other liabilities	<u>1,599,867</u>	<u>1,058,979</u>	<u>2,137,159</u>	<u>1,684,283</u>	<u>3,737,026</u>	<u>2,743,262</u>
Total liabilities	<u>3,086,955</u>	<u>2,468,034</u>	<u>7,323,618</u>	<u>7,054,120</u>	<u>10,410,573</u>	<u>9,522,154</u>
<b>Deferred Inflows of Resources</b>						
	<u>77,369</u>	<u>95,031</u>	<u>56,564</u>	<u>66,773</u>	<u>133,933</u>	<u>161,804</u>
<b>Net Position:</b>						
Net investment in capital assets	6,950,053	6,617,033	11,070,470	10,974,421	18,020,523	17,591,454
Restricted	937,303	391,765	-	-	937,303	391,765
Unrestricted	<u>707,960</u>	<u>1,501,440</u>	<u>1,194,752</u>	<u>507,015</u>	<u>1,902,712</u>	<u>2,008,455</u>
Total net Position	<u>8,595,316</u>	<u>8,510,238</u>	<u>12,265,222</u>	<u>11,481,436</u>	<u>20,860,538</u>	<u>19,991,674</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Benson exceeded liabilities and deferred inflows by \$20,860,538 as of June 30, 2021. The Town's net position increased by \$868,864 for the fiscal year ended June 30, 2021. However, the largest portion (70%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Benson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Benson's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Benson's net position, \$937,303 (approximately 6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,580,653 is unrestricted. Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position.

## Management Discussion and Analysis

### Town of Benson

Net position increased by \$868,864 from operations due to the following:

Total business-type revenues increased from recovery of funds lost during the COVID-19 pandemic

- Total governmental activities revenues increased from the prior year

#### Town of Benson's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 756,982	\$ 783,567	\$ 8,191,451	\$ 7,589,397	\$ 8,948,433	\$ 8,372,964
Operating grants and contributions	912,768	389,735	175,311	206,457	1,088,079	596,192
Capital grants and contributions	163,958	243,043	309,332	1,274,752	473,290	1,517,795
<b>General Revenues:</b>						
Property taxes	1,977,640	1,939,827	-	-	1,977,640	1,939,827
Other taxes	1,470,273	1,525,186	-	34,900	1,470,273	1,560,086
Insurance recoveries	-	-	137,775	-	137,775	-
Investment earnings, unrestricted	<u>2,197</u>	<u>15,663</u>	<u>1,440</u>	<u>7,715</u>	<u>3,637</u>	<u>23,378</u>
Total revenues	<u>5,283,818</u>	<u>4,897,021</u>	<u>8,815,309</u>	<u>9,113,221</u>	<u>14,099,127</u>	<u>14,010,242</u>
<b>Expenses:</b>						
General government	1,459,794	1,925,333	-	-	1,459,794	1,925,333
Public safety	2,091,412	1,989,281	-	-	2,091,412	1,989,281
Public works	340,015	370,644	-	-	340,015	370,644
Transportation	205,553	714,463	-	-	205,553	714,463
Sanitation	-	-	-	-	-	-
Culture and recreation	1,066,498	606,183	-	-	1,066,498	606,183
Water and sewer	-	-	3,331,622	3,772,876	3,331,622	3,772,876
Electric	-	-	4,699,901	4,692,645	4,699,901	4,692,645
Interest and other charges	<u>35,468</u>	<u>42,355</u>	<u>-</u>	<u>-</u>	<u>35,468</u>	<u>42,355</u>
Total expenses	<u>5,198,740</u>	<u>5,648,259</u>	<u>8,031,523</u>	<u>8,465,521</u>	<u>13,230,263</u>	<u>14,113,780</u>
Increase (decrease) in net position	<u>85,078</u>	<u>751,238</u>	<u>783,786</u>	<u>647,700</u>	<u>868,864</u>	<u>(103,538)</u>
<b>Net Position:</b>						
Beginning of year, as previously stated - July 1	8,510,238	9,284,526	11,481,436	11,012,981	19,991,674	20,297,507
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,245)</u>	<u>-</u>	<u>(179,245)</u>
Beginning of year - July 1	<u>8,510,238</u>	<u>9,284,526</u>	<u>11,481,436</u>	<u>10,833,736</u>	<u>19,991,674</u>	<u>20,118,262</u>
End of year - June 30	<u>8,595,316</u>	<u>8,510,238</u>	<u>12,265,222</u>	<u>11,481,436</u>	<u>20,860,538</u>	<u>19,991,674</u>

## Management Discussion and Analysis

### Town of Benson

**Governmental activities.** Governmental activities resulted in an increase in the Town's net position by \$85,078. Key elements of the decrease are as follows:

- Decrease in expenses for general government, public works, and public safety
- Decrease in expenses for transportation
- Recovery of collections that were lost during the COVID-19 pandemic

**Business-type activities.** Business-type activities increased the Town of Benson's net position by \$783,786.

Key elements of this increase are as follows:

- Increase in capital repairs in the Water and Sewer Fund for the Waste Water Treatment Plant
- Repairs of some of the older pump stations, that help with lowering maintenance costs

### Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Benson. At the end of the current fiscal year, Town of Benson's fund balance available in the General Fund was \$1,617,707, while total fund balance reached \$2,857,082. The Town has not adopted a formal fund balance policy. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 36% of total General Fund expenditures and transfers out, while total fund balance represents 63% of that same amount.

At June 30, 2021, the governmental funds of Town of Benson reported a combined fund balance of \$2,755,418, approximately a 1% decrease over last year.

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



**Proprietary Funds.** The Town of Benson’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$236,488, and for the Electric Fund, \$941,068. The total change in net position increased for the Water and Sewer and the Electric Funds was \$783,786. The increase in the Water and Sewer fund was from the ongoing FEMA project being closed out in the current fiscal year. The increase is also due to conservative management practices within the department. The increase in the Electric fund was from conservative management practices within the department.

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

**Capital assets.** The Town of Benson’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$24,783,840 net of accumulated depreciation. These assets include land, improvements, equipment, vehicles, infrastructure, plants and distribution systems.

Major capital asset transactions during the year include the following:

- Initiation of lease agreements for 2 additional Dodge Chargers for the Police Department
- Initiation of lease agreements for 1 Ford F-150 for the Police Department
- Refinance of the Public Works Building; with ongoing remodeling
- Purchase of Xtreme Vac for the Public Works/Streets Department

(continued on next page)

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

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Land	\$ 773,291	\$ 773,291	\$ 28,870	\$ 28,870	\$ 802,161	\$ 802,161
Buildings and improvements	5,531,099	5,689,477	7,565,381	4,924,876	13,096,480	10,614,353
Infrastructure	54,830	59,486	-	-	54,830	59,486
Furniture, equipment, and machinery	483,189	390,126	223,150	139,862	706,339	529,988
Vehicles	798,675	845,417	535,847	604,160	1,334,522	1,449,577
Plant and distribution systems	-	-	5,652,900	5,814,755	5,652,900	5,814,755
Construction in progress	<u>589,112</u>	<u>79,121</u>	<u>2,547,496</u>	<u>5,143,892</u>	<u>3,136,608</u>	<u>5,223,013</u>
Total	<u>8,230,196</u>	<u>7,836,918</u>	<u>16,553,644</u>	<u>16,656,415</u>	<u>24,783,840</u>	<u>24,493,333</u>

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

**Debt Administration:**

**Outstanding Debt**

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Revenue bonds	\$ -	\$ -	\$ 844,000	\$ 861,000	\$ 844,000	\$ 861,000
Capital leases	280,760.00	138,599.00	264,657.00	354,349.00	-	-
Note payable	<u>999,383</u>	<u>1,081,966</u>	<u>4,374,517</u>	<u>4,466,645</u>	<u>5,373,900</u>	<u>5,548,611</u>
Total	<u>\$ 1,280,143</u>	<u>\$ 1,220,565</u>	<u>\$ 5,483,174</u>	<u>\$ 5,681,994</u>	<u>\$ 6,217,900</u>	<u>\$ 6,409,611</u>

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. Town of Benson's legal debt margin is \$23,234,751.

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

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

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

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

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities.** Overall, General Fund revenues are budgeted to be approximately 11% increase than 2021 actual amounts.

**Business-type Activities:** Water and Sewer Fund revenues are budgeted to be approximately 7% more than 2021 actual amounts. Electric Fund revenues are budgeted to be approximately 4% more than 2021 actual amounts.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF BENSON, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

**Exhibit 1**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,378,170	\$ 1,333,060	\$ 3,711,230
Taxes receivables (net)	4,924	-	4,924
Accounts receivable	50,902	762,703	813,605
Due from other governments	304,325	39,349	343,674
Due from other funds	-	-	-
Inventories	-	348,131	348,131
Restricted cash	123,903	239,069	362,972
Total current assets	<u>2,862,224</u>	<u>2,722,312</u>	<u>5,584,536</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	1,362,403	2,547,316	3,909,719
Other capital assets, net of depreciation	6,867,793	14,006,328	20,874,121
Total capital assets	<u>8,230,196</u>	<u>16,553,644</u>	<u>24,783,840</u>
Total assets	<u>11,092,420</u>	<u>19,275,956</u>	<u>30,368,376</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	144,074	114,658	258,732
OPEB deferrals	34,625	31,480	66,105
Pension deferrals	488,521	223,310	711,831
Total deferred outflows of resources	<u>667,220</u>	<u>369,448</u>	<u>1,036,668</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	101,820	641,920	743,740
Due to other governments	-	23,565	23,565
Customer deposits	-	239,069	239,069
Current portion of long-term liabilities	150,902	384,775	535,677
Total current liabilities	<u>252,722</u>	<u>1,289,329</u>	<u>1,542,051</u>
Long-term liabilities:			
Net pension liability	768,679	611,736	1,380,415
Total pension liability	578,466	236,094	814,560
Due in more than one year	1,487,088	5,186,459	6,673,547
Total liabilities	<u>3,086,955</u>	<u>7,323,618</u>	<u>10,410,573</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	62	-	62
OPEB Deferrals	59,221	53,843	113,064
Pension deferrals	18,086	2,721	20,807
Total deferred inflows of resources	<u>77,369</u>	<u>56,564</u>	<u>133,933</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,950,053	11,070,470	18,020,523
Restricted for:			
Stabilization by State Statue	813,399	-	813,399
Debt service	103,917	-	103,917
Economic and physical development	19,987	-	19,987
Unrestricted	707,960	1,194,752	1,902,712
Total net position	<u>\$ 8,595,316</u>	<u>\$ 12,265,222</u>	<u>\$ 20,860,538</u>

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

**Exhibit 2**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,459,794	\$ 200,908	\$ 127,321	\$ 63,958	\$ (1,067,607)	\$ -	\$ (1,067,607)
Public safety	2,091,412	9,800	785,447	-	(1,296,165)	-	(1,296,165)
Transportation	205,553	-	-	100,000	(105,553)	-	(105,553)
Environmental protection	340,015	410,362	-	-	70,347	-	70,347
Cultural and recreation	1,066,498	135,912	-	-	(930,586)	-	(930,586)
Interest on long-term debt	35,468	-	-	-	(35,468)	-	(35,468)
Total governmental activities	5,198,740	756,982	912,768	163,958	(3,365,032)	-	(3,365,032)
Business-type activities:							
Electric	4,699,901	4,867,239	-	-	-	167,338	167,338
Water and sewer	3,331,622	3,324,212	175,311	309,332	-	477,233	477,233
Total business-type activities	8,031,523	8,191,451	175,311	309,332	-	644,571	644,571
Total primary government	\$ 13,230,263	\$ 8,948,433	\$ 1,088,079	\$ 473,290	(3,365,032)	644,571	(2,720,461)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,977,640	-	1,977,640
Other taxes					1,284,149	-	1,284,149
Unrestricted investment earnings					2,197	1,440	3,637
Miscellaneous					110,614	-	110,614
Insurance recovery					3,620	137,775	141,395
Sale of capital assets					71,890		71,890
Transfers					-	-	-
Total general revenues and transfers					3,450,110	139,215	3,589,325
Change in net position					85,078	783,786	868,864
Beginning net position					8,510,238	11,481,436	19,991,674
Total net position, ending					\$ 8,595,316	\$ 12,265,222	\$ 20,860,538

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

## TOWN OF BENSION, NORTH CAROLINA

Exhibit 3

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<u>Major Fund</u>	<u>Total Non-</u>	<u>Total</u>
	<u>General</u>	<u>Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,851,994	\$ 526,176	\$ 2,378,170
Restricted cash	103,917	19,986	123,903
Taxes receivable - net	4,924	-	4,924
Accounts receivable	50,901	1	50,902
Due from other governments	293,571	10,754	304,325
Total assets	<u>\$ 2,305,307</u>	<u>\$ 556,917</u>	<u>\$ 2,862,224</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 101,820	\$ -	\$ 101,820
Due to other funds	(658,581)	658,581	-
Total liabilities	<u>(556,761)</u>	<u>658,581</u>	<u>101,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes, licenses and fees	62	-	62
Taxes receivable	4,924	-	4,924
Total deferred inflows of resources	<u>4,986</u>	<u>-</u>	<u>4,986</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	813,399	-	813,399
Other	103,917	19,986	123,903
Committed	-	(132,405)	(132,405)
Unassigned	1,939,766	10,755	1,950,521
Total fund balances	<u>2,857,082</u>	<u>(101,664)</u>	<u>2,755,418</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,305,307</u>	<u>\$ 556,917</u>	<u>\$ 2,862,224</u>

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



**TOWN OF BENSION, NORTH CAROLINA**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2021**

**Exhibit 3**

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

Total Fund Balance, Governmental Funds	\$ 2,755,418
--	--------------

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

Gross capital assets at historical cost	13,156,459	
Accumulated depreciation	<u>(4,926,263)</u>	8,230,196

Deferred outflows of resources related to pensions are not reported in the funds	632,595
--	---------

Deferred outflows of resources related to OPEB are not reported in the funds	34,625
--	--------

Earned revenues considered deferred inflows of resources in fund statements.	4,924
--	-------

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).	(1,378,312)	
OPEB liability	(259,678)	
Net pension liability	(768,679)	
Total pension liability	<u>(578,466)</u>	(2,985,135)

Deferred inflows of resources related to pensions are not reported in the funds	(18,086)
---	----------

Deferred inflows of resources related to OPEB are not reported in the funds	<u>(59,221)</u>
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Net position of governmental activities	<u><u>\$ 8,595,316</u></u>
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The accompanying notes to the financial statements are an integral part of these statements

**TOWN OF BENSION, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

**Exhibit 4**

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 1,985,113	\$ -	\$ 1,985,113
Other taxes and licenses	1,260,930	-	1,260,930
Unrestricted intergovernmental	23,218	417,683	440,901
Restricted intergovernmental	535,414	123,629	659,043
Permits and fees	756,982	-	756,982
Investment earnings	2,025	172	2,197
Miscellaneous	104,032	6,581	110,613
Total revenues	<u>4,667,714</u>	<u>548,065</u>	<u>5,215,779</u>
<b>EXPENDITURES</b>			
Current:			
General government	888,140	-	888,140
Public safety	1,969,799	-	1,969,799
Public works	229,899	-	229,899
Transportation	280,946	10,930	291,876
Environmental protection	340,015	-	340,015
Cultural and recreational	613,837	988,118	1,601,955
Debt service:		-	
Principal	125,506	-	125,506
Interest	35,468	-	35,468
Total expenditures	<u>4,483,610</u>	<u>999,048</u>	<u>5,482,658</u>
Excess (deficiency) of revenues over expenditures	<u>184,104</u>	<u>(450,983)</u>	<u>(266,879)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	157,000	157,000
Transfers to other funds	(157,000)	-	(157,000)
Sales of capital assets	71,890	-	71,890
Proceeds from loan	185,084	-	185,084
Insurance recovery	3,620	-	3,620
Total other financing sources (uses)	<u>103,594</u>	<u>157,000</u>	<u>260,594</u>
Net change in fund balance	287,698	(293,983)	(6,285)
Fund balances, beginning	<u>2,569,384</u>	<u>192,319</u>	<u>2,761,703</u>
Fund balances, ending	<u><u>\$ 2,857,082</u></u>	<u><u>\$ (101,664)</u></u>	<u><u>\$ 2,755,418</u></u>

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

**TOWN OF BENSION, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

**Exhibit 4**

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

Net changes in fund balances- total governmental funds	\$	(6,285)
--	----	---------

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

Capital outlay expenditures which were capitalized	\$ 792,119		
Depreciation expense for governmental assets	(398,840)		
Loss on disposal of capital assets	<u>-</u>		393,279

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			144,074
--	--	--	---------

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			(7,473)
--	--	--	---------

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

New long-term debt issues	(185,084)		
Principal payments on long-term debt	<u>125,506</u>		(59,578)

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

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

Compensated absences	(8,621)		
Pension expense - LEOSA	(80,936)		
Pension expense - LGERS	(266,930)		
OPEB plan expense	<u>(22,452)</u>		<u>(378,939)</u>

Total changes in net position of governmental activities	\$	<u>85,078</u>
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The accompanying notes to the financial statements are an integral part of these statements.

**TOWN OF BENSION, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2021**

**Exhibit 5**

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,966,843	\$ 1,989,276	\$ 1,985,113	\$ (4,163)
Other taxes and licenses	1,211,450	1,264,892	1,260,930	(3,962)
Unrestricted intergovernmental	15,000	23,219	23,218	(1)
Restricted intergovernmental	444,393	515,054	535,414	20,360
Permits and fees	751,871	736,619	756,982	20,363
Investment earnings	13,800	3,800	2,025	(1,775)
Miscellaneous	58,317	160,423	104,032	(56,391)
Total revenues	4,461,674	4,693,283	4,667,714	(25,569)
Expenditures:				
Current:				
General government	799,031	856,127	888,140	(32,013)
Public safety	2,117,164	2,134,675	1,969,799	164,876
Public works	183,504	255,454	229,899	25,555
Transportation	442,408	263,577	280,946	(17,369)
Environmental protection	383,000	383,000	340,015	42,985
Cultural and recreational	638,516	652,399	613,837	38,562
Debt service:				
Principal	82,583	82,583	125,506	(42,923)
Interest	35,468	35,468	35,468	-
Total expenditures	4,681,674	4,663,283	4,483,610	179,673
Revenues over (under) expenditures	(220,000)	30,000	184,104	154,104
Other financing sources (uses):				
Transfers to other funds	-	(250,000)	(157,000)	93,000
Sales of capital assets			71,890	71,890
Proceeds from loan	-	-	185,084	185,084
Insurance recovery	-	-	3,620	3,620
Fund balance appropriated	220,000	220,000	-	(220,000)
Total other financing sources (uses)	220,000	(30,000)	103,594	133,594
Net change in fund balance	\$ -	\$ -	287,698	\$ 287,698
Fund balance, beginning			2,569,384	
Fund balance, ending			\$ 2,857,082	

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

## TOWN OF BENSON, NORTH CAROLINA

Exhibit 6

## Statement of Net Position

## Proprietary Funds

June 30, 2021

	Major Enterprise Funds		Total Non-	
	Electric Fund	Water and Sewer Fund	Major Funds	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,002,722	\$ 313,142	\$ 17,196	\$ 1,333,060
Accounts receivable - net	432,637	330,066	-	762,703
Due from other governments	13,642	25,707	-	39,349
Inventories	130,836	217,295	-	348,131
Restricted cash and cash equivalents	196,184	42,885	-	239,069
Total current assets	1,776,021	929,095	17,196	2,722,312
Noncurrent assets:				
Capital assets:				
Land and construction in progress	-	2,547,316	-	2,547,316
Other capital assets, net of depreciation	708,284	13,298,044	-	14,006,328
Total capital assets	708,284	15,845,360	-	16,553,644
Total noncurrent assets	708,284	15,845,360	-	16,553,644
Total assets	2,484,305	16,774,455	17,196	19,275,956
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to pension plan in current fiscal year	40,109	74,549	-	114,658
OPEB deferrals	10,270	21,210	-	31,480
Pension deferrals	78,117	145,193	-	223,310
	128,496	240,952	-	369,448
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	398,474	243,446	-	641,920
Due to other fund	-	-	-	-
Due to other governments	23,565	-	-	23,565
Customer deposits	196,184	42,885	-	239,069
Compensated absences, current	10,000	25,000	-	35,000
Current portion of long-term debt	83,313	266,462	-	349,775
Total current liabilities	711,536	577,793	-	1,289,329
Noncurrent liabilities:				
Accrued vacation	25,690	27,370	-	53,060
Other postemployment benefits	77,024	159,070	-	236,094
Net pension liability	213,994	397,742	-	611,736
Non-current portion of long-term debt	181,344	4,952,055	-	5,133,399
Total noncurrent liabilities	498,052	5,536,237	-	6,034,289
Total liabilities	1,209,588	6,114,030	-	7,323,618
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB deferrals	17,566	36,277	-	53,843
Pension deferrals	952	1,769	-	2,721
	18,518	38,046	-	56,564
<b>NET POSITION</b>				
Net investment in capital assets	443,627	10,626,843	-	11,070,470
Unrestricted	941,068	236,488	17,196	1,194,752
Total net position	\$ 1,384,695	\$ 10,863,331	\$ 17,196	\$ 12,265,222

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

**Exhibit 7**

	<b>Major Enterprise Funds</b>		<b>Total Non-</b>	
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Major Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,832,478	\$ 3,245,619	\$ -	\$ 8,078,097
Other operating revenues	34,761	78,593	-	113,354
<b>Total operating revenues</b>	<u>4,867,239</u>	<u>3,324,212</u>	<u>-</u>	<u>8,191,451</u>
<b>OPERATING EXPENSES</b>				
General operations	-	1,433,880	-	1,433,880
Electric operations	1,426,813	-	-	1,426,813
Power / water purchases	3,063,741	682,950	-	3,746,691
Equipment and line improvements	149,591	-	571	150,162
Water distribution	-	36,045	-	36,045
Waste water collection	-	708,578	-	708,578
W&S capital project fund	-	-	-	-
Depreciation	59,185	368,084	-	427,269
<b>Total operating expenses</b>	<u>4,699,330</u>	<u>3,229,537</u>	<u>571</u>	<u>7,929,438</u>
<b>Operating income (loss)</b>	<u>167,909</u>	<u>94,675</u>	<u>(571)</u>	<u>262,013</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	848	592	-	1,440
FEMA revenue	-	175,311	-	175,311
Insurance recovery	2,345	135,430	-	137,775
Interest and other charges	-	(102,085)	-	(102,085)
<b>Total nonoperating revenues (expenses)</b>	<u>3,193</u>	<u>209,248</u>	<u>-</u>	<u>212,441</u>
<b>Income (loss) before contributions and transfers</b>	171,102	303,923	(571)	474,454
Capital contributions	-	309,332	-	309,332
Transfer from other funds	-	300,000	10,000	310,000
Transfer to other funds	(10,000)	(300,000)	-	(310,000)
<b>Change in net position</b>	161,102	613,255	9,429	783,786
<b>Beginning net position</b>	<u>1,223,593</u>	<u>10,250,076</u>	<u>7,767</u>	<u>11,481,436</u>
<b>Total net position, ending</b>	<u>\$ 1,384,695</u>	<u>\$ 10,863,331</u>	<u>\$ 17,196</u>	<u>\$ 12,265,222</u>

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

**TOWN OF BENSON, NORTH CAROLINA**

**Exhibit 8**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		<b>Total Non-</b>	
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Major Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 4,810,854	\$ 3,244,668	\$ 167	\$ 8,055,689
Cash paid for goods and services	(3,923,492)	(1,649,798)	(571)	(5,573,861)
Cash paid to or on behalf of employees for services	(524,060)	(1,043,404)	-	(1,567,464)
Customer deposits (returned) received	(6,858)	(505)	-	(7,363)
Other operating revenues	34,761	78,593	-	113,354
Net cash provided (used) by operating activities	391,205	629,554	(404)	1,020,355
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	300,000	10,000	310,000
Transfers to other funds	(10,000)	(300,000)	-	(310,000)
Decrease in due to other funds	-	(706,753)	-	(706,753)
Total cash flow from noncapital financing activities	(10,000)	(706,753)	10,000	(706,753)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	-	288,736	-	288,736
Principal paid on bonds/loans	(89,692)	(397,864)	-	(487,556)
Interest paid on bonds/loans	-	(102,085)	-	(102,085)
FEMA revenue	-	175,311	-	175,311
Insurance recovery	2,345	135,430	-	137,775
Capital grants	-	309,332	-	309,332
Proceeds from sale of capital assets	-	-	-	-
Acquisition and construction of capital assets	-	(324,498)	-	(324,498)
Net cash provided (used) by capital and related financing activities	(87,347)	84,362	-	(2,985)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	848	592	-	1,440
Net cash provided (used) by investing activities	848	592	-	1,440
Net increase (decrease) in cash and cash equivalents	294,706	7,755	9,596	312,057
Balances, beginning	914,200	348,272	7,600	1,270,072
Balances, ending	\$ 1,208,906	\$ 356,027	\$ 17,196	\$ 1,582,129
Reconciliation of operating loss to net cash provided by operating activities				
Operating loss	\$ 167,909	\$ 94,675	\$ (571)	\$ 262,013
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	59,185	368,084	-	427,269
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(20,043)	(6,401)	-	(26,444)
Decrease (increase) in due from other governments	(1,581)	5,450	167	4,036
Increase (decrease) in net pension liability	60,828	81,425	-	142,253
Increase (decrease) in accounts payable and accrued liabilities	122,255	123,511	-	245,766
(Increase) decrease in inventories	4,617	(38,072)	-	(33,455)
Increase (decrease) in customer deposits	(6,858)	(505)	-	(7,363)
Increase (decrease) in accrued vacation	15,897	20,546	-	36,443
(Decrease) increase in due to other funds	-	-	-	-
(Increase) decrease in deferred outflows of resources for pensions	(34,448)	(46,725)	-	(81,173)
Increase (decrease) in deferred inflows of resources - pensions	(3,266)	(6,943)	-	(10,209)
Increase (decrease) in other postemployment benefits	16,710	34,509	-	51,219
Total adjustments	213,296	534,879	167	748,342
Net cash provided (used) by operating activities	\$ 381,205	\$ 629,554	\$ (404)	\$ 1,010,355

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

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## **NOTES TO THE FINANCIAL STATEMENTS**

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**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements, including the fiduciary fund, provide information about the Town’s funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

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

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

The Town reports the following major enterprise funds:

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

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

The Town reports the following fiduciary fund type:

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

**C. Measurement Focus and Basis of Accounting**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

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

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

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

**D. Budgetary Data**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

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

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

**1. Deposits and Investments**

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

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

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

**Town of Benson Restricted Cash**

Governmental Activities:

General Fund:

Debt Service	\$	77,166
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J.L. George Endowment		
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Beautification Grant Trust Fund		26,751
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Other governmental funds:

USDA Grant Fund

Economic and physical development		19,986
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Total governmental activities		123,903
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Business-type Activities:

Electric Fund:

Customer deposits		196,184
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Water and Sewer Fund:

Customer deposits		42,885
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Total Business-type Activities		239,069
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Total Restricted Cash	\$	362,972
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**4. Ad Valorem Taxes Receivable**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

**5. Allowances for Doubtful Accounts**

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

**6. Inventory and Prepaid Items**

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

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

**7. Capital Assets**

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, contributions made to the pension plan in the 2021 fiscal year and pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that met this criterion for this category – prepaid property taxes, property taxes receivable and pension deferrals.

**9. Long-Term Obligations**

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

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

**10. Compensated Absences**

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

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



**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

11. Net Position/Fund Balances (Continued)

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

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

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

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

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

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

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

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (Continued)**

**12. Defined Benefit Cost-Sharing Plans**

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

**13. Use of Estimates**

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

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

For the fiscal year ended June 30, 2021, the expenditures made for the Town's General Fund general government exceeded authorized appropriations made by the governing board by \$32,013, transportation by \$17,369 and debt service by \$42,923. In addition, the Town's expenditures related to debt service in the Water and Sewer Fund exceeded authorized appropriations by \$157,000. Management and the Board will more closely review the budget reports to ensure compliance in future years and will make sure all debt payments are accounted for in the correct fund.

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

1. Deposits (Continued)

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

At June 30, 2021, the Town's deposits had a carrying amount of \$4,073,902 and a bank balance of \$4,157,298. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by the Dedicated Method and monitored by the State Treasurer. At June 30, 2021, the Town's petty cash fund totaled \$300.

2. Investments

As of June 30, 2021, the Town had an investment in equity securities in its fiduciary fund, the J.L. George Endowment Beautification Grant Trust Fund. The market value of these securities was \$26,751 as of the close of business on June 30, 2021. The Town has no formal policy regarding credit risk of its investments.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**3. Receivables - Allowances for Doubtful Accounts**

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amount of \$3,933.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 is net of the following allowances for doubtful accounts:

	<b>Taxes</b>	<b>Accounts</b>	<b>Due from Other Governments</b>	<b>Total</b>
<b>Governmental Activities:</b>				
General Fund	\$ 10,901	\$ 53,379	\$ 304,325	\$ 368,605
Allowance for doubtful accounts	(5,977)	(2,477)	-	(8,454)
Total governmental activities	<u>\$ 4,924</u>	<u>\$ 50,902</u>	<u>\$ 304,325</u>	<u>\$ 360,151</u>
<b>Business-Type Activities:</b>				
Electric Fund	\$ -	\$ 520,595	\$ 13,642	\$ 534,237
Water and Sewer Fund	-	489,561	25,707	515,267
Non-major funds	-	-	-	-
Total receivables	-	1,010,156	39,349	1,049,504
Allowance for doubtful accounts	-	(247,453)	-	(247,453)
Total business-type activities	<u>\$ -</u>	<u>\$ 762,703</u>	<u>\$ 39,349</u>	<u>\$ 802,051</u>

Due from other governments consisted of the following:

Sales tax refund	<u>\$ 39,349</u>
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**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**4. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 773,291	\$ -	\$ -	\$ 773,291
Construction in progress	79,121	547,985	37,994	589,112
Total capital assets not being depreciated:	852,412	547,985	37,994	1,362,403
<b>Capital assets being depreciated:</b>				
Building and structures	8,614,604	37,994	-	8,652,598
Infrastructure	96,888	-	-	96,888
Furniture, equipment, and machinery	1,080,630	147,604	-	1,228,234
Vehicles	1,719,807	96,530	-	1,816,337
Total capital assets being depreciated:	11,511,929	282,128	-	11,794,057
<b>Less accumulated depreciation:</b>				
Building and structures	2,925,127	196,372	-	3,121,499
Infrastructure	37,402	4,656	-	42,058
Furniture, equipment, and machinery	690,504	54,541	-	745,045
Vehicles	874,390	143,272	-	1,017,662
Total accumulated depreciation	4,527,423	398,841	-	4,926,264
Total capital assets being depreciated, net	6,984,506			6,867,793
<b>Governmental activities capital assets, net</b>	<b>\$ 7,836,918</b>			<b>\$ 8,230,196</b>

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

General government	\$ 210,702
Public safety	67,384
Public work	91,793
Cultural and recreation	28,962
	<u>\$ 398,841</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type activities:</i>				
<b><i>Electric Fund</i></b>				
<b>Capital assets being depreciated:</b>				
Electrical system	\$ 2,211,037	\$ -	\$ -	\$ 2,211,037
Furniture and equipment	190,126	-	-	190,126
Vehicles	596,596	-	-	596,596
Total capital assets being depreciated:	2,997,759	-	-	2,997,759
<b>Less accumulated depreciation:</b>				
Electrical system	1,879,600	9,027	-	1,888,627
Furniture and equipment	160,545	-	-	160,545
Vehicles	190,145	50,158	-	240,303
Total accumulated depreciation	2,230,290	59,185	-	2,289,475
Total capital assets being depreciated, net	767,469			708,284
<b>Electric fund activities capital assets, net</b>	<b>\$ 767,469</b>			<b>\$ 708,284</b>
	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Water and Sewer Fund</i></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 28,870	\$ -	\$ -	\$ 28,870
Construction in progress	5,143,892	196,729	2,793,125	2,547,496
Total capital assets not being depreciated:	5,172,762	196,729	2,793,125	2,576,366
<b>Capital assets being depreciated:</b>				
Building and structures	7,635,979	2,793,125	-	10,429,104
Water and sewer systems	8,329,677	-	-	8,329,677
Furniture and equipment	941,051	114,500	-	1,055,551
Vehicles	321,168	13,269	-	334,437
Total capital assets being depreciated:	17,227,875	2,920,894	-	20,148,769
<b>Less accumulated depreciation:</b>				
Building and structures	2,711,103	152,620	-	2,863,723
Infrastructure	2,846,359	152,828	-	2,999,187
Furniture, equipment, and machinery	830,770	31,212	-	861,982
Vehicles	123,459	31,424	-	154,883
Total accumulated depreciation	6,511,691	368,084	-	6,879,775
Total capital assets being depreciated, net	10,716,184			13,268,994
<b>Water and sewer fund activities capital assets, net</b>	<b>\$ 15,888,946</b>			<b>\$ 15,845,360</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 16,656,415</b>			<b>\$ 16,553,644</b>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

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

*Plan Description.* The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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](http://www.osc.nc.gov).

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

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



**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Benson employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Benson's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.21% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Benson were \$258,732 for the year ended June 30, 2021.

*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, 2021, the Town reported a liability of \$1,380,415 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.0386%, which was an increase of 0.0025% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$480,755. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 174,322	\$ -
Changes of assumptions	102,730	-
Net difference between projected and actual earnings on pension plan investments	194,256	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	32,602	6,140
Town contributions subsequent to the measurement date	258,732	-
Total	<u>\$ 762,642</u>	<u>\$ 6,140</u>

\$258,732 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 139,413
2023	186,096
2024	114,772
2025	57,490
2026	-
	<u>\$ 497,771</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

The actuarial assumptions used in the December 31, 2019 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, 2020 are summarized in the following table:

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 2,800,711	\$ 1,380,414	\$ 200,049

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

**b. Law Enforcement Officers Special Separation Allowance**

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

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

At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	14
Total	14

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

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

*Actuarial Assumptions.* The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2019.

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

*Contributions.* The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$10,298 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, 2021, the Town reported a total pension liability of \$578,466. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$80,936.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 86,773	\$ 8,718
Changes of assumptions	121,148	5,949
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 207,921</u>	<u>\$ 14,667</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2022	\$ 55,110	\$ 6,861
2023	53,226	6,500
2024	48,615	1,306
2025	32,878	-
2026	18,092	-
Thereafter	-	-

\$10,298 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<b>1% Decrease (0.93%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total pension liability	\$ 622,950	\$ 578,466	\$ 537,462

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

	<b>2021</b>
Beginning Balance	\$ 389,715
Service Cost	20,150
Interest on the total pension liability	12,537
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	33,958
Changes of assumptions or other inputs	132,404
Benefit payments	(10,298)
Other changes	-
Ending balance of the total pension liability	<u>\$ 578,466</u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 480,755	\$ 80,936	\$ 561,691
Pension Liability	1,380,414	578,466	1,958,880
Proportionate share of the net pension liability	0.03863%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	174,322	86,773	261,095
Changes of assumptions	102,730	121,148	223,878
Net difference between projected and actual earnings on plan investments	194,256	-	194,256
Changes in proportion and differences between Town contributions and proportionate share of contributions	32,602	-	32,602
Town benefit payments and plan administrative expense made subsequent to the measurement date	258,732	-	258,732
Deferred Inflows of Resources			
Differences between expected and actual experience	-	8,718	8,718
Changes of assumptions	-	5,949	5,949
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,140	-	6,140

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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



**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

c. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$42,638, which consisted of \$33,369 from the Town and \$9,269 from the law enforcement officers.

d. Supplemental Retirement Income Plan for Employees

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

*Funding Policy.* The Town elects to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$113,684, which consisted of \$90,354 from the Town and \$23,330 from the employees.

e. Other Postemployment Benefits

Healthcare Benefits

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

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

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	0
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	39	15
Total	<u>41</u>	<u>15</u>

**Total OPEB Liability**

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

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

Inflation	2.5 percent
Salary increases	3.50 -7.75 percent
Discount rate	2.21 percent
Healthcare cost trend rates	7.0 percent

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Beginning Balance	\$ 388,218
Changes for the year	
Service Cost	33,939
Interest	14,680
Changes of benefit terms	-
Differences between expected and actual experience	(718)
Changes of assumptions or other inputs	65,176
Benefit payments	<u>(5,523)</u>
Net changes	<u>107,554</u>
Ending Balance June 30, 2021	<u><u>\$ 495,772</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB liability	\$ 553,158	\$ 495,772	\$ 444,424

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 423,481	\$ 495,772	\$ 583,663

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$40,324. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,060	\$ 86,245
Changes of assumptions	62,045	26,819
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 66,105</b>	<b>\$ 113,064</b>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ (8,295)
2023	(8,295)
2024	(8,295)
2025	(8,295)
2026	(8,295)
Thereafter	(5,484)

**2. Other Employment Benefits**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

**3. Deferred Outflows and Inflows of Resources**

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

<b>Source</b>	<b>Amount</b>
Contributions to pension plan in current fiscal year	\$ 258,732
OPEB deferrals	66,105
Pension deferrals	711,831
Total	<u>\$ 1,036,668</u>

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

	<b>Statement of Net Position</b>	<b>General Fund Balance Sheet</b>
Prepaid taxes (General Fund)	\$ 62	\$ 62
Taxes Receivable, less penalties (General Fund)	-	4,924
OPEB deferrals	59,221	-
Pension deferrals	18,086	-
Total	<u>\$ 77,369</u>	<u>\$ 4,986</u>

**4. Risk Management**

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**5. Claims, Judgments and Contingent Liabilities**

From time to time, the Town may be named as a defendant in various lawsuits. At June 30, 2021, the Town is not named in any lawsuits.

**6. Long-Term Obligations**

**a. Capital Leases**

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

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

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

During the year ended June 30, 2021, the Town entered into an agreement to lease an additional four vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the dates of inception. The leases requirement 60 monthly payments.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles and motorized equipment	\$ 779,772	\$ 176,978	\$ 602,794

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30	
2022	\$ 183,669
2023	183,669
2024	136,658
2025	99,557
2026	12,679
Total minimum lease payments	616,231
Less: amount representing interest	70,813
Present value of minimum lease payments	<u>\$ 545,418</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**b. Governmental Activities Long-Term Debt**

\$610,000 USDA direct loan issued June 2006, interest at 4.25%, payable in annual installments of \$36,356, including interest, with a final payment due in 2036; secured by fire department building. \$ 394,424

\$695,000 USDA direct loan issued June 2006, interest at 4.125%, payable in annual installments of \$40,810, including interest, with a final payment due in 2036; secured by fire department building. 433,349

\$69,500 USDA direct loan issued June 2019, interest at 2.375%, payable in annual installments of \$4,407, including interest, with a final payment due in 2040; secured by a vehicle. 66,744

\$325,000 direct note issued June 2014, interest at 2.15%, payable in annual installments of \$36,477, including interest, with a final payment due in 2024; secured by equipment 104,866  
Total governmental activities notes payable \$ 999,383

The future minimum payments of the governmental activities long-term debt notes payable as of June 30, 2021 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 77,094	\$ 40,956	\$ 118,050
2023	79,571	38,472	118,043
2024	82,110	35,913	118,023
2025	48,317	33,249	81,566
2026	50,225	31,347	81,572
2027-2031	273,132	134,729	407,861
2032-2036	333,539	74,321	407,860
2037-2041	55,395	20,996	76,391
	<u>\$ 999,383</u>	<u>\$ 409,983</u>	<u>\$ 1,409,366</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

c. Water and sewer fund

\$1,750,000 direct Clean Water Revolving Loan issued March 2008, interest at 2.265%, payable in annual installments of \$87,500, plus semi-annual interest payments; final payment due in 2028; secured by system assets

\$ 612,500

\$367,403 direct State Emergency Loan issued October 2013, interest at 0%, payable in annual installments of \$18,370, with a final payment due in 2034, secured by system assets

220,070

\$430,000 Water Line Repairs, phase 2 direct loan issued September, 2014, interest at 3.36%, payable in annual installments of \$36,865, with final payment due in September 2029, secured by system assets

82,544

\$216,000 direct Drinking Water State Revolving Loan issued in May 2014, interest at 0%, payable in annual installments of \$10,800, with final payment due in May 2034, secured by system assets

140,400

\$2,802,000 direct Water and Sewer System Revenue Bond Anticipation Note issued June 20, 2018 payable in escalating annual installments, including interest at 1.625% with final payment due in June 2058.

2,646,000

\$561,000 AMI Project direct Loan issued in December 19, 2014 and revised on April 30, 2015, interest at 0%, payable in annual installments of \$29,527 over a span of 19 years.

354,602

\$288,736 Public Works building loan issued in May 2021, interest at 2.45%, payable in annual installments of \$31,135 over a span of 12 years.

288,736

Total enterprise funds notes payable

\$ 4,344,852

d. Revenue bonds payable – water and sewer

\$981,000 Series 2010 Water and Sewer Revenue Bonds, interest at 3.25%, due in \$13,000 to \$44,000 annual installments, plus interest, final payment due 2050

\$ 844,000



**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

The Town is in compliance with the covenants as to rates, fees, rentals and charges in Section 5 of the Bond Order, authorizing the issuance of the Series 2010 water and sewer revenue bonds since its adoption in 2009. Section 5.02 of the Bond Order requires the debt service coverage ratio to be no less than 110 percent. Section 5.02 of the Bond Order also requires the debt service coverage ratio to be no less than 100 percent of the Subordinated Debt Service Requirement. The debt service coverage ratio calculations for the year ended June 30, 2021 are as follows:

Operating revenues	\$ 3,352,262
Operating expenses*	2,920,322
Operating income (loss)	<u>431,940</u>
Non-operating revenues (expenses)**	<u>311,341</u>
Income (loss) available for debt service	<u><u>\$ 743,281</u></u>

Debt service, principal, and interest paid (Revenue bond only)	<u>\$ 45,430</u>
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Debt service coverage ratio	<u>41,636%</u>
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Subordinated Debt Service:

Debt service, principal, and interest paid (Subordinated Debt Service only)	<u>\$ 419,137</u>
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Debt service coverage ratio	<u>177%</u>
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\*Per rate covenants, this does not include the depreciation expense of \$368,084.

\*\*Per rate covenants, this does not include interest paid of \$102,085.

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$981,000 in water and sewer system revenue bonds issued June 2010. Proceeds from the bonds provided financing for the extension of water and sewer lines. The bonds are payable solely from water and sewer customer net revenues and are payable through 2050. Annual principal and interest payments on the bonds are expected to require less than 6 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,317,109. Principal and interest paid for the current year and total customer net revenues (expenses) were \$44,983 and \$431,940, respectively.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

The future minimum payments of the Business-type activities long-term debt as of June 30, 2021 are as follows:

**Notes Payable:**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 248,462	\$ 73,455	\$ 321,917
2023	250,385	69,099	319,484
2024	249,721	67,314	317,035
2025	223,008	53,599	276,607
2026	224,008	50,133	274,141
2027-2031	872,540	204,066	1,076,606
2032-2036	518,728	160,369	679,097
2037-2041	347,000	131,773	478,773
2042-2046	376,000	102,619	478,619
2046-2051	408,000	71,046	479,046
2052-2056	442,000	36,791	478,791
2057-2058	185,000	4,501	189,501
	<u>\$ 4,344,852</u>	<u>\$ 1,024,765</u>	<u>\$ 5,369,617</u>

**Revenue Bonds Payable:**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 18,000	\$ 27,430	\$ 45,430
2023	18,000	26,845	44,845
2024	19,000	26,260	45,260
2025	20,000	25,643	45,643
2026	20,000	24,993	44,993
2027-2031	112,000	114,661	226,661
2032-2036	131,000	95,259	226,259
2037-2041	155,000	72,476	227,476
2042-2046	182,000	45,631	227,631
2046-2051	169,000	13,911	182,911
	<u>\$ 844,000</u>	<u>\$ 473,109</u>	<u>\$ 1,317,109</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

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

	Beginning			Ending	Current Portion
	Balance	Increases	Decreases	Balance	of Balance
<i>Governmental activities:</i>					
Direct notes payable	\$ 1,081,966	\$ -	\$ 82,583	\$ 999,383	\$ 77,094
Compensated absences	89,548	8,621	-	98,169	-
Capitalized leases	138,599	185,084	42,923	280,760	73,808
Net pension liability (LGERS)	516,379	252,300	-	768,679	-
Total pension liability (LEO)	389,715	188,751	-	578,466	-
Total OPEB liability	203,342	56,336	-	259,678	-
Governmental activity long-term liabilities	<u>\$ 2,419,549</u>	<u>\$ 691,092</u>	<u>\$ 125,506</u>	<u>\$ 2,985,135</u>	<u>\$ 150,902</u>
<i>Business-type activities:</i>					
<u>Water and Sewer Fund</u>					
Revenue bonds	\$ 861,000	\$ -	\$ 17,000	\$ 844,000	\$ 18,000
Direct notes payable	4,466,645	288,736	380,864	4,374,517	248,462
Compensated absences	31,824	20,546	-	52,370	25,000
Net pension liability (LGERS)	316,317	81,425	-	397,742	-
Total OPEB liability	124,561	34,509	-	159,070	-
Water and Sewer Fund long-term liabilities	<u>\$ 5,800,347</u>	<u>\$ 425,216</u>	<u>\$ 397,864</u>	<u>\$ 5,827,699</u>	<u>\$ 291,462</u>
<u>Electric Fund</u>					
Compensated absences	\$ 19,793	\$ 15,897	\$ -	\$ 35,690	\$ 10,000
Capitalized leases	354,349	-	89,692	264,657	83,313
Net pension liability (LGERS)	153,166	60,828	-	213,994	-
Total OPEB liability	60,314	16,710	-	77,024	-
Electric Fund long-term liabilities	<u>\$ 587,622</u>	<u>\$ 93,435</u>	<u>\$ 89,692</u>	<u>\$ 591,365</u>	<u>\$ 93,313</u>
Business activity long-term liabilities	<u>\$ 6,387,969</u>	<u>\$ 518,651</u>	<u>\$ 487,556</u>	<u>\$ 6,419,064</u>	<u>\$ 384,775</u>

The Town has a legal debt margin of \$23,234,751 at June 30, 2021.

**6. Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2021 is composed of the following:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 8,230,196	\$ 16,553,644
Less: long-term debt	(1,280,143)	(5,483,174)
Plus: unspent bond proceeds	-	-
Net investment in capital assets	<u>\$ 6,950,053</u>	<u>\$ 11,070,470</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2021, consist of the following:

From General Fund to the 2021 Street Paving Project to fund capital project	\$ 150,000
From General Fund to Community Park Improvements Project to fund capital projects	7,000
From Electric Fund to Load Management Project to fund the project	10,000
From Water & Sewer Fund to E-SAP-W-17-0011 NC Project Fund to fund capital projects	300,000

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

**D. Fund Balance**

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

Total fund balance-General Fund	\$ 2,857,082
Less:	
Stabilization by State Statute	813,399
Debt Service	77,166
J.L. George Endowment	26,751
Remaining Fund Balance	\$ 1,939,766

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The Town had no encumbrances at June 30, 2021.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV. Extraordinary Event**

During the year ended June 30, 2021, the Town received insurance proceeds of \$162,422 as it continues to make necessary repairs as a result of flooding from hurricanes over the past several years.

**V. Jointly Governed Organization**

The Town, in conjunction with other local governments, is a member of the North Carolina Eastern Municipalities Power Agency (Power Agency). The Power Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Power Agency's governing board. The members, who receive power from the Power Agency, have signed power sales agreements to purchase a specified share of the power generated by the Power Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power from the power agency for the fiscal year ended June 30, 2021 were \$3,063,741.

**VI. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

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

**VII. Related Organization**

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

**VIII. Concentration of Risk**

For the year ended June 30, 2021, approximately 41% of total water and sewer charges for services related to one company.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IX. Significant Effects of Subsequent Events**

Subsequent events have been evaluated through November 22, 2021, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure. As of the date of issuance of the Town 's audit, there is a pandemic situation regarding the COVID-19 virus. The Town is monitoring the effect of this pandemic on its financial operations. At this time, management has evaluated the situation and has concluded no additional disclosures are warranted.

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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

**Schedule 1**

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Benson's proportion of the net pension liability (asset) (%)	0.0386%	0.0361%	0.0324%	0.0322%	0.0318%	0.0299%	0.0767%	0.0759%
Benson's proportion of the net pension liability (asset) (\$)	\$ 1,380,415	\$ 985,863	\$ 768,639	\$ 492,400	675,327	\$ 134,189	\$ (204,406)	\$ 394,161
Benson's covered-employee payroll	\$ 2,412,322	\$ 2,244,033	\$ 1,939,861	\$ 1,768,900	\$ 1,710,660	\$ 1,668,796	\$ 1,676,702	\$ 1,697,774
Benson's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.22%	43.93%	39.62%	27.84%	39.48%	8.04%	-12.19%	23.22%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

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



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

**Schedule 2**

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 258,732	\$ 221,920	\$ 170,795	\$ 149,372	\$ 132,530	\$ 117,643	\$ 119,438	\$ 119,499
Contributions in relation to the contractually required contribution	<u>258,732</u>	<u>221,920</u>	<u>170,795</u>	<u>149,372</u>	<u>132,530</u>	<u>117,643</u>	<u>119,438</u>	<u>119,499</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Benson's covered-employee payroll	\$2,494,673	\$2,412,322	\$2,244,033	\$1,939,861	\$1,768,900	\$1,710,660	\$1,668,796	\$1,676,702
Contribution as a percentage of covered-employee payroll	10.37%	9.20%	7.61%	7.70%	7.49%	6.88%	7.16%	7.13%

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officer's Special Separation Allowance**  
**June 30, 2021**

**Schedule 3**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 389,715	\$ 267,700	\$ 277,798	\$ 218,042	\$ 204,526
Service Cost	20,150	14,242	12,185	14,254	12,223
Interest on the total pension liability	12,537	9,744	8,778	8,416	7,302
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	33,958	87,321	(20,502)	17,791	-
Changes of assumptions or other inputs	132,404	10,708	(10,559)	19,295	(6,009)
Benefit payments	(10,298)	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 578,466</u>	<u>\$ 389,715</u>	<u>\$ 267,700</u>	<u>\$ 277,798</u>	<u>\$ 218,042</u>

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officer's Special Separation Allowance**  
**June 30, 2021**

**Schedule 4**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 578,466	\$ 389,715	\$ 267,700	\$277,798	\$218,042
Covered payroll	744,796	538,771	429,160	522,095	418,962
Total pension liability as a percentage of covered payroll	77.67%	72.33%	62.38%	53.21%	52.04%

Notes to the schedules:

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**June 30, 2021**

**Schedule 5**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 33,939	\$ 32,215	\$ 33,308	\$ 36,003
Interest	14,680	15,647	13,431	10,861
Changes of benefit terms	-	46,717	-	-
Differences between expected and actual experience	(718)	(110,422)	2,006	4,555
Changes of assumptions	65,176	5,406	(16,447)	(26,331)
Benefit payments	(5,523)	(7,107)	(7,569)	(9,695)
<b>Net change in total OPEB liability</b>	<u>107,554</u>	<u>(17,544)</u>	<u>24,729</u>	<u>15,393</u>
<b>Total OPEB liability - beginning</b>	<u>388,218</u>	<u>405,762</u>	<u>381,033</u>	<u>365,640</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 495,772</u></u>	<u><u>\$ 388,218</u></u>	<u><u>\$ 405,762</u></u>	<u><u>\$ 381,033</u></u>
 <b>Covered payroll</b>	 \$ 1,986,348	 \$ 1,986,348	 \$ 1,666,147	 \$ 1,666,147
<b>Total OPEB liability as a percentage of covered payroll</b>	24.96%	19.54%	24.35%	22.87%

**Notes to Schedule**

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

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## TOWN OF BENSON, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 1,985,452	\$ 1,980,185	\$ (5,267)
Interest and penalties	3,824	4,928	1,104
Total	<u>1,989,276</u>	<u>1,985,113</u>	<u>(4,163)</u>
Other taxes and licenses:			
Local option sales tax	793,308	820,296	26,988
Utility franchise tax	399,000	382,041	(16,959)
Occupancy tax	66,950	55,959	(10,991)
Privilege licenses	3,000	0	(3,000)
Disposal tax	2,634	2,634	-
Total	<u>1,264,892</u>	<u>1,260,930</u>	<u>(3,962)</u>
Unrestricted intergovernmental:			
Wine and beer taxes	23,219	23,218	(1)
Total	<u>23,219</u>	<u>23,218</u>	<u>(1)</u>
Restricted intergovernmental:			
Fire grants	285,448	287,710	2,262
Powell Bill	101,500	-	(101,500)
ABC Board profit distribution	21,000	13,387	(7,613)
Police grant	-	-	-
FEMA Radio Grant	66,667	66,667	-
CARES Act	0	127,321	127,321
Economic development	40,439	40,329	(110)
Total	<u>515,054</u>	<u>535,414</u>	<u>20,360</u>
Permits and fees:			
Recreation fees	125,467	151,563	26,096
Payments in lieu of taxes	75,000	73,663	(1,337)
Library fees	12,244	10,457	(1,787)
Court costs	3,500	2,208	(1,292)
Building permits	15,000	12,140	(2,860)
Golf cart permits	3,000	2,620	(380)
Garbage fees	403,956	410,362	6,406
Museum income	62,917	62,941	24
Rental income	23,535	21,227	(2,308)
Fire inspection fees	12,000	9,800	(2,200)
Total	<u>736,619</u>	<u>756,981</u>	<u>20,362</u>
Investment earnings	<u>3,800</u>	<u>2,025</u>	<u>(1,775)</u>
Miscellaneous	<u>160,423</u>	<u>104,033</u>	<u>(56,390)</u>
Total revenues	<u>4,693,283</u>	<u>4,667,714</u>	<u>(25,569)</u>

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and employee benefits	\$ 21,961	\$ 18,191	\$ 3,770
Operating expenses	15,300	10,320	4,980
Total	<u>37,261</u>	<u>28,511</u>	<u>8,750</u>
Administration:			
Salaries and employee benefits	177,686	181,646	(3,960)
Operating expenses	641,180	612,276	28,904
CARES Act expense	-	65,707	(65,707)
Capital outlay	-	-	-
Total	<u>818,866</u>	<u>859,629</u>	<u>(40,763)</u>
Total general government	<u>856,127</u>	<u>888,140</u>	<u>(32,013)</u>
Public safety:			
Inspections, zoning and safety:			
Salaries and employee benefits	181,823	158,308	23,515
Operating expenses	97,750	13,794	83,956
Capital outlay	500	-	500
Total	<u>280,073</u>	<u>172,102</u>	<u>107,971</u>
Police:			
Salaries and employee benefits	1,030,774	976,708	54,066
Operating expenses	115,053	107,527	7,526
Capital outlay	79,940	108,428	(28,488)
Total	<u>1,225,767</u>	<u>1,192,663</u>	<u>33,104</u>
Fire:			
Salaries and employee benefits	241,199	243,396	(2,197)
Operating expenses	181,939	155,356	26,583
Capital outlay	126,297	126,900	(603)
Volunteer firemen	79,400	79,382	18
Total	<u>628,835</u>	<u>605,034</u>	<u>23,801</u>
Total public safety	<u>2,134,675</u>	<u>1,969,799</u>	<u>164,876</u>
Public works:			
Municipal buildings:			
Salaries and employee benefits	32,355	33,616	(1,261)
Operating expenses	82,100	59,477	22,623
Capital outlay	-	-	-
Total	<u>114,455</u>	<u>93,093</u>	<u>21,362</u>

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
Central maintenance			
Salaries and employee benefits	\$ 5,000	\$ 4,867	\$ 133
Operating expenses	1,500	574	926
Capital Outlay	13,000	12,658	342
Total	<u>19,500</u>	<u>18,099</u>	<u>1,401</u>
Municipal grounds:			
Salaries and employee benefits	121,499	118,707	2,792
Operating expenses	-	-	-
Capital Outlay	-	-	-
Total	<u>121,499</u>	<u>118,707</u>	<u>2,792</u>
Total public works	<u>255,454</u>	<u>229,899</u>	<u>25,555</u>
Transportation:			
Streets:			
Salaries and employee benefits	-	-	-
Operating expenses	193,719	125,128	68,591
Capital outlay -	3,858	92,271	(88,413)
Total	<u>197,577</u>	<u>217,399</u>	<u>(19,822)</u>
Street Lights:			
Utilities	66,000	63,547	2,453
Total	<u>66,000</u>	<u>63,547</u>	<u>2,453</u>
Total transportation	<u>263,577</u>	<u>280,946</u>	<u>(17,369)</u>
Environmental protection:			
Sanitation:			
Contracted services	382,500	339,824	42,676
Tipping fees	500	191	309
Total	<u>383,000</u>	<u>340,015</u>	<u>42,985</u>
Total environmental protection	<u>383,000</u>	<u>340,015</u>	<u>42,985</u>
Cultural and recreational:			
Library:			
Salaries and employee benefits	71,681	46,376	25,305
Operating expenses	34,563	33,124	1,439
Capital outlay	2,000	2,392	(392)
Total	<u>108,244</u>	<u>81,892</u>	<u>26,352</u>



## TOWN OF BENSON, NORTH CAROLINA

## Schedule 6

## General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
Museum:			
Salaries and employee benefits	\$ 46,324	\$ 43,442	\$ 2,882
Operating expenses	14,946	10,900	4,046
Capital outlay	1,647	1,625	22
Total	<u>62,917</u>	<u>55,967</u>	<u>6,950</u>
Parks and recreation:			
Salaries and employee benefits	274,881	284,936	(10,055)
Operating expenses	191,057	176,756	14,301
Capital outlay	7,500	547	6,953
Total	<u>473,438</u>	<u>462,239</u>	<u>11,199</u>
Cemetery:			
Operating expenses	7,800	13,739	(5,939)
Total	<u>7,800</u>	<u>13,739</u>	<u>(5,939)</u>
Total cultural and recreation	<u>652,399</u>	<u>613,837</u>	<u>38,562</u>
Debt service:			
Principal	82,583	116,296	(33,713)
Interest	35,468	44,678	(9,210)
Total	<u>118,051.00</u>	<u>160,974</u>	<u>(42,923)</u>
Total expenditures	<u>4,663,283</u>	<u>4,483,610</u>	<u>179,673</u>
Revenues over (under) expenditures	30,000	184,104	154,104
Other financing sources (uses):			
Transfers to other funds:	(250,000)	(157,000)	93,000
Insurance recovery	-	3,620	3,620
Gain on sale of capital assets	-	71,890	71,890
Loan proceeds	-	185,084	185,084
Total	<u>(250,000)</u>	<u>103,594</u>	<u>353,594</u>
Fund balance appropriated	<u>220,000</u>	<u>-</u>	<u>220,000</u>
Net change in fund balance	<u>\$ -</u>	287,698	<u>\$ 287,698</u>
Fund balance, beginning		<u>2,569,384</u>	
Fund balance, ending		<u>\$ 2,857,082</u>	

**TOWN OF BENSON, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 7**

	<b>Nonmajor Special Revenue Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,194	\$ 507,982	\$ 526,176
Cash and cash equivalents, restricted	19,986	-	19,986
Accounts receivable	1	-	1
Due from other governments	-	10,755	10,755
	<u>-</u>	<u>10,755</u>	<u>10,755</u>
Total assets	<u>\$ 38,181</u>	<u>\$ 518,737</u>	<u>\$ 556,918</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	658,581	658,581
Total liabilities	<u>-</u>	<u>658,581</u>	<u>658,581</u>
<b>FUND BALANCES</b>			
Restricted:			
Restricted, other	19,986	-	19,986
Committed, other	18,194	(139,844)	(121,650)
Total fund balances	<u>38,181</u>	<u>(139,844)</u>	<u>(101,663)</u>
Total liabilities and fund balances	<u>\$ 38,181</u>	<u>\$ 518,737</u>	<u>\$ 556,918</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 8**

	<b>Nonmajor Special Revenue Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Restricted intergovernmental	\$ -	\$ 123,629	\$ 123,629
Unrestricted intergovernmental	417,683	-	417,683
Investment earnings	-	172	172
Miscellaneous	5,682	900	6,582
	<u>423,365</u>	<u>124,701</u>	<u>548,066</u>
Total revenues			
	<u>423,365</u>	<u>124,701</u>	<u>548,066</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Transportation	-	10,930	10,930
Public Safety	-	-	-
Cultural and recreational	-	988,118	988,118
Debt service : Principal	-	-	-
	<u>-</u>	<u>999,048</u>	<u>999,048</u>
Total expenditures			
	<u>-</u>	<u>999,048</u>	<u>999,048</u>
Excess (deficiency) of revenues over expenditures	<u>423,365</u>	<u>(874,347)</u>	<u>(450,982)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds			
General Fund	<u>-</u>	<u>157,000</u>	<u>157,000</u>
Net changes in fund balances	423,365	(717,347)	(293,982)
Fund balances, beginning	<u>(385,184)</u>	<u>577,503</u>	<u>192,319</u>
Fund balances, ending	<u><u>\$ 38,181</u></u>	<u><u>\$ (139,844)</u></u>	<u><u>\$ (101,663)</u></u>

**TOWN OF BENSON, NORTH CAROLINA**

**Schedule 9**

**Special Revenue Fund - USDA Grant Fund**

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

**From Inception and For the Year Ended June 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
US Department of Agriculture	\$ 60,000	\$ 25,000	\$ -	\$ 25,000	\$ (35,000)
Loan repayment	-	40,220	5,682	45,902	45,902
Total revenues	60,000	65,220	5,682	70,902	10,902
<b>Expenditures:</b>					
Economic development loans	60,000	50,915	-	50,915	9,085
Total expenditures	60,000	50,915	-	50,915	9,085
Revenues over (under) expenditures	-	14,305	5,682	19,987	19,987
Net change in fund balance	\$ -	\$ 14,305	5,682	\$ 19,987	\$ 19,987
Fund balance, beginning			14,305		
Fund balance, ending			\$ 19,987		

**TOWN OF BENSON, NORTH CAROLINA**  
**Special Revenue Fund - Hurricane Florence Insurance Proceeds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Year Ended June 30, 2021**

**Schedule 10**

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

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 11

## Special Revenue Fund - FEMA

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Expenditures	\$ 417,683	\$ 417,683	\$ -	\$ 417,683	\$ -
Total expenditures	417,683	417,683	-	417,683	-
Revenues over (under) expenditures	(417,683)	(417,683)	-	(417,683)	-
<b>Other Financing Sources:</b>					
FEMA	417,683	-	417,683	417,683	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (417,683)</u>	417,683	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(417,683)</u>		
Fund balance, ending			<u>\$ -</u>		

**TOWN OF BENSON, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Non-Major Capital Project Funds**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 12**

	Street Paving Project	Community Park Improvement Project	Library Rehab Project	Voluntary Demolition Project	Interstate 95 Widening Project	Capital Reserve	BFA Lighting System	2022 Street Paving Project	Lee Street Demolition Project	Total Nonmajor Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 31,963	\$ -	\$ -	\$ 3,338	\$ -	\$ 222,681	\$ -	\$ 250,000	\$ -	\$ 507,982
Due from other governments	-	10,731	24	-	-	-	-	-	-	10,755
Total assets	<u>\$ 31,963</u>	<u>\$ 10,731</u>	<u>\$ 24</u>	<u>\$ 3,338</u>	<u>\$ -</u>	<u>\$ 222,681</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 518,737</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	297,225	17	-	65,188	-	-	-	296,151	658,581
Total liabilities	<u>-</u>	<u>297,225</u>	<u>17</u>	<u>-</u>	<u>65,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,151</u>	<u>658,581</u>
<b>FUND BALANCES</b>										
Restricted:										
Committed, other	31,963	(286,494)	7	3,338	(65,188)	222,681	-	250,000	(296,151)	(139,844)
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>31,963</u>	<u>(286,494)</u>	<u>7</u>	<u>3,338</u>	<u>(65,188)</u>	<u>222,681</u>	<u>-</u>	<u>250,000</u>	<u>(296,151)</u>	<u>(139,844)</u>
Total liabilities and fund balances	<u>\$ 31,963</u>	<u>\$ 10,731</u>	<u>\$ 24</u>	<u>\$ 3,338</u>	<u>\$ -</u>	<u>\$ 222,681</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 518,737</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 13**

	Street Paving Project	Community Park Improvement Project	Library Rehab Project	Voluntary Demolition Project	Interstate 95 Widening Project	Capital Reserve	BFA Lighting System	2022 Street Paving Project	Lee Street Demolition Project	Total Nonmajor Governmental Funds
<b>REVENUES</b>										
Restricted intergovernmental	\$ -	\$ 23,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 123,629
Investment earnings	-	-	-	-	-	172	-	-	-	172
Miscellaneous	-	-	-	-	-	900	-	-	-	900
Total revenues	-	23,629	-	-	-	1,072	-	100,000	-	124,701
<b>EXPENDITURES</b>										
Transportation	-	-	-	-	10,930	-	-	-	-	10,930
Public Safety	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	547,638	347	-	-	-	775	-	439,358	988,118
Total expenditures	-	547,638	347	-	10,930	-	775	-	439,358	999,048
Excess (deficiency) of revenues over expenditures	-	(524,009)	(347)	-	(10,930)	1,072	(775)	100,000	(439,358)	(874,347)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers (to) from other funds										
General Fund	-	7,000	-	-	-	-	-	150,000	-	157,000
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	-	(517,009)	(347)	-	(10,930)	1,072	(775)	250,000	(439,358)	(717,347)
Fund balances, beginning	31,963	230,515	354	3,338	(54,258)	221,609	775	-	143,207	577,503
Fund balances, ending	<u>\$ 31,963</u>	<u>\$ (286,494)</u>	<u>\$ 7</u>	<u>\$ 3,338</u>	<u>\$ (65,188)</u>	<u>\$ 222,681</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ (296,151)</u>	<u>\$ (139,844)</u>



## TOWN OF BENSON, NORTH CAROLINA

## Schedule 14

## Street Paving Project

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

## From Inception and For the Year Ended June 30, 2021

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

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 15

## Community Park Improvement Project

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Grant	\$ 366,850	\$ 132,720	\$ 23,629	\$ 156,349	\$ (210,501)
Total revenues	366,850	132,720	23,629	156,349	(210,501)
<b>Expenditures:</b>					
Community Park improvement expense:	733,700	41,473	547,638	589,111	144,589
Total expenditures	733,700	41,473	547,638	589,111	144,589
Revenues over (under) expenditures	(366,850)	91,247	(524,009)	(432,762)	(65,912)
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	366,850	139,268	7,000	146,268	(220,582)
Total other financing sources (uses)	366,850	139,268	7,000	146,268	(220,582)
Net change in fund balance	\$ -	\$ 230,515	(517,009)	\$ (286,494)	\$ (286,494)
Fund balance, beginning			230,515		
Fund balance, ending			\$ (286,494)		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 16

## Library Rehab Project

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Library rehab expenses	\$ 35,000	\$ 37,646	\$ 347	\$ 37,993	\$ (2,993)
Total expenditures	35,000	37,646	347	37,993	(2,993)
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	35,000	38,000	-	38,000	3,000
Total other financing sources (uses)	35,000	38,000	-	38,000	3,000
Net change in fund balance	\$ -	\$ 354	(347)	\$ 7	\$ 7
Fund balance, beginning			354		
Fund balance, ending			\$ 7		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 17

## Voluntary Demolition Project

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

## From Inception and For the Year Ended June 30, 2021

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

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## **OTHER SCHEDULES**

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## TOWN OF BENSON, NORTH CAROLINA

## Schedule 18

## Interstate 95 Widening Project

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
NC Department of Transportation	\$ 66,654	\$ -	\$ -	\$ -	\$ (66,654)
Total revenues	66,654	-	-	-	(66,654)
<b>Expenditures:</b>					
Highway widening expenses	\$ 103,301	\$ 90,905	\$ 10,930	\$ 101,835	\$ 1,466
Total expenditures	103,301	90,905	10,930	101,835	1,466
Revenues over (under) expenditures	(36,647)	(90,905)	(10,930)	(101,835)	(65,188)
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	36,647	36,647	-	36,647	-
Total other financing sources (uses)	36,647	36,647	-	36,647	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (54,258)</u>	(10,930)	<u>\$ (65,188)</u>	<u>\$ (65,188)</u>
Fund balance, beginning			(54,258)		
Fund balance, ending			<u>\$ (65,188)</u>		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 19

## Capital Reserve Fund

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

## From Inception and For the Year Ended June 30, 2021

## With Comparative Totals from June 30, 2020

	2021			2020
	Budget	Actual	Variance Over / Under	Actual
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 172	\$ 172	\$ 1,355
Miscellaneous	-	900	900	(3,000)
Total revenues	-	1,072	1,072	(1,645)
Transfers (to) from general fund	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>1,072</u>	<u>\$ 1,072</u>	<u>(1,645)</u>
Fund balance, beginning		<u>221,609</u>		<u>223,254</u>
Fund balance, ending		<u>\$ 222,681</u>		<u>\$ 221,609</u>

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 20

## BFA Lighting System Project

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

## From Inception and For the Year Ended June 30, 2021

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



## TOWN OF BENSON, NORTH CAROLINA

## Schedule 21

## 2022 Street Paving Project

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 200,000	\$ -	\$ 100,000	\$ 100,000	\$ (100,000)
Total revenues	200,000	-	100,000	100,000	(100,000)
<b>Expenditures:</b>					
Paving	500,000	-	-	-	500,000
Total expenditures	500,000	-	-	-	500,000
Revenues over (under) expenditures	(300,000)	-	100,000	100,000	400,000
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	300,000	-	150,000	150,000	(150,000)
Total other financing sources (uses)	300,000	-	150,000	150,000	(150,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	\$ 250,000	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 250,000</u>		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 22

## Lee Demolition Project

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Demolition expense	\$ 143,207	\$ -	\$ 439,358	\$ 439,358	\$ (296,151)
Total expenditures	143,207	-	439,358	439,358	(296,151)
<b>Other Financing Sources (Uses):</b>					
Insurance Proceeds	143,207	143,207			
Transfers in (out)					
General Fund	300,243	-	-	-	-
Total other financing sources (uses)	443,450	143,207	-	-	-
Net change in fund balance	<u>\$ 300,243</u>	<u>\$ 143,207</u>	(439,358)	<u>\$ (439,358)</u>	<u>\$ (296,151)</u>
Fund balance, beginning			143,207		
Fund balance, ending			<u>\$ (296,151)</u>		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 23

## Electric Fund

## Schedule of Revenues and Expenditures

## Budget and Actual (Non - GAAP)

## For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Electric sales	\$ 4,649,248	\$ 4,809,875	\$ 160,627
Cut out / late charges	21,600	22,603	1,003
Other operating charges	32,575	34,761	2,186
Total operating revenues	<u>4,703,423</u>	<u>4,867,239</u>	<u>163,816</u>
Nonoperating revenues:			
Interest earnings	2,500	848	(1,652)
Total revenues	<u>4,705,923</u>	<u>4,868,087</u>	<u>162,164</u>
<b>Expenditures:</b>			
Salaries and employee benefits	539,270	607,475	(68,205)
Power purchased	3,096,842	3,063,741	33,101
Operating expenditures	826,040	820,924	5,116
Equipment and line improvements	246,121	149,591	96,530
Total expenditures	<u>4,708,273</u>	<u>4,641,731</u>	<u>66,542</u>
Revenues over (under) expenditures	<u>(2,350)</u>	<u>226,356</u>	<u>228,706</u>
Other financing sources (uses):			
Transfers (to) from other funds:			
Capital projects	-	(10,000)	-
Insurance recovery	2,350	2,345	(5)
Appropriated fund balance	-	-	-
Total	<u>2,350</u>	<u>(7,655)</u>	<u>(5)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>218,701</u>	<u>\$ 228,701</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation		(59,185)	
Deferred outflows of resources for contributions made to pension plan in the current year		(5,631)	
Pension expense		39,824	
Change in accrued vacation		(15,897)	
Change in OPEB		<u>(16,710)</u>	
Change in net position		<u>\$ 161,102</u>	

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 24

## Load Management Project

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

## From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Load management expenses	\$ 300,000	\$ 286,250	\$ 571	\$ 286,821	\$ 13,179
Total expenditures	300,000	286,250	571	286,821	13,179
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Electric Fund	300,000	300,000	10,000	310,000	10,000
Total other financing sources (uses)	300,000	300,000	10,000	310,000	10,000
Net change in fund balance	\$ -	\$ 13,750	9,429	\$ 16,212	\$ 23,179
Fund balance, beginning			13,210		
Fund balance, ending			\$ 22,639		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 25

## Water and Sewer Fund

## Schedule of Revenues and Expenditures

## Budget and Actual (Non - GAAP)

## For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales	\$ 1,568,121	\$ 1,576,869	\$ 8,748
Sewer charges	1,697,971	1,668,750	(29,221)
Water and sewer taps	29,700	29,669	(31)
Other operating charges	170,120	48,922	(121,198)
Total operating revenues	<u>3,465,912</u>	<u>3,324,210</u>	<u>(141,702)</u>
Nonoperating revenues:			
Interest earnings	2,000	592	(1,408)
Total revenues	<u>3,467,912</u>	<u>3,324,802</u>	<u>(143,110)</u>
<b>Expenditures:</b>			
General operations:			
Salaries and employee benefits	694,389	674,223	20,166
Operating expenditures	591,735	604,257	(12,522)
Maintenance and repairs	45,300	50,375	(5,075)
Capital outlay	28,000	22,213	5,787
Total expenditures	<u>1,359,424</u>	<u>1,351,068</u>	<u>8,356</u>
Water distribution:			
Salaries and employee benefits	14,900	14,889	11
Water purchases	700,000	682,950	17,050
Supplies	14,400	13,804	596
Maintenance and repairs	5,900	5,863	37
Equipment and line repairs	1,500	-	1,500
Capital outlay	-	1,490	(1,490)
Total expenditures	<u>736,700</u>	<u>718,996</u>	<u>17,704</u>
Waste water collection:			
Salaries and employee benefits	387,620	417,178	(29,558)
Supplies	280,900	241,237	39,663
Maintenance and repairs	161,800	41,588	120,212
Other operating expenditures	21,929	8,575	13,354
Total expenditures	<u>852,249</u>	<u>708,578</u>	<u>143,671</u>
Debt services:			
Principal retirement	239,894	397,864	(157,970)
Interest and other charges	103,056	102,085	971
	<u>342,950</u>	<u>499,949</u>	<u>(156,999)</u>
Total expenditures	<u>3,291,323</u>	<u>3,278,591</u>	<u>12,732</u>
Revenues over (under) expenditures	<u>176,589</u>	<u>46,211</u>	<u>(130,378)</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures (Continued)**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 25**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers (to) from other funds:			
Other funds	\$ (363,450)	\$ -	\$ 363,450
Proceeds from loans	-	288,736	288,736
Insurance recovery	11,550	135,430	123,880
FEMA revenue	175,311	175,311	-
Capital contributions	-	309,332	309,332
Appropriated fund balance	-	-	-
Total	<u>(176,589)</u>	<u>908,809</u>	<u>1,085,398</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	955,020	<u>\$ 955,020</u>

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

Reconciling items:

Principal retirement	397,864
Proceeds from loans	(288,736)
Depreciation	(368,084)
Change in deferred outflow of resources	46,725
Change in pension liability	(81,425)
Change in accrued vacation	(20,546)
Change in deferred inflows of resources	6,943
Change in OPEB liability	(34,509)
Miscellaneous	<u>3</u>
Change in net position	<u>\$ 613,255</u>

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 26

## Water and Sewer Capital Projects Fund

## AMI Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

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

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 27

## Water and Sewer Capital Projects Fund

## WWTP Pump Station Project (Fund 88)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

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



## TOWN OF BENSON, NORTH CAROLINA

## Schedule 28

## Water and Sewer Capital Projects Fund

## Stormwater Infrastructure Rehabilitation (Fund 81)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Construction	\$ 785,091	\$ 722,807	\$ -	\$ 722,807	\$ 62,284
Total expenditures	785,091	722,807	-	722,807	62,284
Revenues over (under) expenditures	(785,091)	(722,807)	-	(722,807)	(62,284)
<b>Other Financing Sources (Uses)</b>					
Golden Leaf Foundation	785,091	628,073	94,734	722,807	(62,284)
Total other financing sources (uses)	785,091	628,073	94,734	722,807	(62,284)
Net change in fund balance	<u>\$ -</u>	<u>\$ (94,734)</u>	94,734	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(94,734)</u>		
Fund balance, ending			<u>\$ -</u>		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 29

## Water and Sewer Capital Projects Fund

## Public Works Building Replacement (Fund 83)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Construction	\$ 929,954	\$ 261,479	\$ 130,583	\$ 392,062	\$ 537,892
Total expenditures	929,954	261,479	130,583	392,062	537,892
Revenues over (under) expenditures	(929,954)	(261,479)	(130,583)	(392,062)	(537,892)
<b>Other Financing Sources (Uses)</b>					
Loan Proceeds	129,954	-	129,954	129,954	-
Golden Leaf Foundation	800,000	199,981	97,231	297,212	(502,788)
Total other financing sources (uses)	929,954	199,981	227,185	427,166	(502,788)
Net change in fund balance	\$ -	\$ (61,498)	96,602	\$ 35,104	\$ 35,104
Fund balance, beginning			(61,498)		
Fund balance, ending			\$ 35,104		

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 30

## Water and Sewer Capital Projects Fund

## AIA Project (Fund 46)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

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

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 31

## Water and Sewer Capital Projects Fund

## Sewer Check Valve Project (Fund 92)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

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

## TOWN OF BENSON, NORTH CAROLINA

## Schedule 32

## Water and Sewer Capital Projects Fund

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
NC Water Infrastructure Grant	\$ 875,000	\$ 815,316	\$ -	\$ 815,316	\$ 59,684
NCGF Appropriation	10,000.00	-	100,000	100,000	(90,000)
Total revenues	885,000	815,316	100,000	915,316	(30,316)
<b>Expenditures:</b>					
Expenses	875,000	1,366,302	66,146	1,432,448	(557,448)
Total expenditures	875,000	1,366,302	66,146	1,432,448	(557,448)
Revenues over (under) expenditures	10,000	(550,986)	33,854	(517,132)	(527,132)
<b>Other Financing Sources (Uses)</b>					
Town of Benson contribution	423,852	-	300,000	300,000	123,852
Total other financing sources (uses)	423,852	-	300,000	300,000	123,852
Net change in fund balance	<u>\$ 433,852</u>	<u>\$ (550,986)</u>	333,854	<u>\$ (217,132)</u>	<u>\$ (403,280)</u>
Fund balance, beginning			(550,986)		
Fund balance, ending			<u>\$ (217,132)</u>		

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

**Schedule 33**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 1,981,992	\$ 1,978,059	\$ 3,933
2019-2020	11,594	-	10,378	1,216
2018-2019	223	-	1	222
2017-2018	283	-	117	166
2016-2017	122	-	-	122
2015-2016	146	-	-	146
2014-2015	111	-	-	111
2013-2014	724	-	-	724
2012-2013	1,317	-	18	1,299
2011-2012	1,263	-	13	1,250
2010-2011	1,712	-	-	1,712
2009-2010	1,208		1,208	-
	<u>\$ 18,703</u>	<u>\$ 1,981,992</u>	<u>\$ 1,989,794</u>	10,901
Less: allowance for uncollectible accounts:				
General Fund				<u>(5,977)</u>
Ad valorem taxes receivable - net				<u>\$ 4,924</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,985,113
Reconciling items:				
Other				<u>4,681</u>
Subtotal				<u>4,681</u>
Total collections and credits				<u>\$ 1,989,794</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 34**

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed					
at current rate	\$ 378,148,521	0.5300	\$2,004,187	\$1,830,347	\$ 173,840
Penalties, Licenses, etc.	-		2,466		
Discoveries - current and					
prior years	1,440,482	0.5300	7,417	7,417	-
Penalties	-		204	204	
Abatements	(6,090,862)	0.5300	<u>\$ (32,282)</u>	<u>(32,282)</u>	<u>-</u>
Total Property Valuation	<u>\$ 373,498,141</u>				
Net levy			1,981,992	1,805,686	173,840
Uncollected taxes at June 30, 2021			<u>3,933</u>	<u>3,933</u>	<u>-</u>
Current year's taxes collected			<u>\$1,978,059</u>	<u>\$1,801,753</u>	<u>\$ 173,840</u>
Current levy collection percentage			<u>99.80%</u>	<u>99.78%</u>	<u>100.00%</u>

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## COMPLIANCE SECTION

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**Independent Auditors' Report On Internal Controls Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial Statements Performed  
In Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Benson (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 18, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

## **Purpose of this Report**

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

*Sharpe Patel PLLC*

Raleigh, North Carolina  
November 18, 2021

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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**Financial Statements**

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

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	_____	<b>x</b>	no
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Significant deficiency(s) identified that are not considered to be material weaknesses?	_____	yes	_____	<b>x</b>	none reported
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Noncompliance material to financial statements noted	_____	yes	_____	<b>x</b>	no
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**Federal Awards**

Identification of major Federal programs:

There are no major Federal awards.

**State Awards**

Identification of major State programs:

There are no major State awards.

**TOWN OF BENSON, NORTH CAROLINA**  
**Summary Schedule of Prior Year Audit Finding**  
**For the Year Ended June 30, 2021**

**There were no findings in the prior year.**