

# **TOWN OF BENSON NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

# TOWN OF BENSON NORTH CAROLINA



*Comprehensive  
Annual  
Financial  
Report*

*Fiscal Year Ended  
June 30, 2017*

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## **INTRODUCTORY INFORMATION**

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**MAYOR**  
WILLIAM W. MASSENGILL, JR.

**MAYOR PRO-TEM**  
FREDERICK D. NELSON, JR.

**COMMISSIONER**  
WILL T. CHANDLER  
JERRY M. MEDLIN  
DR. R. MAX RAYNOR  
DEAN MCLAMB  
CASANDRA P. STACK



**TOWN OF BENSON**  
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303 EAST CHURCH STREET  
BENSON, NC 27504  
(919) 894-3553  
FAX (919) 894-1283  
[www.townofbenison.com](http://www.townofbenison.com)

**TOWN MANAGER**  
MATTHEW R. ZAPP

**TOWN ASSISTANT MANAGER**  
BRASTON A. NEWTON

**TOWN CLERK**  
TERRY HOBGOOD JR

**FINANCE DIRECTOR**  
KIMBERLY T. PICKETT

**TOWN ATTORNEY**  
R. ISAAC PARKER

October 26, 2017

The Honorable Mayor William Massengill,  
Board of Commissioners, and Citizens of the  
Town of Benson, North Carolina

The Comprehensive Annual Financial Report of the Town of Benson for the fiscal year ended June 30, 2017, is hereby submitted as mandated by North Carolina General Statutes. State law requires that all general-purpose governments publish a complete set of financial statements annually. These statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licenses certified public accountants.

This report consists of management's representations concerning the finances of the Town of Benson. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

### ***INDEPENDENT AUDIT***

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local government units. The Town of Benson's financial statements have been audited by Rives and Associates, LLP an independent firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the Town's financial statements for the fiscal year ending June 30, 2017 are free of material misstatement. The independent audit involved examining,

on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Benson's financial statements for the fiscal year ended June 30, 2017, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

### ***THE TOWN AND ITS GOVERNMENT STRUCTURE***

The Town of Benson is located in the Southern part of Johnston County. The town lies at the crossroads of Interstates 95 and 40, boasting exits off both highways. The Town of Benson was incorporated in 1886 and is currently the home to approximately 3,600 residents.

The Town has a Council-Manager form of government. The Board of Commissioners consist of a Mayor and 6 Commissioners, three of which are at large and three are district seats. The Mayor is elected on a two-year term and the Board of Commissioners are elected on a four-year term. The Board of Commissioners are the governing body of the Town with the Mayor as the presiding officer. The Town Manager, who is appointed by the Board of Commissioners, administers the daily operations of the Town and is responsible for implementing and explaining the policies of the Board.

The Town provides a full range of services including police and fire protection, planning and inspections, maintenance of streets and infrastructure, water and wastewater services, electrical services, museum, library, and parks and recreation. The Town also provides administrative and technical services.

### ***ECONOMIC CONDITION AND OUTLOOK***

Johnston County is experiencing record growth. In fact, 18 new people relocate to Johnston County on average each day. At the start of the 2017 school year, in excess of 1,200 new students enrolled in Johnston County Schools over the 2016 year.

Similar growth is underway within the Town of Benson city limits. New home construction is at an all-time high. Over 50-new units are expected this fiscal year. Additionally, commercial and industrial growth is progressing. A brand new \$9.2 million Hampton Inn is nearing completion, two new restaurants have opened in 2017 and three major retail renovations are currently in process. The occupancy rate on the historic Main Street remains greater than 90%.

Local tourism continues to spark investment. The Johnston County Visitors Bureau anticipates an increase of 350% in local bed tax, due to the launch of the Hampton Inn during first quarter of 2017.

The Town finished the fiscal year in good financial standing. Overall, revenues exceeded projections due in part to an increase in sales tax, building permits, increase in water consumption and a decrease in

our wholesale power bill. Conservative revenue projections and expenditure policies resulted in a healthy fund balance at the end of FY 2017. The Town began the fiscal year with a fund balance of \$2.103 million and ended the year with a fund balance of \$2.393 million.

### ***MAJOR INITIATIVES, ISSUES AND ACCOMPLISHMENTS***

- ❖ Projects funded through Occupancy Tax Revenues – During FY 17, the Town of Benson was awarded two grants through the Johnston County Visitors Bureau (JCVB). The following projects are currently in progress or completed due to these funds:
  - Bark Park Project: The Town is constructing a Bark Park for our furry citizens to enjoy. The JCVB has granted the Town \$18,750 to go towards this endeavor
  - July 4<sup>th</sup> Celebration JCVB awarded the Parks and Recreation department \$500 to go towards the event
- ❖ General Fund Projects – During FY 2017, the General Fund was able to complete several major projects and accomplishments including the following:
  - Merit increases up to 3% for employees that had been with the Town for one year and performed
  - Performed street maintenance to several areas of Benson with the use of DOT Powell Bill funding
  - Began working on the rehabilitation of Storm Drains within the Town limits starting with an extensive H&H Study
  - Purchase of two new vehicles for our Police Department
  - Purchase of a speed trailer for the Police Department
  - Purchase of a new van for the Parks and Recreation Department
  - Repaired the roofs at Town Hall, Parks and Recreation, and Library locations
  - Received a Kaboom Playful City grant of \$10,000 to put artwork and panels for play at the Library location
  - Purchase of a new vehicle for the Fire Chief
- ❖ Water and Sewer Fund Projects – During FY 2017, the Water and Sewer Fund was able to complete major projects and accomplishments including the following:
  - Merit increases up to 3% for employees that had been with the Town for one year and performed
  - Began working on a \$3.2 million dollar Pump Station project with the use of USDA monies
  - Purchase of five new fleet vehicles
- ❖ Electric Fund Projects – During FY 2017, the Electric Fund was able to complete major projects and accomplishments including the following:
  - Merit increases up to 3% for employees that had been with the Town for one year and performed
  - Purchase of a new fleet vehicle

### ***FINANCIAL POLICIES***

**Fund Balance Policy.** Since 2010, one of managements key financial goals has been the maintenance of an unassigned fund balance equal to or greater than 25% of current year General

Fund expenditures. Since then, the Town has maintained a healthy fund balance due to conservative revenue projections and aggressive management of expenditures.

**Budget Control.** The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1<sup>st</sup> of each year. The annual budget serves as the basis for the Town's financial planning and budgetary control. The Town's responsibility for sound financial management is demonstrated by the statements and schedules included in the financial section of this report.

**Long-term Financial Planning through the Capital Improvement Plan.** In addition to the annual budget, the Town prepares a Twenty-Year Capital Improvement Plan each year. The primary objective is to set aside funds for projects, vehicle and equipment purchases that will occur within a 20 year period. Due to limited revenues, some capital projects and purchases were shifted to future years, but there are several significant items that the Town funded during FY 2017 including:

- Several repairs on Town Hall, including a new meeting space, break room and addition to new offices
- Repair of the roof at Parks and Recreation
- Purchase of a new Fire Chief vehicle
- Purchase of new fleet vehicles in Water/Sewer and Electric Departments
- Purchase of new Police Captain vehicle and Police cruiser
- Purchase of new radio systems for Police Department

### ***GFOA CERTIFICATE OF ACHIEVEMENT PROGRAM***

This is the first year that the Town of Benson is looking to achieve the Certificate of Achievement Award for Excellence in Financial Reporting with The Government Finance Officers Association of the United States and Canada (GFOA). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the requirements of the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for our very first certificate.

**Acknowledgements.** A special note of appreciation goes to our auditor, Jay Sharpe and his team of Rives & Associates, LLP. Without his constant support and dedication, this report would not have been possible. Many thanks to Ashley Lassiter at the Johnston County Tax Office and Janel Parker at Johnston County Economic Development Office. We would also like to thank our Mayor and Board of Commissioners for their interest and support in planning and conducting the financial operations of the Town in a responsible and professional manner.

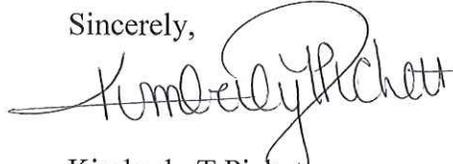
As required by North Carolina General Statute 159-34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. A copy will also be placed on file in the Clerk's office for public inspection.

Sincerely,



Matthew R Zapp  
Town Manager

Sincerely,



Kimberly T Pickett  
Finance Director

**TOWN OF BENSON**  
**List of Town Officials**  
**June 30, 2017**

William W. Massengill Jr.	Mayor
Frederick D. Nelson Jr.	Mayor Pro-Tem
Will T. Chandler	Commissioner at Large
Jerry M. Medlin	Commission at Large
Cassandra P. Stack	Commissioner District I
Dean McLamb	Commissioner District II
Dr. R. Max Raynor	Commissioner District III
R. Isaac Parker	Town Attorney
Matthew R. Zapp	Town Manager
Braston Newton	Assistant Town Manager/Planning Director
Terry Hobgood	Town Clerk/Cultural Arts Director
Kimberly Pickett	Finance Director
Kenneth Edwards	Police Chief
Alan Johnson	Fire Chief
Matt Smith	Parks & Recreation Director
Tim Robbins	Public Works Director

**TOWN OF BENSON**  
**Organizational Chart**  
**June 30, 2017**

*Chart 1 of 3*

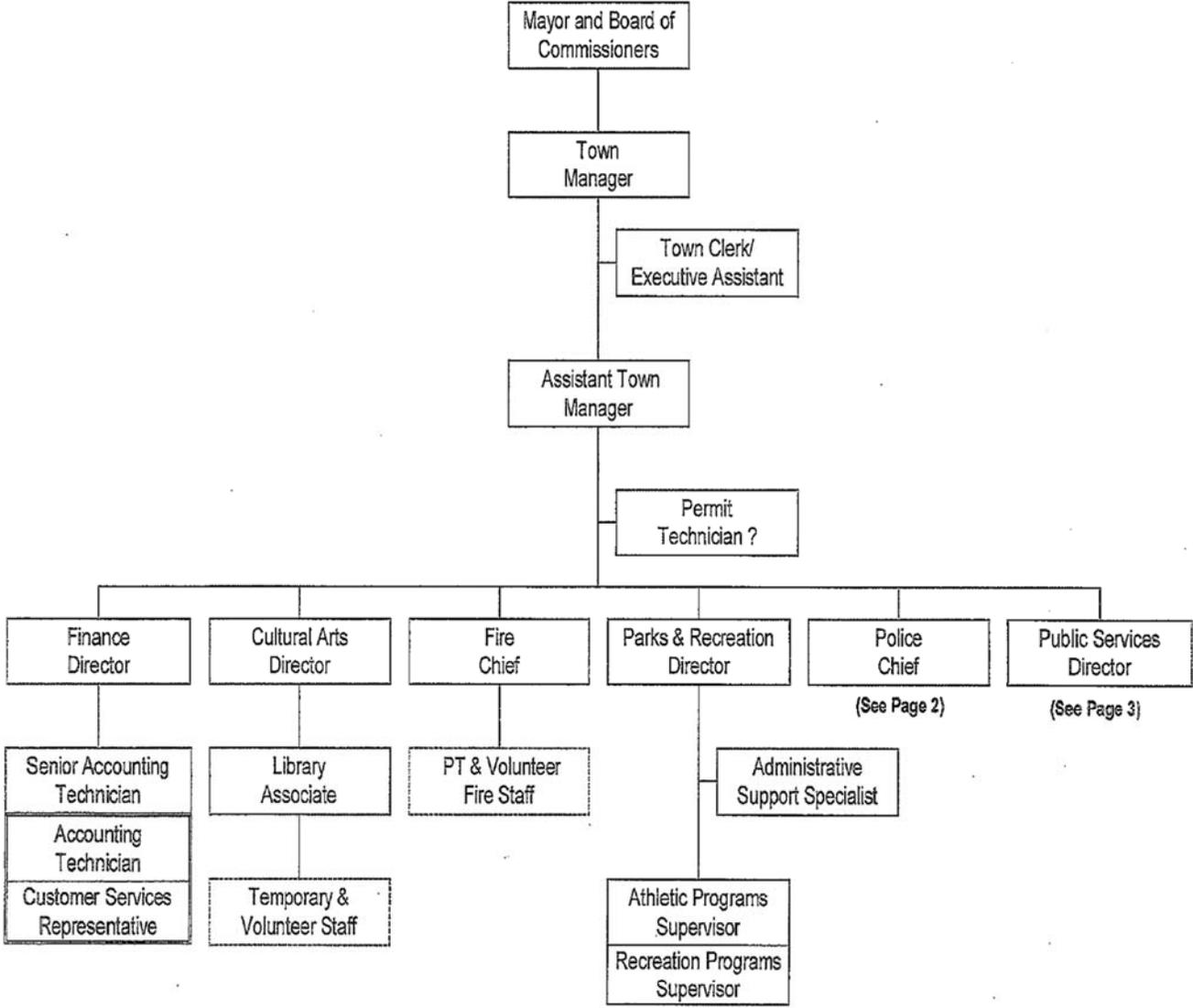


Chart 2 of 3

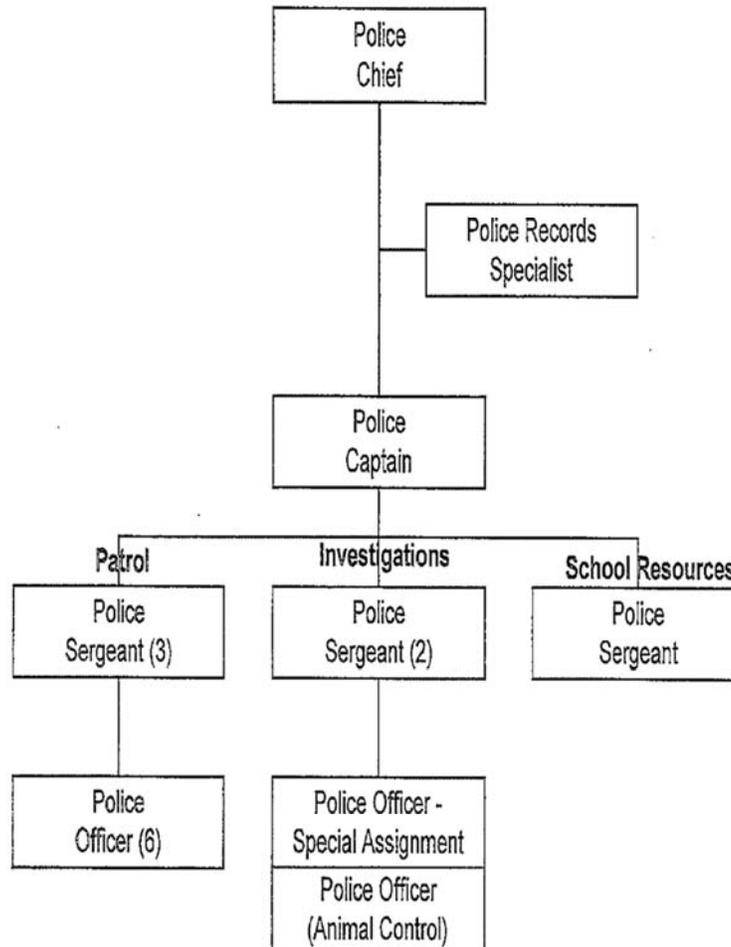
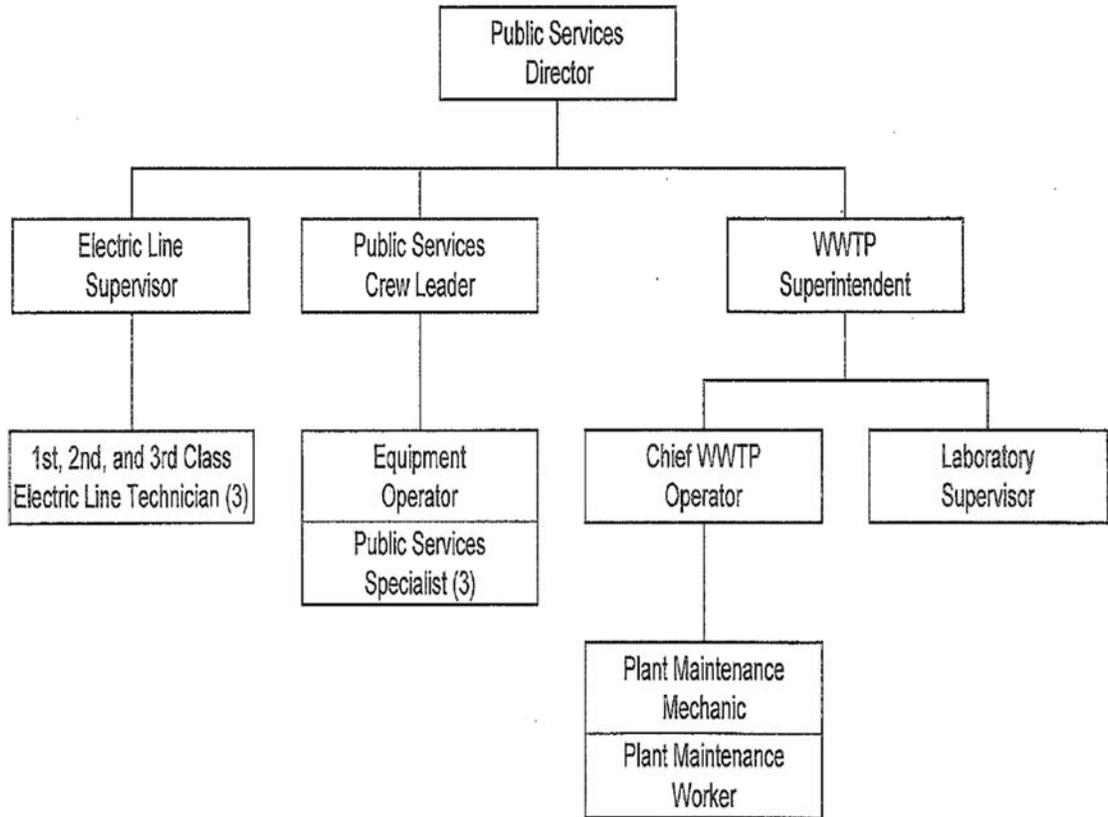


Chart 3 of 3



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## **FINANCIAL SECTION**

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**Rives & Associates, LLP**  
Certified Public Accountants

Member:  
American Institute of  
Certified Public Accountants

Member:  
North Carolina Association of  
Certified Public Accountants

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

## 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Benson, North Carolina as of June 30, 2017, 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 3 through 12, the Other Postemployment Benefits Schedule of Funding Progress and Schedule of Employer Contributions on page 56, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 60 through 62, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 63 and 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2017 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Benson's internal control over financial reporting and compliance.

*Rivers & Associates LLP*

Raleigh, North Carolina  
October 16, 2017

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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, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

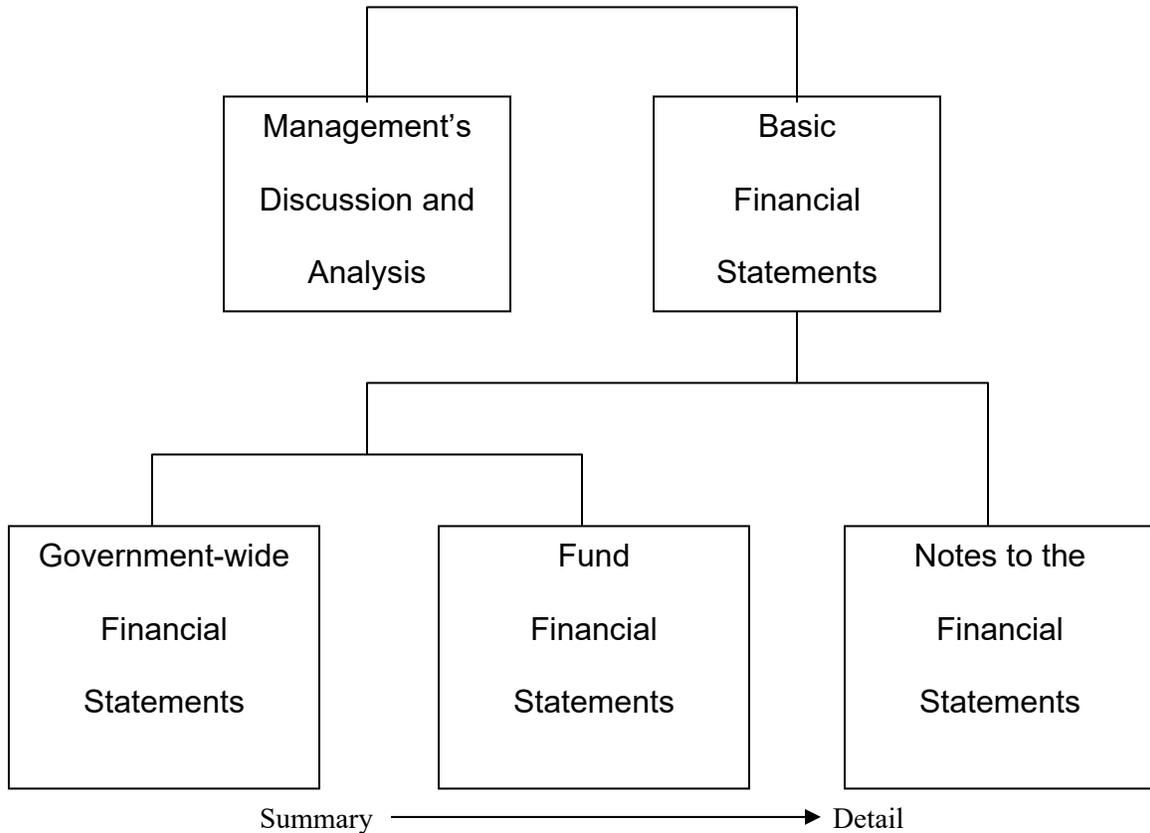
- The assets and deferred outflows of resources of the Town of Benson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,566,993 (*net position*).
- The government's total net position increased by \$921,381. This comprised of an increase in the net position from the Electric Fund of \$104,116 and an increase in the Water and Sewer Fund of \$277,196. The governmental activities' net position increased by \$387,832.
- As of the close of the current fiscal year, the Town of Benson's governmental funds reported combined ending fund balances of \$2,306,719 with a net increase of \$311,891 in fund balance. Approximately 16% of this total amount, or \$390,267, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,540,594, or 39% 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.

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,

Management Discussion and Analysis  
Town of Benson

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.

Management Discussion and Analysis  
Town of Benson

**Government-Wide Financial Analysis**

**Town of Benson's Net Position**

**Figure 2**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>						
Current and other assets	\$2,393,481	\$2,103,242	\$6,249,574	\$2,838,526	\$8,643,055	\$4,941,768
Capital assets, net	<u>7,813,452</u>	<u>7,783,548</u>	<u>12,016,811</u>	<u>12,002,764</u>	<u>19,830,263</u>	<u>19,786,312</u>
Total assets	<u>10,206,933</u>	<u>9,886,790</u>	<u>18,266,385</u>	<u>14,841,290</u>	<u>28,473,318</u>	<u>24,728,080</u>
<b>Deferred Outflows of Resources</b>	<u>303,939</u>	<u>68,965</u>	<u>263,252</u>	<u>52,456</u>	<u>567,191</u>	<u>121,421</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	1,243,534	1,335,564	3,101,108	3,293,590	4,344,642	4,629,154
Other liabilities	<u>800,350</u>	<u>313,361</u>	<u>4,271,586</u>	<u>1,002,331</u>	<u>5,071,936</u>	<u>1,315,692</u>
Total liabilities	<u>2,043,884</u>	<u>1,648,925</u>	<u>7,372,694</u>	<u>4,295,921</u>	<u>9,416,578</u>	<u>5,944,846</u>
<b>Deferred Inflows of Resources</b>	<u>53,245</u>	<u>76,393</u>	<u>3,693</u>	<u>29,015</u>	<u>56,938</u>	<u>105,408</u>
<b>Net Position:</b>						
Net investment in capital assets	6,593,855	6,474,651	8,370,913	8,688,821	14,964,768	15,163,472
Restricted	394,033	472,811	-	-	394,033	472,811
Unrestricted	<u>1,425,855</u>	<u>1,282,975</u>	<u>2,782,337</u>	<u>1,879,989</u>	<u>4,208,192</u>	<u>3,162,964</u>
Total net Position	<u>8,413,743</u>	<u>8,230,437</u>	<u>11,153,250</u>	<u>10,568,810</u>	<u>19,566,993</u>	<u>18,799,247</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Benson exceeded liabilities and deferred inflows by \$19,566,933 as of June 30, 2017. The Town's net position increased by \$921,381 for the fiscal year ended June 30, 2017. However, the largest portion (76%) 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, \$394,033 (approximately 4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,208,192 is unrestricted.

Management Discussion and Analysis  
Town of Benson

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

Net position increased by \$921,381 from operations due to the following:

- Total business-type revenues increased from prior year
- Total governmental activities revenues increased from the prior year

**Town of Benson’s Changes in Net Position  
Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 779,105	\$704,043	\$7,455,472	\$7,336,924	\$8,234,577	\$8,040,967
Operating grants and contributions	177,937	16,315	-	-	177,937	16,315
Capital grants and contributions	322,922	356,897	210,321	199,361	533,243	556,258
<b>General Revenues:</b>						
Property taxes	1,697,360	1,554,039	-	-	1,697,360	1,554,039
Other taxes	1,458,438	1,015,168	-	-	1,458,438	1,015,168
Investment earnings, unrestricted	<u>2,424</u>	<u>2,587</u>	<u>2,582</u>	<u>1,765</u>	<u>5,006</u>	<u>4,352</u>
<b>Total revenues</b>	<u>4,438,186</u>	<u>3,649,049</u>	<u>7,668,375</u>	<u>7,538,050</u>	<u>12,106,561</u>	<u>11,187,099</u>
<b>Expenses:</b>						
General government	1,021,193	1,038,374	-	-	1,021,193	1,038,374
Public safety	1,610,829	1,364,010	-	-	1,610,829	1,364,010
Public works	341,009	312,451	-	-	341,009	312,451
Transportation	357,796	372,171	-	-	357,796	372,171
Culture and recreation	669,823	640,878	-	-	669,823	640,878
Water and sewer	-	-	2,692,751	2,642,883	2,692,751	2,642,883
Electric	-	-	4,442,075	4,355,434	4,442,075	4,355,434
Interest and other charges	<u>49,704</u>	<u>51,907</u>	<u>-</u>	<u>-</u>	<u>49,704</u>	<u>51,907</u>
<b>Total expenses</b>	<u>4,050,354</u>	<u>3,779,791</u>	<u>7,134,826</u>	<u>6,998,317</u>	<u>11,185,180</u>	<u>10,778,108</u>
<b>Increase (decrease) in net position</b>	<u>387,832</u>	<u>(130,742)</u>	<u>533,549</u>	<u>539,733</u>	<u>921,381</u>	<u>408,991</u>
<b>Net Position:</b>						
Beginning of year, as previously stated - July 1	8,230,437	8,361,179	10,568,810	9,986,911	18,799,247	18,348,090
Restatement	<u>(204,526)</u>	<u>-</u>	<u>50,891</u>	<u>42,166</u>	<u>(153,635)</u>	<u>42,166</u>
Beginning of year - July 1	<u>8,025,911</u>	<u>8,361,179</u>	<u>10,619,701</u>	<u>10,029,077</u>	<u>18,645,612</u>	<u>18,390,256</u>
End of year - June 30	<u>8,413,743</u>	<u>8,230,437</u>	<u>11,153,250</u>	<u>10,568,810</u>	<u>19,566,993</u>	<u>18,799,247</u>

## Management Discussion and Analysis Town of Benson

**Governmental activities.** Governmental activities resulted in a decrease in the Town's net position by \$387,832. Key elements of the decrease are as follows:

- Increase in expenses for public works, public safety and transportation
- Increase in expenses of land

**Business-type activities.** Business-type activities increased the Town of Benson's net position by \$533,549.

Key elements of this increase are as follows:

- Increase in capital contribution in the Water and Sewer Fund
- Increase in operation charges in Electric Fund
- Increase in expenditures in operations of Water and Sewer Fund

### **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 \$1,617,760, while total fund balance reached \$1,904,945. 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 41% of total General Fund expenditures and transfers out, while total fund balance represents 51% of that same amount.

At June 30, 2017, the governmental funds of Town of Benson reported a combined fund balance of \$2,306,719, approximately a 15.5% increase 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 \$697,619. Amendments were necessary due to the receipt of local option sales taxes, which was taken into account in the original budget and, due to conservatism, used in compiling the original budget. It was also due to insurance proceeds from Hurricane Matthew. These amounts were not budgeted for originally and had to be amended.

**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 \$1,890,084, and for the Electric Fund, \$677,285. The total change in net position for the Water and Sewer and the Electric Funds was \$533,549. The increase in the Water and Sewer fund was

Management Discussion and Analysis  
Town of Benson

from the proceeds of a capital project loan and an increase in sales of water and sewer from a large industrial customer. The increase in the Electric fund was from a decrease in the wholesale power bill.

**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, 2017, totals \$19,830,263 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:

- Repair of Town Hall, Library, Parks & Recreation Roofs in the amount of \$196,632
- Purchase of a new F350 for Electric Department in the amount of \$31,358
- Purchase of a new Police Dodge Charger in the amount of \$27,710
- Purchase of a new Police Captain Dodge Durango in the amount of \$34,633
- Purchase of a Chevrolet Van for Parks & Recreation in the amount of \$18,375
- Purchase of five Fleet Vehicles for Public Works Department in the amount of \$139,853

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

**Figure 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$670,791	\$670,791	\$28,870	\$28,870	\$699,661	\$699,661
Buildings and improvements	6,279,738	6,275,750	5,191,379	5,340,203	11,471,117	11,615,953
Infrastructure	73,452	78,109	-	-	73,452	78,109
Furniture, equipment, and machinery	542,222	593,393	140,498	201,709	682,720	795,102
Vehicles	247,015	165,505	175,039	69,794	422,054	235,299
Plant and distribution systems	-	-	6,214,294	3,676,416	6,214,294	3,676,416
Construction in progress	<u>234</u>	-	<u>266,731</u>	<u>2,685,772</u>	<u>266,965</u>	<u>2,685,772</u>
<b>Total</b>	<u><b>7,813,452</b></u>	<u><b>7,783,548</b></u>	<u><b>12,016,811</b></u>	<u><b>12,002,764</b></u>	<u><b>19,830,263</b></u>	<u><b>19,786,312</b></u>

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

**Debt Administration:**

**Outstanding Debt  
Figure 5**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue bonds	\$ -	\$ -	\$910,000	\$925,000	\$910,000	\$925,000
Note payable	<u>1,219,597</u>	<u>1,308,897</u>	<u>5,351,073</u>	<u>2,452,543</u>	<u>6,570,670</u>	<u>3,761,440</u>
Total	<u>1,219,597</u>	<u>1,308,897</u>	<u>6,261,073</u>	<u>3,377,543</u>	<u>7,480,670</u>	<u>4,686,440</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 \$33,125,202.

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. A comprehensive development strategic plan was completed for the Town of Benson, via the NCSU Emerging Issues and Economic Development team.
- Occupancy rates on office and retail space. The Town of Benson’s occupancy overall rate remains 87% for the year. Management expects that the occupancy rate for fiscal year 2018 will increase due to increased requests for space.
- 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, 2018**

**Governmental Activities.** Overall, General Fund revenues are budgeted to be approximately 1.07% higher than 2017 actual amounts.

**Business-type Activities:** Water and Sewer Fund revenues are budgeted to be approximately 5.77% higher than 2017 actual amounts. Electric Fund revenues are budgeted to be approximately .63% higher than 2017 actual amounts.

Management Discussion and Analysis  
Town of Benson

**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, 2017**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,998,987	\$ 1,990,687	\$ 3,989,674
Taxes receivables (net)	3,981	-	3,981
Accounts receivable	43,611	767,765	811,376
Due from other governments	243,820	38,948	282,768
Inventories	-	276,223	276,223
Restricted cash	103,082	3,175,951	3,279,033
Total current assets	2,393,481	6,249,574	8,643,055
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	671,025	295,601	966,626
Other capital assets, net of depreciation	7,142,427	11,721,210	18,863,637
Total capital assets	7,813,452	12,016,811	19,830,263
Total assets	10,206,933	18,266,385	28,473,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	74,619	57,911	132,530
Pension deferrals	229,320	205,341	434,661
Total deferred outflows of resources	303,939	263,252	567,191
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	82,720	389,506	472,226
Due to other governments	-	23,565	23,565
Customer deposits	-	249,677	249,677
Current portion of long-term liabilities	143,847	3,289,252	3,433,099
Total current liabilities	226,567	3,952,000	4,178,567
Long-term liabilities:			
Net pension liability	355,741	319,586	675,327
Total pension liability	218,042	-	218,042
Due in more than one year	1,243,534	3,101,108	4,344,642
Total liabilities	2,043,884	7,372,694	9,416,578
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	61	-	61
Pension deferrals	53,184	3,693	56,877
Total deferred inflows of resources	53,245	3,693	56,938
<b>NET POSITION</b>			
Net investment in capital assets	6,593,855	8,370,913	14,964,768
Restricted for:			
Stabilization by State Statue	287,185	-	287,185
Debt service	77,166	-	77,166
Economic and physical development	25,916	-	25,916
Cultural and recreation	3,766	-	3,766
Unrestricted	1,425,855	2,782,337	4,208,192
Total net position	\$ 8,413,743	\$ 11,153,250	\$ 19,566,993

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, 2017**

**Exhibit 2**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,021,193	\$ 220,898	\$ -	\$ 215,704	\$ (584,591)	\$ -	\$ (584,591)
Public safety	1,610,829	-	177,937	-	(1,432,892)	-	(1,432,892)
Transportation	341,009	-	-	103,218	(237,791)	-	(237,791)
Environmental protection	357,796	366,890	-	-	9,094	-	9,094
Cultural and recreation	669,823	191,317	-	4,000	(474,506)	-	(474,506)
Interest on long-term debt	49,704	-	-	-	(49,704)	-	(49,704)
Total governmental activities	4,050,354	779,105	177,937	322,922	(2,770,390)	-	(2,770,390)
Business-type activities:							
Electric	4,442,075	4,570,486	-	-	-	128,411	128,411
Water and sewer	2,692,751	2,884,986	-	-	-	192,235	192,235
Total business-type activities	7,134,826	7,455,472	-	-	-	320,646	320,646
Total primary government	\$ 11,185,180	\$ 8,234,577	\$ 177,937	\$ 322,922	(2,770,390)	320,646	(2,449,744)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,697,360	-	1,697,360
Other taxes					990,795	-	990,795
Grants and contributions not restricted to specific programs					19,663	-	19,663
Unrestricted investment earnings					2,424	2,582	5,006
Miscellaneous					329,075	-	329,075
Insurance recovery					233,905	95,321	329,226
Transfers					(115,000)	115,000	-
Total general revenues and transfers					3,158,222	212,903	3,371,125
Change in net position					387,832	533,549	921,381
Net position, beginning, previously reported					8,230,437	10,568,810	18,799,247
Restatement					(204,526)	50,891	(153,635)
Net position, beginning, as restated					8,025,911	10,619,701	18,645,612
Net position, ending					\$ 8,413,743	\$ 11,153,250	\$ 19,566,993

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 3

Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>Major Fund</u> <u>General</u>	<u>Total Non- Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,623,375	\$ 375,612	\$ 1,998,987
Restricted cash	77,166	25,916	103,082
Taxes receivable - net	3,981	-	3,981
Accounts receivable	43,611	-	43,611
Due from other governments	243,574	246	243,820
Total assets	<u>\$ 1,991,707</u>	<u>\$ 401,774</u>	<u>\$ 2,393,481</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 82,720	\$ -	\$ 82,720
Total liabilities	<u>82,720</u>	<u>-</u>	<u>82,720</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes, licenses and fees	61	-	61
Taxes receivable	3,981	-	3,981
Total deferred inflows of resources	<u>4,042</u>	<u>-</u>	<u>4,042</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	287,185	-	287,185
Other	77,166	25,916	103,082
Committed	-	375,858	375,858
Assigned	-	-	-
Unassigned	1,540,594	-	1,540,594
Total fund balances	<u>1,904,945</u>	<u>401,774</u>	<u>2,306,719</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,991,707</u>	<u>\$ 401,774</u>	<u>\$ 2,393,481</u>

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2017**

**Exhibit 3**

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

Total Fund Balance, Governmental Funds		\$ 2,306,719
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	11,648,219	
Accumulated depreciation	<u>(3,834,767)</u>	7,813,452
Deferred outflows of resources related to pensions are not reported in the funds		
		303,939
Earned revenues considered deferred inflows of resources in fund statements.		
		3,981
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).	(1,387,381)	
Net pension liability	(355,741)	
Total pension liability	<u>(218,042)</u>	(1,961,164)
Deferred inflows of resources related to pensions are not reported in the funds		
		<u>(53,184)</u>
Net position of governmental activities		<u><u>\$ 8,413,743</u></u>

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

**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	\$ 1,697,360	\$ -	\$ 1,697,360
Other taxes and licenses	1,091,692	-	1,091,692
Unrestricted intergovernmental	38,906	-	38,906
Restricted intergovernmental	441,048	4,000	445,048
Permits and fees	615,798	-	615,798
Investment earnings	2,122	302	2,424
Miscellaneous	382,416	47,346	429,762
Total revenues	<u>4,269,342</u>	<u>51,648</u>	<u>4,320,990</u>
<b>EXPENDITURES</b>			
Current:			
General government	547,103	-	547,103
Public safety	1,519,603	58,870	1,578,473
Public works	477,732	-	477,732
Transportation	163,023	177,986	341,009
Environmental protection	357,796	-	357,796
Cultural and recreational	683,253	3,634	686,887
Debt service:			
Principal	113,644	-	113,644
Interest	25,360	-	25,360
Total expenditures	<u>3,887,514</u>	<u>240,490</u>	<u>4,128,004</u>
Excess (deficiency) of revenues over expenditures	<u>381,828</u>	<u>(188,842)</u>	<u>192,986</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	12,592	171,097	183,689
Transfers to other funds	(347,189)	48,500	(298,689)
Insurance recovery	233,905	-	233,905
Total other financing sources (uses)	<u>(100,692)</u>	<u>219,597</u>	<u>118,905</u>
Net change in fund balance	281,136	30,755	311,891
Fund balances, beginning	<u>1,623,809</u>	<u>371,019</u>	<u>1,994,828</u>
Fund balances, ending	<u>\$ 1,904,945</u>	<u>\$ 401,774</u>	<u>\$ 2,306,719</u>

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

**Exhibit 4**

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

Net changes in fund balances- total governmental funds	\$	311,891
<p>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.</p>		
Capital outlay expenditures which were capitalized	\$	335,740
Depreciation expense for governmental assets		<u>(298,405)</u>
		37,335
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		69,883
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(1,707)
<p>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.</p>		
Principal payments on long-term debt		<u>89,300</u>
		89,300
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
<p>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.</p>		
Compensated absences		22,641
Pension expense		(110,618)
Other postemployment benefits		(23,461)
Loss on disposal of capital assets		<u>(7,432)</u>
		<u>(118,870)</u>
Total changes in net position of governmental activities	\$	<u><u>387,832</u></u>

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

TOWN OF BENSON, NORTH CAROLINA

Exhibit 5

General Fund

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

For the Year Ended June 30, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,667,119	\$ 1,688,491	\$ 1,697,360	\$ 8,869
Other taxes and licenses	936,300	992,975	1,091,692	98,717
Unrestricted intergovernmental	29,000	34,980	38,906	3,926
Restricted intergovernmental	410,835	445,485	441,048	(4,437)
Permits and fees	516,175	608,762	615,798	7,036
Investment earnings	500	2,200	2,122	(78)
Miscellaneous	134,801	619,456	382,416	(237,040)
Total revenues	<u>3,694,730</u>	<u>4,392,349</u>	<u>4,269,342</u>	<u>(123,007)</u>
Expenditures:				
Current:				
General government	500,027	601,664	547,103	54,561
Public safety	1,509,892	1,681,931	1,519,603	162,328
Public works	210,250	530,875	477,732	53,143
Transportation	305,188	222,188	163,023	59,165
Environmental protection	369,800	370,300	357,796	12,504
Cultural and recreational	674,471	712,871	683,253	29,618
Debt service:				
Principal	113,635	113,645	113,644	1
Interest	25,360	25,360	25,360	-
Total expenditures	<u>3,708,623</u>	<u>4,258,834</u>	<u>3,887,514</u>	<u>371,320</u>
Revenues over (under) expenditures	<u>(13,893)</u>	<u>133,515</u>	<u>381,828</u>	<u>248,313</u>
Other financing sources (uses):				
Transfers from other funds	16,000	28,592	12,592	(16,000)
Transfers to other funds	(2,107)	(349,296)	(347,189)	2,107
Insurance recovery	-	-	233,905	233,905
Fund balance appropriated	-	187,189	-	(187,189)
Total other financing sources (uses)	<u>13,893</u>	<u>(133,515)</u>	<u>(100,692)</u>	<u>32,823</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	281,136	<u>\$ 281,136</u>
Fund balance, beginning			<u>1,623,809</u>	
Fund balance, ending			<u>\$ 1,904,945</u>	

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

**TOWN OF BENSON, NORTH CAROLINA**

**Exhibit 6**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2017**

	<u>Major Enterprise Funds</u>		<u>Total Non-Major Funds</u>	<u>Total</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>		
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 473,907	\$ 1,311,638	\$ 205,142	\$ 1,990,687
Accounts receivable - net	430,011	337,754	-	767,765
Due from other governments	13,493	15,629	9,826	38,948
Due from other funds	-	-	-	-
Inventories	140,328	135,895	-	276,223
Restricted cash and cash equivalents	212,529	2,963,422	-	3,175,951
<b>Total current assets</b>	<u>1,270,268</u>	<u>4,764,338</u>	<u>214,968</u>	<u>6,249,574</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	-	215,790	79,811	295,601
Other capital assets, net of depreciation	299,511	11,421,699	-	11,721,210
<b>Total capital assets</b>	<u>299,511</u>	<u>11,637,489</u>	<u>79,811</u>	<u>12,016,811</u>
<b>Total noncurrent assets</b>	<u>299,511</u>	<u>11,637,489</u>	<u>79,811</u>	<u>12,016,811</u>
<b>Total assets</b>	<u>1,569,779</u>	<u>16,401,827</u>	<u>294,779</u>	<u>18,266,385</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to pension plan in current fiscal year	22,900	35,011	-	57,911
Pension deferrals	79,720	125,621	-	205,341
	<u>102,620</u>	<u>160,632</u>	<u>-</u>	<u>263,252</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	278,092	111,414	-	389,506
Due to other fund	-	-	-	-
Due to other governments	23,565	-	-	23,565
Customer deposits	212,529	37,148	-	249,677
Compensated absences, current	10,000	25,000	-	35,000
Current portion of long-term debt	-	3,254,252	-	3,254,252
<b>Total current liabilities</b>	<u>524,186</u>	<u>3,427,814</u>	<u>-</u>	<u>3,952,000</u>
Noncurrent liabilities:				
Accrued vacation	824	445	-	1,269
Other postemployment benefits	42,218	50,800	-	93,018
Net pension liability	123,431	196,155	-	319,586
Non-current portion of long-term debt	-	3,006,821	-	3,006,821
<b>Total noncurrent liabilities</b>	<u>166,473</u>	<u>3,254,221</u>	<u>-</u>	<u>3,420,694</u>
<b>Total liabilities</b>	<u>690,659</u>	<u>6,682,035</u>	<u>-</u>	<u>7,372,694</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	4,944	(1,251)	-	3,693
<b>NET POSITION</b>				
Net investment in capital assets	299,511	7,991,591	79,811	8,370,913
Unrestricted	677,285	1,890,084	214,968	2,782,337
<b>Total net position</b>	<u>\$ 976,796</u>	<u>\$ 9,881,675</u>	<u>\$ 294,779</u>	<u>\$ 11,153,250</u>

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, 2017**

**Exhibit 7**

	<u>Major Enterprise Funds</u>		<u>Total Non-Major Funds</u>	<u>Total</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,544,167	\$ 2,784,422	\$ -	\$ 7,328,589
Other operating revenues	26,319	100,564	-	126,883
<b>Total operating revenues</b>	<u>4,570,486</u>	<u>2,884,986</u>	<u>-</u>	<u>7,455,472</u>
<b>OPERATING EXPENSES</b>				
General operations	-	927,532	-	927,532
Electric operations	1,087,588	-	-	1,087,588
Power / water purchases	3,005,586	650,717	-	3,656,303
Equipment and line improvements	191,703	10,369	106,150	308,222
Water distribution	-	38,946	-	38,946
Waste water collection	-	621,890	31,613	653,503
Depreciation	51,048	345,175	-	396,223
<b>Total operating expenses</b>	<u>4,335,925</u>	<u>2,594,629</u>	<u>137,763</u>	<u>7,068,317</u>
<b>Operating income (loss)</b>	<u>234,561</u>	<u>290,357</u>	<u>(137,763)</u>	<u>387,155</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,036	1,546	-	2,582
Interest and other charges	-	(66,509)	-	(66,509)
<b>Total nonoperating revenues (expenses)</b>	<u>1,036</u>	<u>(64,963)</u>	<u>-</u>	<u>(63,927)</u>
<b>Income (loss) before contributions and transfers</b>	235,597	225,394	(137,763)	323,228
Capital contributions	-	-	-	-
Insurance recovery	43,519	51,802	-	95,321
Transfer from other funds	-	-	290,000	290,000
Transfer to other funds	(175,000)	-	-	(175,000)
<b>Change in net position</b>	104,116	277,196	152,237	533,549
<b>Total net position, previously reported</b>	872,680	9,553,588	142,542	10,568,810
<b>Restatement</b>	-	50,891	-	50,891
<b>Total net position, restated</b>	<u>872,680</u>	<u>9,604,479</u>	<u>142,542</u>	<u>10,619,701</u>
<b>Total net position, ending</b>	<u>\$ 976,796</u>	<u>\$ 9,881,675</u>	<u>\$ 294,779</u>	<u>\$ 11,153,250</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, 2017**

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total Non- Major Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 4,574,493	\$ 2,860,000	\$ -	\$ 7,434,493
Cash paid for goods and services	(3,869,426)	(1,500,643)	(142,222)	(5,512,291)
Cash paid to or on behalf of employees for services	(445,323)	(786,143)	-	(1,231,466)
Customer deposits received	8,953	2,439	-	11,392
Other operating revenues	26,319	100,564	-	126,883
Net cash provided (used) by operating activities	<u>295,016</u>	<u>676,217</u>	<u>(142,222)</u>	<u>829,011</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer (to) from other funds	(175,000)	-	290,000	115,000
Total cash flow from noncapital financing activities	<u>(175,000)</u>	<u>-</u>	<u>290,000</u>	<u>115,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Notes issued	-	3,068,000	-	3,068,000
Principal paid on bonds/loans	-	(184,470)	-	(184,470)
Interest paid on bonds/loans	-	(66,509)	-	(66,509)
Insurance recovery	43,519	51,802	-	95,321
Acquisition and construction of capital assets	(31,358)	(339,706)	(79,811)	(450,875)
Net cash provided (used) by capital and related financing activities	<u>12,161</u>	<u>2,529,117</u>	<u>(79,811)</u>	<u>2,461,467</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital contributions	-	-	-	-
Interest on investments	1,036	1,546	-	2,582
Net cash provided (used) by investing activities	<u>1,036</u>	<u>1,546</u>	<u>-</u>	<u>2,582</u>
Net increase (decrease) in cash and cash equivalents	133,213	3,206,880	67,967	3,408,060
Balances, beginning	553,223	1,068,180	137,175	1,758,578
Balances, ending	<u>\$ 686,436</u>	<u>\$ 4,275,060</u>	<u>\$ 205,142</u>	<u>\$ 5,166,638</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 234,561	\$ 290,357	\$ (137,763)	\$ 387,155
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	51,048	345,175	-	396,223
Loss on disposal of capital assets	1,577	39,028	-	40,605
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	28,177	27,863	-	56,040
Decrease (increase) in due from other governments	572	8,687	(4,459)	4,800
Increase in net pension liability	99,280	156,517	-	255,797
Increase (decrease) in accounts payable and accrued liabilities	(29,273)	(32,443)	-	(61,716)
Decrease (increase) in inventories	(5,294)	(7,643)	-	(12,937)
Increase (decrease) in customer deposits	8,953	2,439	-	11,392
Increase (decrease) in accrued vacation	(5,383)	(9,740)	-	(15,123)
(Increase) decrease in deferred outflows of resources for pensions	(81,814)	(128,982)	-	(210,796)
Decrease (increase) in deferred inflows of resources - pensions	(9,828)	(15,494)	-	(25,322)
Increase (decrease) in other postemployment benefits	2,440	453	-	2,893
Total adjustments	<u>60,455</u>	<u>385,860</u>	<u>(4,459)</u>	<u>441,856</u>
Net cash provided by operating activities	<u>\$ 295,016</u>	<u>\$ 676,217</u>	<u>\$ (142,222)</u>	<u>\$ 829,011</u>

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

**TOWN OF BENSON, NORTH CAROLINA**

**Exhibit 9**

**Statement of Net Position**

**Fiduciary Fund**

**June 30, 2017**

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2017**

**Exhibit 10**

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

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

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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, 2017**

**I. Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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 and Hurricane Matthew Insurance Proceeds 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 five capital project funds: Street Paving Project, Voluntary Demolition Project, Bark Park Project, Power Line and Tree Trimming Project and the Capital Reserve.

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, 2017**

**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, 2017**

**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, 2017**

**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 reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

Town of Benson Restricted Cash

**Governmental Activities:**

General Fund:

Debt Service	\$	77,166
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Other governmental funds:

USDA Grant Fund

Economic and physical development		22,916
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Total governmental activities		<u>100,082</u>
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Business-type Activities:

Electric Fund:

Customer deposits		212,529
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Water and Sewer Fund:

Unspent debt proceeds		2,926,274
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Customer deposits		37,148
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Total Business-type Activities		<u>3,175,951</u>
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Private Purpose Trust Fund:

J.L. George Endowment

Beautification Grant Trust Fund		<u>26,751</u>
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Total Restricted Cash	\$	<u>3,302,784</u>
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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.

**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.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

**6. Inventory and Prepaid Items**

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

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

**7. Capital Assets**

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

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

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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 2017 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, 2017**

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Economic and Cultural and Recreation – portion of fund balance restricted by revenue source for the Bark Park Capital Project.

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.

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.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

11. Net Position/Fund Balances (Continued)

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.

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

Assigned for Public Safety – portion of fund balance assigned for public safety.

Assigned for Cultural and Recreation – portion of fund balance assigned for cultural and recreation.

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.

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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**

The Town has investments in preferred stock in the J.L. George Endowment Beautification Grant Trust Fund, which is a violation of State Law [G.S. 159-30(c)]. State law requires that the Town invest its monies only in certain types of securities, which prohibits investing in preferred stock. The Town will consider converting its shares of preferred stock into securities that are in compliance with State law.

**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.

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.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

A. Assets (Continued)

1. Deposits (Continued)

At June 30, 2017, the Town's deposits had a carrying amount of \$7,268,407 and a bank balance of \$7,361,251. 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, 2017, the Town's petty cash fund totaled \$300.

2. Investments

As of June 30, 2017, 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, 2017. The Town has no formal policy regarding credit risk of its investments.

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 \$827.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2017 is net of the following allowances for doubtful accounts:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General Fund	\$ 9,563	\$ 47,295	\$ 243,820	\$ 300,678
Allowance for doubtful accounts	(5,582)	(3,684)	-	(9,266)
Total governmental activities	<u>\$ 3,981</u>	<u>\$ 43,611</u>	<u>\$ 243,820</u>	<u>\$ 291,412</u>
<b>Business-Type Activities:</b>				
Electric Fund	\$ -	\$ 590,729	\$ 23,319	\$ 614,048
Water and Sewer Fund				
	-	621,596	15,629	637,225
Total receivables		1,212,325	38,948	1,251,273
Allowance for doubtful accounts		(444,560)	-	(444,560)
Total business-type activities	<u>\$ -</u>	<u>\$ 767,765</u>	<u>\$ 38,948</u>	<u>\$ 806,713</u>

Due from other governments consisted of the following:

Sales tax refund	<u>\$ 38,948</u>
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**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2017, was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b><u>July 1, 2016</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2017</u></b>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 670,791	\$ -	\$ -	\$ 670,791
Construction in Progress	-	234	-	234
Total capital assets not being depreciated	<u>670,791</u>	<u>234</u>	<u>-</u>	<u>671,025</u>
<b>Capital assets being depreciated:</b>				
Buildings and structures	8,417,972	196,632	-	8,614,604
Infrastructure	96,888	-	-	96,888
Furniture, equipment, and machinery	1,116,210	14,999	76,806	1,054,403
Vehicles	1,422,155	123,874	334,730	1,211,299
Total capital assets being depreciated	<u>11,053,225</u>	<u>335,506</u>	<u>411,536</u>	<u>10,977,194</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and structures	2,142,222	192,644	-	2,334,866
Infrastructure	18,779	4,656	-	23,435
Furniture, equipment, and machinery	522,817	66,170	76,806	512,181
Vehicles	1,256,650	34,935	327,300	964,285
Total accumulated depreciation	<u>3,940,468</u>	<u>298,405</u>	<u>404,106</u>	<u>3,834,767</u>
Total capital assets being depreciated, net	<u>7,112,757</u>			<u>7,142,427</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 7,783,548</u></u>			<u><u>\$ 7,813,452</u></u>

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

General government	\$ 133,924
Public safety	58,745
Public work	76,956
Cultural and recreation	28,777
	<u>\$ 298,405</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

	<b>Balance</b>			<b>Balance</b>
	<b><u>July 1, 2016</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2017</u></b>
<b>Business-type activities:</b>				
<i>Electric Fund</i>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ -	\$ 79,811	\$ -	\$ 79,811
Total capital assets not being depreciated	<u>-</u>	<u>79,811</u>	<u>-</u>	<u>79,811</u>
<b>Capital assets being depreciated:</b>				
Electrical system	2,061,037	-	-	2,061,037
Furniture and equipment	232,432	-	-	232,432
Vehicles	347,049	31,358	15,768	362,639
Total capital assets being depreciated	<u>2,640,518</u>	<u>31,358</u>	<u>15,768</u>	<u>2,656,108</u>
<b>Less Accumulated Depreciation:</b>				
Electrical system	1,765,175	41,221	-	1,806,396
Furniture and equipment	225,843	1,969	-	227,812
Vehicles	328,772	7,858	14,191	322,389
Total accumulated depreciation	<u>2,319,740</u>	<u>51,048</u>	<u>14,191</u>	<u>2,356,597</u>
Total capital assets being depreciated, net	<u>320,778</u>			<u>299,511</u>
<b>Electric fund capital assets, net</b>	<u>320,778</u>			<u>379,322</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

4. Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
<i>Water and Sewer Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 28,870	\$ -	\$ -	\$ 28,870
Construction in progress	2,685,772	186,920	2,685,772	186,920
Total capital assets not being depreciated	<u>2,714,642</u>	<u>186,920</u>	<u>2,685,772</u>	<u>215,790</u>
<b>Capital assets being depreciated:</b>				
Buildings and structures	7,446,204	-	-	7,446,204
Water and sewer systems	5,61,234	2,728,169	19,745	8,329,658
Furniture and equipment	915,157	13,691	64,857	863,991
Vehicles	163,995	96,698	70,282	190,411
Total capital assets being depreciated	<u>14,146,590</u>	<u>2,838,558</u>	<u>154,884</u>	<u>16,830,264</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and structures	2,106,001	148,824	-	2,254,825
Water and sewer systems	2,240,680	149,070	19,745	2,370,005
Furniture and equipment	720,037	33,905	25,829	728,113
Vehicles	112,528	13,376	70,282	55,622
Total accumulated depreciation	<u>5,179,246</u>	<u>345,175</u>	<u>115,856</u>	<u>5,408,565</u>
Total capital assets being depreciated, net	<u>8,967,344</u>			<u>11,421,699</u>
<b>Water and sewer fund capital assets, net</b>	<u>11,681,986</u>			<u>11,637,489</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 12,002,764</u>			<u>\$ 12,016,811</u>

**Construction Commitments**

The government has active construction projects as of June 30, 2017. The projects and amounts expended to date are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
WWTP Pump Station Project	\$ 186,920	\$2,278,230

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

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

*Plan Description.* The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](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, 2017**

**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, 2017, was 7.01% of compensation for law enforcement officers and 6.46% 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 \$132,530 for the year ended June 30, 2017.

*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, 2017, the Town reported a liability of \$675,327 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2017, the Town's proportion was 0.03182%, which was an increase of 00.00192% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Town recognized pension expense of \$174,162. At June 30, 2017, 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, 2017**

**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	\$ 12,688	\$ 23,664
Changes of assumptions	46,254	-
Net difference between projected and actual earnings on pension plan investments	373,371	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,515	28,114
Town contributions subsequent to the measurement date	132,530	-
Total	<u>\$ 567,358</u>	<u>\$ 51,778</u>

\$132,530 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 53,507
2019	\$ 53,546
2020	\$ 169,133
2021	\$ 106,864
2022	\$ -
Thereafter	\$ -

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	43.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2017**

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

The actuarial assumptions used in the December 31, 2015 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, 2016 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 7.25%. 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, 2017**

**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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 1,602,866	\$ 675,327	\$ (99,423)

*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, 2016, the Separation Allowance's membership consisted of:

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

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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, 2015 valuation. The total pension liability in the December 31, 2015 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 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

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

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

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

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

At June 30, 2017, the Town reported a total pension liability of \$218,042. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$18,783.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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	\$ -	\$ -
Changes of assumptions	-	5,099
County benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ -	\$ 5,099

\$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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 910
2019	910
2020	910
2021	910
2022	910
Thereafter	549

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

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	<b>1% Decrease (2.86%)</b>	<b>Discount Rate (3.86%)</b>	<b>1% Increase (4.86%)</b>
Total pension liability	\$ 239,395	\$ 218,042	\$ 198,439

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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

	<b>2017</b>
Beginning balance	\$ 204,526
Service Cost	12,223
Interest on the total pension liability	7,302
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(6,009)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 218,042

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**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, 2017**

**III. Detail Notes on All Funds (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, 2017 were \$28,462, which consisted of \$24,892 from the Town and \$3,570 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, 2017 were \$79,670, which consisted of \$62,246 from the Town and \$17,424 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). This plan provides post- employment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have twenty or more years of service with the Town. The Town pays the cost of coverage for these benefits ranging from 0% to 100% depending on the years of service with the Town at retirement. Retirees with 30 years of service and under the age of social security eligibility will be provided with full health care coverage until they reach the age of social security eligibility. The Town will pay 50% of the cost for full health care coverage for retirees under the age of social security eligibility with at least 25 years of service, until they reach social security eligibility. Retirees under the age of social security eligibility with 20 to 25 years of service will be allowed to participate in the Town's group medical insurance plan until they reach the age of social security eligibility with the employee paying the full premium cost. Upon reaching the age of social security eligibility, retirees may purchase a Supplemental Medical Insurance Policy through the Town's insurance carrier, providing the Town's medical insurance carrier allows this policy at the time of request. Retirees will be required to pay premiums owed for regular or supplemental coverage before the first day of each month. The Board of Commissioners 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, 2017**

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

Membership of the HCB plan consisted of the following at December 31, 2016, the date of the latest actuarial valuation.

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members, general employees	32
Active plan members, Law enforcement officers	<u>12</u>
Total	<u>45</u>

*Funding Policy.* The Town pays the cost of coverage for the healthcare benefits paid to qualified retirees, ranging from 0% to 100% depending on the years of service with the Town at retirement, under a Town resolution that can be amended by the Board of Commissioners. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 13.0% of annual covered payroll. For the current year, the Town contributed \$17,190, or 1.33% of annual covered payroll. The Town obtains healthcare coverage through private insurers. There were no contributions made by employees. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. The Enterprise Fund records the estimated liability for its portion on an annual basis.

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	35,502
Interest on net OPEB obligation		6,286
Adjustment to annual required contribution		<u>(6,005)</u>
Annual OPEB cost (expense)		35,783
Contributions made		<u>(9,695)</u>
Increase (decrease) in net OPEB obligation		26,088
Net OPEB obligation, beginning of year		<u>157,141</u>
Net OPEB obligation, end of year	\$	<u><u>183,229</u></u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 29,894	52.70%	\$ 148,789
2016	\$ 30,808	72.90%	\$ 157,141
2015	\$ 29,894	52.70%	\$ 148,789

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$286,871. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,685,690 and the ratio of the UAAL to the covered payroll was 17.02 percent.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumption about the probability of occurrence of events into the future.

Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

**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, 2017**

**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><u>Source</u></b>	<b><u>Amount</u></b>
Contributions to pension plan in current fiscal year	\$ 132,530
Pension deferrals	<u>434,661</u>
Total	<u>\$ 567,191</u>

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

<b><u>Source</u></b>	<b><u>Amount</u></b>
Pension deferrals	\$ 56,877
Prepaid taxes	61
Taxes receivable, net	<u>3,981</u>
Total	<u>\$ 60,919</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, 2017**

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

5. Claims, Judgments and Contingent Liabilities

At June 30, 2017, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

a. Governmental Activities Long-Term Debt

\$610,000 USDA 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. \$ 465,634

\$695,000 USDA 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. 519,254

\$325,000 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 234,709

Total governmental activities notes payable \$ 1,219,597

The future minimum payments of the governmental activities long-term debt notes payable as of June 30, 2017 are as follows:

<b>Year Ending</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b><u>June 30</u></b>			
2018	\$ 66,847	\$ 46,796	\$ 113,643
2019	69,005	44,638	113,643
2020	71,228	42,415	113,643
2021	73,552	40,091	113,643
2022	75,951	37,685	113,636
2023-2027	306,972	151,812	458,784
2028-2032	290,041	95,789	385,830
2033-2036	266,001	42,652	308,666
Total	<u>\$ 1,219,597</u>	<u>\$ 501,878</u>	<u>\$ 1,721,485</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

b. Water and sewer fund

\$1,750,000 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	\$ 962,500
\$367,403 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	293,550
\$430,000 Water Line Repairs, phase 2 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	384,211
\$216,000 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	183,600
\$3,068,000 Water and Sewer System Revenue Bond Anticipation Note issued June 20, 2017 payable in lump sum payment on June 20, 2018 including interest at 1.46%	3,068,000
\$561,000 AMI Project Loan issued in December 19, 2014 and revised on April 30, 2015, interest at 0%, payable in annual installments of \$29,527 over a span of 19 years.	<u>459,212</u>
Total enterprise funds notes payable	<u>\$ 5,351,073</u>

c. Revenue bonds payable – water and sewer

\$981,000 Series 2010 Water and Sewer Revenue Bonds, interest at 3.25%, due in \$13,000 to \$44,000 annual installments, plus interest, final payment due 2050	<u>\$ 910,000</u>
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**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

The Town has been 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, 2017 are as follows:

Operating revenues	\$ 2,784,422
Operating expenses*	<u>2,249,454</u>
Operating income	534,968
Non-operating revenues (expenses)**	<u>1,546</u>
Income available for debt service	<u><u>\$ 536,514</u></u>
Debt service, principal, and interest paid (Revenue bond only)	<u>\$ 45,242</u>
Debt service coverage ratio	<u><u>1,185.88%</u></u>
Subordinated Debt Service:	
Debt service, principal, and interest paid (Subordinated Debt Service only)	<u>\$ 206,944</u>
Debt service coverage ratio	<u><u>259.26%</u></u>

\*Per rate covenants, this does not include the depreciation expense of \$345,175.

\*\*Per rate covenants, this does not include interest paid of \$66,509.

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 \$1,492,986. Principal and interest paid for the current year and total customer net revenues were \$45,242 and \$536,514 respectively.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

The future minimum payments of the Business-type activities long-term debt as of June 30, 2017 are as follows:

**Notes Payable:**

<b>Year Ending</b>				
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2018	\$ 3,238,252	\$ 79,503	\$ 3,317,755	
2019	171,060	31,920	202,980	
2020	171,895	29,103	200,998	
2021	172,759	26,257	199,016	
2022	170,051	25,365	195,416	
2023-2027	1,045,828	205,799	1,251,627	
2028-2032	343,322	44,019	387,341	
2033-2036	37,906	-	82,203	
Total	<u>\$ 5,351,073</u>	<u>\$ 441,966</u>	<u>\$ 5,793,039</u>	

**Revenue Bonds Payable:**

<b>Year Ending</b>				
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2018	\$ 16,000	\$ 29,242	\$ 45,242	
2019	16,000	29,242	45,242	
2020	17,000	28,242	45,242	
2021	17,000	28,242	45,242	
2022	18,000	27,242	45,242	
2023-2027	98,000	128,210	226,210	
2028-2032	116,000	110,210	226,210	
2033-2037	135,000	91,210	226,210	
2038-2042	160,000	66,210	226,210	
2043-2046	189,000	37,210	226,210	
2046-2052	128,000	7,726	135,726	
Total	<u>\$ 910,000</u>	<u>\$ 582,986</u>	<u>\$ 1,492,986</u>	

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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

	<b>Balance July 1, 2016 (as restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2017</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Notes payable	\$ 1,308,897	\$ -	\$ (89,300)	\$ 1,219,597	\$ 66,847
Compensated absences	100,213	55,320	(77,961)	77,572	77,000
Net pension liability (LGRS)	70,400	285,339	-	355,739	-
Total pension liability	204,526	13,516	-	218,042	-
Other post-employment benefits	66,750	23,849	(388)	90,211	-
Total governmental activities	<u>\$ 1,750,786</u>	<u>\$ 378,024</u>	<u>\$ (167,649)</u>	<u>\$ 1,961,164</u>	<u>\$ 143,847</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
Revenue bonds	\$ 925,000	\$ -	\$ (15,000)	\$ 910,000	\$ 16,000
Notes payable	2,452,543	3,068,000	(169,470)	5,351,073	3,238,252
Compensated absences	35,185	29,336	(39,076)	25,445	25,000
Net pension liability (LGRS)	39,638	156,517	-	196,155	-
Other post-employment benefits	50,347	9,760	(9,307)	50,800	-
Total	<u>3,502,713</u>	<u>3,263,613</u>	<u>(232,853)</u>	<u>6,533,473</u>	<u>3,279,252</u>
<b>Electric Fund:</b>					
Compensated absences	16,207	14,542	(19,925)	10,824	10,000
Net pension liability (LGRS)	24,151	99,280	-	123,431	-
Other post-employment benefits	39,778	2,440	-	42,218	-
Total	<u>80,136</u>	<u>16,982</u>	<u>(19,925)</u>	<u>176,473</u>	<u>10,000</u>
Total business-type activities	<u>\$ 3,582,849</u>	<u>\$ 3,379,875</u>	<u>\$ (252,778)</u>	<u>\$ 6,709,946</u>	<u>\$ 3,289,252</u>

The Town has a legal debt margin of \$33,125,202 at June 30, 2017.

**6. Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2017 is composed of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 7,813,452	\$ 12,016,811
Less: long-term debt	(1,219,597)	(6,621,073)
Plus: unspent debt proceeds	-	2,975,175
Net investment in capital assets	<u>\$ 6,593,855</u>	<u>\$ 8,370,913</u>

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2017, consist of the following:

From General Fund to Street Paving Project to fund operating costs of project	\$ 147,189
From General Fund to Water H&H Project to fund operating costs of project	140,000
From General Fund to Hurricane Matthew Insurance Proceeds to fund operating costs of project	48,500
From Bulletproof Vest Program to General Fund to close project	855
From Auditorium Improvement Project to General Fund to close project	237
From Electric Fund to Power Line & Tree Trimming Project to fund operating costs of project	25,000
From Electric Fund to Leath Co Project to fund capital expenditures of project	150,000
From Community Development Program Infrastructure Project to Water & Sewer Fund to close project	2,183
	<b>\$ 513,964</b>

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	\$ 1,904,945
Less:	
Stabilization by State Statute	287,165
Debt Service	77,166
Appropriated Fund Balance in 2017 budget	-
Remaining Fund Balance	\$ 1,540,594

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, 2017.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**IV. 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, 2017 were \$3,005,586.

**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. Prior Period Restatement**

During the year ended June 30, 2017, Town management discovered reporting errors that caused the financial statement for the year ended June 30, 2016 to be misstated. These errors involved inventory being understated by \$50,891. The total restatement increased beginning net position by \$50,891. There was no effect in change in net position for the year ended June 30, 2017.

**IX. Extraordinary Event**

In October 2016, the Town of Benson incurred damages to Town property due to the effects of Hurricane Matthew. Expenditures incurred related to repair or replace damaged property amounted to \$747,872. The Town received insurance proceeds of \$575,246 to offset these expenditures.

**TOWN OF BENSON, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**X. Concentration of Risk**

For the year ended June 30, 2017, approximately 56% of total water and sewer charges for services related to one company.

**XI. Significant Effects of Subsequent Events**

Subsequent events have been evaluated through October 16, 2017, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure.

**XII. Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$204,526.

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**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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**TOWN OF BENSON, NORTH CAROLINA**  
**Other Postemployment Benefits**  
**Required Supplementary Information**

Schedule 1

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2009	\$ -	\$ 344,233	\$ 344,233	0%	\$ 1,851,300	18.59%
12/31/2012	\$ -	\$ 281,212	\$ 281,212	0%	\$ 1,692,979	16.61%
12/31/2015	\$ -	\$ 286,871	\$ 286,871	0%	\$ 1,685,690	17.02%

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2015	\$ 29,653	53.12%
2016	\$ 30,542	72.90%
2017	\$ 35,502	27.31%

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
<b>Actuarial Assumption:</b>	
Investment rate of return*	4.00%
Medical cost trend rate	7.75% - 5.00%
Year of ultimate trend rate	2022

\* Includes inflation at 3.00%

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

Schedule 2

**Local Government Employees' Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Benson's proportion of the net pension liability (asset) (%)	0.0318%	0.0299%	0.0767%	0.0759%
Benson's proportion of the net pension liability (asset) (\$)	\$ 675,327	\$ 134,189	\$ (204,406)	\$ 394,161
Benson's covered-employee payroll	\$1,768,900	\$1,710,660	\$1,676,702	\$1,697,774
Benson's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.18%	7.84%	-12.19%	23.22%
Plan fiduciary net position as a percentage of the total pension liability **	98.09%	98.09%	102.64%	94.35%

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

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

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

**Schedule 3**

**Local Government Employees' Retirement System**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 132,530	\$ 117,643	\$ 119,438	\$ 119,499
Contributions in relation to the contractually required contribution	132,530	117,643	119,438	119,499
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Benson's covered-employee payroll	\$1,768,900	\$1,710,660	\$ 1,668,796	\$1,676,702
Contribution as a percentage of covered-employee payroll	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, 2017**

**Schedule 4**

	<b>2017</b>
Beginning balance	\$ 204,526
Service Cost	12,223
Interest on the total pension liability	7,302
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(6,009)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 218,042

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, 2017**

**Schedule 5**

	<u>2017</u>
Total pension liability	\$ 218,042
Covered payroll	418,962
Total pension liability as a percentage of covered payroll	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.

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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, 2017

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 1,685,798	\$ 1,694,668	\$ 8,870
Interest and penalties	2,693	2,692	(1)
Total	<u>1,688,491</u>	<u>1,697,360</u>	<u>8,869</u>
Other taxes and licenses:			
Local option sales tax	530,000	614,782	84,782
Utility franchise tax	343,500	357,713	14,213
Payments in lieu of taxes	101,167	100,897	(270)
Occupancy tax	12,633	12,633	-
Privilege licenses	3,375	3,375	-
Disposal tax	2,300	2,292	(8)
Total	<u>992,975</u>	<u>1,091,692</u>	<u>98,717</u>
Unrestricted intergovernmental:			
ABC Board profit distribution	19,500	19,243	(257)
Wine and beer taxes	15,480	19,663	4,183
Total	<u>34,980</u>	<u>38,906</u>	<u>3,926</u>
Restricted intergovernmental:			
Fire grants	210,341	210,264	(77)
Powell Bill	104,000	103,218	(782)
Police grant	24,500	24,500	-
FEMA Radio Grant	97,644	97,626	(18)
Economic development	9,000	5,440	(3,560)
Total	<u>445,485</u>	<u>441,048</u>	<u>(4,437)</u>
Permits and fees:			
Recreation fees	94,000	95,958	1,958
Library fees	14,900	14,877	(23)
Court costs	5,000	3,494	(1,506)
Building permits	80,000	89,107	9,107
Golf cart permits	19,280	19,280	-
Garbage fees	365,240	366,890	1,650
Cable franchise fees	22,342	22,342	-
Fire inspection fees	8,000	3,850	(4,150)
Total	<u>608,762</u>	<u>615,798</u>	<u>7,036</u>
Investment earnings	2,200	2,122	(78)
Miscellaneous	619,456	382,416	(237,040)
Total revenues	<u>4,392,349</u>	<u>4,269,342</u>	<u>(123,007)</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, 2017  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and employee benefits	\$ 22,011	\$ 21,978	\$ 33
Operating expenses	31,175	27,444	3,731
Total	<u>53,186</u>	<u>49,422</u>	<u>3,764</u>
Administration:			
Salaries and employee benefits	106,084	98,618	7,466
Operating expenses	400,322	356,991	43,331
Capital outlay	42,072	42,072	-
Total	<u>548,478</u>	<u>497,681</u>	<u>50,797</u>
Total general government	<u>601,664</u>	<u>547,103</u>	<u>54,561</u>
Public safety:			
Inspections, zoning and safety:			
Salaries and employee benefits	66,782	65,139	1,643
Operating expenses	43,225	23,005	20,220
Capital outlay	2,500	2,064	436
Total	<u>112,507</u>	<u>90,208</u>	<u>22,299</u>
Police:			
Salaries and employee benefits	780,283	752,834	27,449
Operating expenses	127,986	94,206	33,780
Capital outlay	122,015	118,395	3,620
Total	<u>1,030,284</u>	<u>965,435</u>	<u>64,849</u>
Fire:			
Salaries and employee benefits	167,341	149,474	17,867
Operating expenses	206,913	151,870	55,043
Capital outlay	90,661	88,391	2,270
Volunteer firemen	74,225	74,225	-
Total	<u>539,140</u>	<u>463,960</u>	<u>75,180</u>
Total public safety	<u>1,681,931</u>	<u>1,519,603</u>	<u>162,328</u>
Public works:			
Municipal buildings:			
Operating expenses	408,288	367,414	40,874
Capital Outlay	7,500	-	7,500
Total	<u>415,788</u>	<u>367,414</u>	<u>48,374</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, 2017  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Central maintenance			
Salaries and employee benefits	\$ 9,000	\$ 5,346	\$ 3,654
Operating expenses	2,500	413	2,087
Capital Outlay	9,600	9,418	182
Total	<u>21,100</u>	<u>15,177</u>	<u>5,923</u>
Municipal grounds:			
Salaries and employee benefits	93,987	95,141	(1,154)
Operating expenses	-	-	-
Capital Outlay	-	-	-
Total	<u>93,987</u>	<u>95,141</u>	<u>(1,154)</u>
Total public works	<u>530,875</u>	<u>477,732</u>	<u>53,143</u>
Transportation:			
Streets:			
Salaries and employee benefits	14,388	-	14,388
Operating expenses	126,300	92,437	33,863
Capital outlay -	5,000	361	4,639
Total	<u>145,688</u>	<u>92,798</u>	<u>52,890</u>
Street Lights:			
Utilities	76,500	70,225	6,275
Total	<u>76,500</u>	<u>70,225</u>	<u>6,275</u>
Total transportation	<u>222,188</u>	<u>163,023</u>	<u>59,165</u>
Environmental protection:			
Sanitation:			
Contracted services	357,800	356,317	1,483
Tipping fees	12,500	1,479	11,021
Total	<u>370,300</u>	<u>357,796</u>	<u>12,504</u>
Total environmental protection	<u>370,300</u>	<u>357,796</u>	<u>12,504</u>
Cultural and recreational:			
Library:			
Salaries and employee benefits	78,771	77,719	1,052
Operating expenses	38,400	29,724	8,676
Capital outlay	4,000	2,399	1,601
Total	<u>121,171</u>	<u>109,842</u>	<u>11,329</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, 2017  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Museum:			
Salaries and employee benefits	\$ 40,730	\$ 39,594	\$ 1,136
Operating expenses	28,770	16,820	11,950
Capital outlay	2,500	1,065	1,435
Total	<u>72,000</u>	<u>57,479</u>	<u>14,521</u>
Parks and recreation:			
Salaries and employee benefits	259,121	258,217	904
Operating expenses	194,979	192,635	2,344
Capital outlay	58,400	58,080	320
Total	<u>512,500</u>	<u>508,932</u>	<u>3,568</u>
Cemetery:			
Operating expenses	7,200	7,000	200
Total	<u>7,200</u>	<u>7,000</u>	<u>200</u>
Total cultural and recreation	<u>712,871</u>	<u>683,253</u>	<u>29,618</u>
Debt service:			
Principal	113,645	113,644	1
Interest	25,360	25,360	-
Total	<u>139,005</u>	<u>139,004</u>	<u>1</u>
Total expenditures	<u>4,258,834</u>	<u>3,887,514</u>	<u>371,320</u>
Revenues over (under) expenditures	133,515	381,828	248,313
Other financing sources (uses):			
Transfers from other funds	28,592	12,592	(16,000)
Transfers to other funds:	(349,296)	(347,189)	2,107
Insurance recovery	-	233,905	233,905
Total	<u>(320,704)</u>	<u>(100,692)</u>	<u>220,012</u>
Fund balance appropriated	<u>187,189</u>	<u>-</u>	<u>187,189</u>
Net change in fund balance	<u>\$ -</u>	281,136	<u>\$ 281,136</u>
Fund balance, beginning		<u>1,623,809</u>	
Fund balance, ending		<u>\$ 1,904,945</u>	

**TOWN OF BENSON, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

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	\$ 48,500	\$ 327,112	\$ 375,612
Cash and cash equivalents, restricted	25,916	-	25,916
Due from other governments	-	246	246
	<u>74,416</u>	<u>327,358</u>	<u>401,774</u>
Total assets	<u>\$ 74,416</u>	<u>\$ 327,358</u>	<u>\$ 401,774</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted:			
Restricted, other	25,916	-	25,916
Committed, other	48,500	327,358	375,858
Total fund balances	<u>74,416</u>	<u>327,358</u>	<u>401,774</u>
Total liabilities and fund balances	<u>\$ 74,416</u>	<u>\$ 327,358</u>	<u>\$ 401,774</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, 2017**

**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	\$ -	\$ 4,000	\$ 4,000
Investment earnings	-	302	302
Miscellaneous	-	47,346	47,346
Total revenues	-	51,648	51,648
<b>EXPENDITURES</b>			
Transportation	-	177,986	177,986
Public Safety	-	58,870	58,870
Cultural and recreational	-	3,634	3,634
Total expenditures	-	240,490	240,490
Excess (deficiency) of revenues over expenditures	-	(188,842)	(188,842)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds			
General Fund		171,097	171,097
Insurance recovery	48,500	-	48,500
Net changes in fund balances	48,500	(17,745)	30,755
Fund balances, beginning	25,916	345,103	371,019
Fund balances, ending	<u>\$ 74,416</u>	<u>\$ 327,358</u>	<u>\$ 401,774</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, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
US Department of Agriculture Loan repayment	\$ 60,000 -	\$ 25,000 25,916	\$ - -	\$ 25,000 25,916	\$ (35,000) 25,916
Total revenues	60,000	50,916	-	50,916	(9,084)
<b>Expenditures:</b>					
Economic development loans	60,000	25,000	-	25,000	35,000
Total expenditures	60,000	25,000	-	25,000	35,000
Revenues over (under) expenditures	-	25,916	-	25,916	25,916
Net change in fund balance	\$ -	\$ 25,916	-	\$ 25,916	\$ 25,916
Fund balance, beginning			25,916		
Fund balance, ending			\$ 25,916		

TOWN OF BENSON, NORTH CAROLINA

Schedule 10

Special Revenue Fund - Hurricane Matthew Insurance Proceeds

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

From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Expenditures	\$ 48,500	\$ -	\$ -	\$ -	\$ 48,500
Total expenditures	48,500	-	-	-	48,500
Revenues over (under) expenditures	(48,500)	-	-	-	(48,500)
<b>Other Financing Sources:</b>					
Insurance recovery	48,500	-	48,500	48,500	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	48,500	<u>\$ -</u>	<u>\$ 48,500</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 48,500</u>		

**TOWN OF BENSON, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Non-Major Capital Project Funds**  
**For the Fiscal Year Ended June 30, 2017**

Schedule 11

	<u>Street Paving Project</u>	<u>Bark Park Project</u>	<u>Auditorium Restroom Improvement Project</u>	<u>Voluntary Demolition Project</u>	<u>Power Line and Tree Trimming Project</u>	<u>Capital Reserve</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 31,703	\$ 3,750	\$ (1)	\$ 14,080	\$ 8,050	\$ 269,530	\$ 327,112
Due from other governments	-	16	230	-	-	-	246
Total assets	<u>\$ 31,703</u>	<u>\$ 3,766</u>	<u>\$ 229</u>	<u>\$ 14,080</u>	<u>\$ 8,050</u>	<u>\$ 269,530</u>	<u>\$ 327,358</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES</b>							
Restricted:							
Restricted, other	-	-	-	-	-	-	-
Committed, other	31,703	3,766	229	14,080	8,050	269,530	327,358
Total fund balances	<u>31,703</u>	<u>3,766</u>	<u>229</u>	<u>14,080</u>	<u>8,050</u>	<u>269,530</u>	<u>327,358</u>
Total liabilities and fund balances	<u>\$ 31,703</u>	<u>\$ 3,766</u>	<u>\$ 229</u>	<u>\$ 14,080</u>	<u>\$ 8,050</u>	<u>\$ 269,530</u>	<u>\$ 327,358</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, 2017**

Schedule 12

	Street Paving Project	Bark Park Project	Auditorium Restroom Improvement Project	Voluntary Demolition Project	Power Line and Tree Trimming Project	Capital Reserve	Total Nonmajor Governmental Funds
<b>REVENUES</b>							
Restricted intergovernmental	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Investment earnings	-	-	-	-	-	302	302
Miscellaneous	-	-	-	-	-	47,346	47,346
Total revenues	-	4,000	-	-	-	47,648	51,648
<b>EXPENDITURES</b>							
Transportation	177,986	-	-	-	-	-	177,986
Public Safety	-	-	-	35,920	22,950	-	58,870
Cultural and recreational	-	234	3,400	-	-	-	3,634
Total expenditures	177,986	234	3,400	35,920	22,950	-	240,490
Excess (deficiency) of revenues over expenditures	(177,986)	3,766	(3,400)	(35,920)	(22,950)	47,648	(188,842)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers (to) from other funds							
General Fund	147,189	-	(237)	-	25,000	-	171,952
Net change in fund balance	(30,797)	3,766	(3,637)	(35,920)	2,050	47,648	(16,890)
Fund balances, beginning	62,500	-	3,866	50,000	6,000	221,882	344,248
Fund balances, ending	<u>\$ 31,703</u>	<u>\$ 3,766</u>	<u>\$ 229</u>	<u>\$ 14,080</u>	<u>\$ 8,050</u>	<u>\$ 269,530</u>	<u>\$ 327,358</u>

TOWN OF BENSON, NORTH CAROLINA

Schedule 13

Street Paving Project

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

From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Paving	\$ 371,153	\$ 232,040	\$ 177,986	\$ 410,026	\$ (38,873)
Total expenditures	<u>371,153</u>	<u>232,040</u>	<u>177,986</u>	<u>410,026</u>	<u>(38,873)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	<u>371,153</u>	<u>294,540</u>	<u>147,189</u>	<u>441,729</u>	<u>70,576</u>
Total other financing sources (uses)	<u>371,153</u>	<u>294,540</u>	<u>147,189</u>	<u>441,729</u>	<u>70,576</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 62,500</u>	<u>(30,797)</u>	<u>\$ 31,703</u>	<u>\$ 31,703</u>
Fund balance, beginning			<u>62,500</u>		
Fund balance, ending			<u>\$ 31,703</u>		

Bark Park Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental:					
Electricities Smart Community Grant	\$ 4,000	\$ -	\$ 4,000	\$ 4,000	\$ -
JCVB grant	18,750	-	-	-	(18,750)
JCVB reserve fund	12,250	-	-	-	(12,250)
Total revenues	<u>35,000</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>(31,000)</u>
<b>Expenditures:</b>					
Bark park expenditures	<u>35,000</u>	<u>-</u>	<u>234</u>	<u>234</u>	<u>34,766</u>
Total expenditures	<u>35,000</u>	<u>-</u>	<u>234</u>	<u>234</u>	<u>34,766</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>3,766</u>	<u>3,766</u>	<u>3,766</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,766</u>	<u>\$ 3,766</u>	<u>\$ 3,766</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 3,766</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 15

Capital Projects Fund - Auditorium Restroom Improvement Project  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Johnston County Visitor's Bureau Grant	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Benson Foundation for the Arts Donation	55,000	55,000	-	55,000	-
Total revenues	65,000	65,000	-	65,000	-
<b>Expenditures:</b>					
Construction	100,000	96,134	3,400	99,534	466
Total expenditures	100,000	96,134	3,400	99,534	466
Revenues over (under) expenditures	(35,000)	(31,134)	(3,400)	(34,534)	466
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	35,000	35,000	(237)	34,763	(237)
Total other financing sources (uses)	35,000	35,000	(237)	34,763	(237)
Net change in fund balance	\$ -	\$ 3,866	(3,637)	\$ 229	\$ 229
Fund balance, beginning			3,866		
Fund balance, ending			\$ 229		

Voluntary Demolition Project

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

From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Demolition expense	\$ 50,000	\$ -	\$ 35,920	\$ 35,920	\$ 14,080
Total expenditures	<u>50,000</u>	<u>-</u>	<u>35,920</u>	<u>35,920</u>	<u>14,080</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,000</u>	<u>(35,920)</u>	<u>\$ 14,080</u>	<u>\$ 14,080</u>
Fund balance, beginning			<u>50,000</u>		
Fund balance, ending			<u>\$ 14,080</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 17

Power Line and Tree Trimming Project

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

From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Tree trimming expense	\$ 40,000	\$ 9,000	\$ 22,950	\$ 31,950	\$ 8,050
Total expenditures	<u>40,000</u>	<u>9,000</u>	<u>22,950</u>	<u>31,950</u>	<u>8,050</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)					
General Fund	40,000	15,000	25,000	40,000	-
Total other financing sources (uses)	<u>40,000</u>	<u>15,000</u>	<u>25,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,000</u>	2,050	<u>\$ 8,050</u>	<u>\$ 8,050</u>
Fund balance, beginning			<u>6,000</u>		
Fund balance, ending			<u>\$ 8,050</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 18

Capital Reserve Fund

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

From Inception and For the Year Ended June 30, 2017

With Comparative Totals from June 30, 2016

	2017		Variance Over / Under	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 302	\$ 302	\$ 206
Miscellaneous	-	47,346	47,346	10,550
Total revenues	-	47,648	47,648	10,756
Net change in fund balance	\$ -	47,648	\$ 47,648	10,756
Fund balance, beginning		221,882		211,126
Fund balance, ending		\$ 269,530		\$ 221,882

## TOWN OF BENSON, NORTH CAROLINA

Schedule 19

## Electric Fund

## Schedule of Revenues and Expenditures

## Budget and Actual (Non - GAAP)

For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Electric sales	\$ 4,515,000	\$ 4,510,431	\$ (4,569)
Cut out / late charges	33,750	33,736	(14)
Other operating charges	83,544	26,319	(57,225)
Total operating revenues	<u>4,632,294</u>	<u>4,570,486</u>	<u>(61,808)</u>
Nonoperating revenues:			
Interest earnings	1,100	1,036	(64)
Total revenues	<u>4,633,394</u>	<u>4,571,522</u>	<u>(61,872)</u>
<b>Expenditures:</b>			
Salaries and employee benefits	465,794	492,951	(27,157)
Power purchased	3,125,000	3,005,586	119,414
Operating expenditures	661,271	626,802	34,469
Equipment and line improvements	251,329	191,703	59,626
Total expenditures	<u>4,503,394</u>	<u>4,317,042</u>	<u>186,352</u>
Revenues over (under) expenditures	<u>130,000</u>	<u>254,480</u>	<u>124,480</u>
Other financing sources (uses):			
Transfers (to) from other funds:			
Capital projects	(175,000)	(175,000)	-
Insurance recovery	-	43,519	43,519
Appropriated fund balance	45,000	-	(45,000)
Total	<u>(130,000)</u>	<u>(131,481)</u>	<u>(1,481)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>122,999</u>	<u>\$ 122,999</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation		(51,048)	
Deferred outflows of resources for contributions made to pension plan in the current year		(2,731)	
Pension expense		31,953	
Change in accrued vacation		5,383	
Change in OPEB		<u>(2,440)</u>	
Change in net position		<u>\$ 104,116</u>	

Load Management Project

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

From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Load management expenses	\$ 300,000	\$ 157,458	\$ 106,150	\$ 263,608	\$ 36,392
Total expenditures	<u>300,000</u>	<u>157,458</u>	<u>106,150</u>	<u>263,608</u>	<u>36,392</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Electric Fund	300,000	300,000	-	300,000	-
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 142,542</u>	(106,150)	<u>\$ 36,392</u>	<u>\$ 36,392</u>
Fund balance, beginning			<u>142,542</u>		
Fund balance, ending			<u>\$ 36,392</u>		

Leath Co Project

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

From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental:					
Electricities Systems Betterment Grant	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -
<b>Expenditures:</b>					
Line improvements	145,000	-	79,811	79,811	65,189
Electric car station	500	-	-	-	500
Total expenditures	145,500	-	79,811	79,811	65,689
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)					
Electric Fund	145,000	-	145,000	145,000	-
Total other financing sources (uses)	145,000	-	145,000	145,000	-
Net change in fund balance	<u>\$ 500</u>	<u>\$ -</u>	65,189	<u>\$ 65,189</u>	<u>\$ 65,689</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 65,189</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 22

Water and Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non - GAAP)

For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales	\$ 1,327,500	\$ 1,318,055	\$ (9,445)
Sewer charges	1,481,000	1,466,367	(14,633)
Water and sewer taps	17,000	17,000	-
Other operating charges	136,302	83,564	(52,738)
Total operating revenues	<u>2,961,802</u>	<u>2,884,986</u>	<u>(76,816)</u>
Nonoperating revenues:			
Interest earnings	1,500	1,546	46
Total revenues	<u>2,963,302</u>	<u>2,886,532</u>	<u>(76,770)</u>
<b>Expenditures:</b>			
General operations:			
Salaries and employee benefits	466,470	510,859	(44,389)
Operating expenditures	365,434	327,518	37,916
Maintenance and repairs	24,100	24,310	(210)
Capital outlay	262,834	92,523	170,311
Total expenditures	<u>1,118,838</u>	<u>955,210</u>	<u>163,628</u>
Water distribution:			
Salaries and employee benefits	18,000	12,996	5,004
Water purchases	665,000	650,717	14,283
Supplies	23,850	23,425	425
Maintenance and repairs	5,000	1,948	3,052
Capital outlay	36,500	10,946	25,554
Total expenditures	<u>748,350</u>	<u>700,032</u>	<u>48,318</u>
Waste water collection:			
Salaries and employee benefits	413,763	332,214	81,549
Supplies	252,563	233,337	19,226
Maintenance and repairs	87,038	72,964	14,074
Other operating expenditures	91,858	11,052	80,806
Total expenditures	<u>845,222</u>	<u>649,567</u>	<u>195,655</u>
Debt services:			
Principal retirement	186,566	184,470	2,096
Interest and other charges	66,509	66,509	-
	<u>253,075</u>	<u>250,979</u>	<u>2,096</u>
Total expenditures	<u>2,965,485</u>	<u>2,555,788</u>	<u>409,697</u>
Revenues over (under) expenditures	<u>(2,183)</u>	<u>330,744</u>	<u>332,927</u>

**TOWN OF BENSON, NORTH CAROLINA**

**Schedule 22**

**Water and Sewer Fund**

**Schedule of Revenues and Expenditures (Continued)**

**Budget and Actual (Non - GAAP)**

**For the Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers (to) from other funds:			
General fund	\$ 2,183	\$ -	\$ (2,183)
Insurance recovery	-	51,802	51,802
Appropriated fund balance	-	-	-
Total	2,183	51,802	49,619
Revenues and other sources over (under) expenditures and other uses	\$ -	382,546	\$ 382,546
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		184,470	
Depreciation		(345,175)	
Deferred outflows of resources for contributions made to pension plan in the current year		(4,306)	
Pension expense		50,374	
Change in accrued vacation		9,740	
Change in OPEB		(453)	
Change in net position		\$ 277,196	

TOWN OF BENSON, NORTH CAROLINA

Schedule 23

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, 2017

	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	<u>1,096,000</u>	<u>1,006,318</u>	<u>-</u>	<u>1,006,318</u>	<u>89,682</u>
<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)	<u>1,096,000</u>	<u>1,063,266</u>	<u>-</u>	<u>1,063,266</u>	<u>(32,734)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 56,948</u>	<u>-</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 24

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, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Paving	\$3,068,000	\$ -	\$ 186,920	\$ 186,920	\$ 2,881,080
Total expenditures	<u>3,068,000</u>	<u>-</u>	<u>186,920</u>	<u>186,920</u>	<u>2,881,080</u>
Revenues over (under) expenditures	<u>(3,068,000)</u>	<u>-</u>	<u>(186,920)</u>	<u>(186,920)</u>	<u>(2,881,080)</u>
<b>Other Financing Sources (Uses)</b>					
USDA Loan	3,068,000	-	3,068,000	3,068,000	-
Total other financing sources (uses)	<u>3,068,000</u>	<u>-</u>	<u>3,068,000</u>	<u>3,068,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,881,080	<u>\$2,881,080</u>	<u>\$ 2,881,080</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$2,881,080</u>		

TOWN OF BENSON, NORTH CAROLINA

Schedule 25

Water and Sewer Capital Projects Fund

Storm Water H&H Study (Fund 101)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and For the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Expenditures	\$ 140,000	\$ -	\$ 31,613	\$ 31,613	\$ 108,387
Total expenditures	140,000	-	31,613	31,613	108,387
Revenues over (under) expenditures	(140,000)	-	(31,613)	(31,613)	(108,387)
<b>Other Financing Sources (Uses)</b>					
Transfer in	140,000	-	140,000	140,000	-
Total other financing sources (uses)	140,000	-	140,000	140,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	108,387	<u>\$ 108,387</u>	<u>\$ 108,387</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 108,387</u>		

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## **OTHER SCHEDULES**

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**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2017**

Schedule 26

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections And Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 1,698,950	\$ 1,698,123	\$ 827
2015-2016	1,454	-	1,308	146
2014-2015	114	-	3	111
2013-2014	1,509	-	596	913
2012-2013	1,601	-	205	1,396
2011-2012	1,469	-	194	1,275
2010-2011	2,489	-	22	2,467
2009-2010	1,283	-	64	1,219
2008-2009	975	-	-	975
2007-2008	97	-	-	97
2006-2007	137	-	-	137
	<u>\$ 11,128</u>	<u>\$ 1,698,950</u>	<u>\$ 1,700,515</u>	9,563
Less: allowance for uncollectible accounts:				
	General Fund			(5,582)
Ad valorem taxes receivable - net				\$ 3,981
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,697,360
Reconciling items:				
	Penalties and interest collected			(3,003)
	Other			6,158
	Subtotal			3,155
Total collections and credits				\$ 1,700,515

**TOWN OF BENSON, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2017**

Schedule 27

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed					
at current rate	\$ 304,718,799	0.5300	\$ 1,615,010	\$ 1,615,010	\$ -
Motor vehicles	24,419,660	0.5300	129,424	-	129,424
Discoveries - current and prior years	1,368,315	0.5300	7,252	7,252	-
Abatements	(9,950,123)	0.5300	\$ (52,736)	(52,736)	-
Total Property Valuation	\$ 320,556,651				
Net levy			1,698,950	1,569,526	129,424
Uncollected taxes at June 30, 2017			(827)	(827)	
Current year's taxes collected			\$ 1,698,123	\$ 1,568,699	\$ 129,424
Current levy collection percentage			99.95%	99.95%	100.00%

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## **STATISTICAL INFORMATION**

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**Schedule 1**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net Investment in capital assets	\$ 6,770,933	\$ 6,922,386	\$ 6,836,737	\$ 6,819,438	\$ 6,867,794	\$ 6,723,128	\$ 6,649,960	\$ 6,467,734	\$ 6,474,651	\$ <b>6,593,855</b>
Restricted	-	23,793	31,510	634,885	368,023	390,773	490,646	498,805	472,811	<b>394,033</b>
Unrestricted	939,391	963,605	1,158,751	896,407	1,413,583	1,635,075	1,526,408	1,394,640	1,282,975	<b>1,425,855</b>
Total governmental activities net position	<u>\$ 7,710,324</u>	<u>\$ 7,909,784</u>	<u>\$ 8,026,998</u>	<u>\$ 8,350,730</u>	<u>\$ 8,649,400</u>	<u>\$ 8,748,976</u>	<u>\$ 8,667,014</u>	<u>\$ 8,361,179</u>	<u>\$ 8,230,437</u>	<u>\$ <b>8,413,743</b></u>
Business-type activities										
Net investment in capital assets	\$ 7,419,456	\$ 7,585,029	\$ 7,567,181	\$ 7,871,877	\$ 7,751,030	\$ 7,508,769	\$ 8,316,285	\$ 9,084,998	\$ 8,688,821	\$ <b>8,370,913</b>
Unrestricted	1,151,314	1,122,647	1,544,290	992,026	688,460	1,064,603	1,466,948	901,913	1,879,989	<b>2,782,337</b>
Total business-type activities	<u>\$ 8,570,770</u>	<u>\$ 8,707,676</u>	<u>\$ 9,111,471</u>	<u>\$ 8,863,903</u>	<u>\$ 8,439,490</u>	<u>\$ 8,573,372</u>	<u>\$ 9,783,233</u>	<u>\$ 9,986,911</u>	<u>\$ 10,568,810</u>	<u>\$ <b>11,153,250</b></u>
Primary government										
Net investment in capital assets	\$ 14,190,389	\$ 14,507,415	\$ 14,403,918	\$ 14,691,315	\$ 14,618,824	\$ 14,231,897	\$ 14,966,245	\$ 15,552,732	\$ 15,163,472	\$ <b>14,964,768</b>
Restricted	-	23,793	31,510	634,885	368,023	390,773	490,646	498,805	472,811	<b>394,033</b>
Unrestricted	2,090,705	2,086,252	2,703,041	1,888,433	2,102,043	2,699,678	2,993,356	2,296,553	3,162,964	<b>4,208,192</b>
Total primary government net position	<u>\$ 16,281,094</u>	<u>\$ 16,617,460</u>	<u>\$ 17,138,469</u>	<u>\$ 17,214,633</u>	<u>\$ 17,088,890</u>	<u>\$ 17,322,348</u>	<u>\$ 18,450,247</u>	<u>\$ 18,348,090</u>	<u>\$ 18,799,247</u>	<u>\$ <b>19,566,993</b></u>

Schedule 2  
TOWN OF BENSON, NORTH CAROLINA  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,003,258	\$ 1,037,992	\$ 1,005,855	\$ 1,661,882	\$ 1,372,934	\$ 1,223,927	\$ 1,092,252	\$ 821,236	\$ 1,038,374	\$ 1,021,193
Public safety	1,123,845	1,082,495	1,103,325	1,258,978	1,163,108	1,172,452	1,290,668	2,284,646	1,364,010	1,610,829
Transportation	281,647	283,625	418,438	219,289	275,778	240,208	242,753	465,410	312,451	341,009
Environmental protection	196,641	211,703	202,149	221,315	241,059	266,730	257,707	299,948	372,171	357,796
Cultural and recreation	608,605	560,916	548,457	596,405	520,247	595,336	688,833	691,944	640,878	669,823
Interest on long-term debt	41,108	45,552	50,196	55,825	55,717	52,176	51,859	55,140	51,907	49,704
Total governmental activities expenses	<u>3,255,104</u>	<u>3,222,283</u>	<u>3,328,420</u>	<u>4,013,694</u>	<u>3,628,843</u>	<u>3,550,829</u>	<u>3,624,072</u>	<u>4,618,324</u>	<u>3,779,791</u>	<u>4,050,354</u>
Business-type activities										
Electric	4,268,411	4,779,793	4,816,553	4,898,316	4,642,136	4,598,446	4,609,156	4,969,673	4,355,434	4,442,075
Water and Sewer	1,975,062	1,899,941	1,813,229	1,887,629	2,033,065	1,963,773	2,143,566	3,310,141	2,642,883	2,692,751
Total business-type activities expenses	<u>6,243,473</u>	<u>6,679,734</u>	<u>6,629,782</u>	<u>6,785,945</u>	<u>6,675,201</u>	<u>6,562,219</u>	<u>6,752,722</u>	<u>8,279,814</u>	<u>6,998,317</u>	<u>7,134,826</u>
Total primary government expenses	<u>\$ 9,498,577</u>	<u>\$ 9,902,017</u>	<u>\$ 9,958,202</u>	<u>\$ 10,799,639</u>	<u>\$ 10,304,044</u>	<u>\$ 10,113,048</u>	<u>\$ 10,376,794</u>	<u>\$ 12,898,138</u>	<u>\$ 10,778,108</u>	<u>\$ 11,185,180</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 139,584	\$ 129,190	\$ 164,521	\$ 153,106	\$ 110,180	\$ 143,698	\$ 151,920	\$ 160,638	\$ 193,518	\$ 220,898
Public safety	38,865	39,780	15,286	32,316	30,160	26,629	25,999	31,429	-	-
Environmental protection	141,778	159,164	167,528	202,052	216,489	251,068	263,038	285,337	332,665	366,890
Cultural and recreation	259,497	151,696	143,860	146,659	176,002	196,194	186,174	199,925	177,860	191,317
Operating grants and contributions	42,507	21,528	90,619	578,149	300,372	41,547	106,093	41,789	16,315	177,937
Capital grants and contributions	284,751	406,600	288,115	582,031	311,963	374,744	377,662	1,268,367	356,897	322,922
Total governmental activities program revenues	<u>906,982</u>	<u>907,958</u>	<u>869,929</u>	<u>1,694,313</u>	<u>1,145,166</u>	<u>1,033,880</u>	<u>1,110,886</u>	<u>1,987,485</u>	<u>1,077,255</u>	<u>1,279,964</u>
Business-type activities:										
Charges for services:										
Electric	4,382,913	4,653,849	4,771,983	4,747,448	4,383,358	4,598,884	4,676,534	5,130,865	4,567,214	4,570,486
Water and Sewer	2,185,737	1,917,253	2,104,783	2,121,017	2,106,000	2,457,753	2,554,710	2,555,224	2,769,710	2,884,986
Operating grants and contributions	-	549,745	473,894	31,446	105,659	54,320	729,530	914,583	214,361	-
Total business-type activities program revenues	<u>6,568,650</u>	<u>7,120,847</u>	<u>7,350,660</u>	<u>6,899,911</u>	<u>6,595,017</u>	<u>7,110,957</u>	<u>7,960,774</u>	<u>8,600,672</u>	<u>7,551,285</u>	<u>7,455,472</u>
Total program revenues	<u>\$ 7,475,632</u>	<u>\$ 8,028,805</u>	<u>\$ 8,220,589</u>	<u>\$ 8,594,224</u>	<u>\$ 7,740,183</u>	<u>\$ 8,144,837</u>	<u>\$ 9,071,660</u>	<u>\$ 10,588,157</u>	<u>\$ 8,628,540</u>	<u>\$ 8,735,436</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (2,348,121)	\$ (2,314,324)	\$ (2,458,491)	\$ (2,319,381)	\$ (2,483,675)	\$ (2,516,949)	\$ (2,513,186)	\$ (2,630,839)	\$ (2,702,536)	\$ (2,770,390)
Business-type activities	325,177	441,113	720,878	113,966	(80,184)	548,738	1,208,052	320,858	552,968	320,646
Total net expense	<u>\$ (2,022,944)</u>	<u>\$ (1,873,211)</u>	<u>\$ (1,737,613)</u>	<u>\$ (2,205,415)</u>	<u>\$ (2,563,859)</u>	<u>\$ (1,968,211)</u>	<u>\$ (1,305,134)</u>	<u>\$ (2,309,981)</u>	<u>\$ (2,149,568)</u>	<u>\$ (2,449,744)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,128,656	\$ 1,331,502	\$ 1,368,231	\$ 1,382,343	\$ 1,489,026	\$ 1,476,542	\$ 1,528,992	\$ 1,509,452	\$ 1,554,039	\$ 1,697,360
Local option sales tax	477,861	401,264	420,635	436,706	506,979	486,170	491,512	525,564	383,786	614,782
Other taxes and licenses	431,090	456,252	447,766	448,585	429,312	424,727	408,152	443,115	518,240	376,013
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	18,250	19,663
Investment earnings	36,029	8,607	11,322	7,533	5,167	4,086	2,568	2,582	2,587	2,424
Miscellaneous	-	-	-	-	-	-	-	-	79,892	562,980
Transfers	233,766	316,159	327,751	367,946	351,861	225,000	-	-	15,000	(115,000)
Total governmental activities	<u>2,307,402</u>	<u>2,513,784</u>	<u>2,575,705</u>	<u>2,643,113</u>	<u>2,782,345</u>	<u>2,616,525</u>	<u>2,431,224</u>	<u>2,480,713</u>	<u>2,571,794</u>	<u>3,158,222</u>
Business-type activities:										
Investment earnings	44,972	11,952	10,668	6,412	3,765	2,877	1,809	1,773	1,765	2,582
Miscellaneous	-	-	-	-	3,867	-	-	-	-	95,321
Transfers	(233,766)	(316,159)	(327,751)	(367,946)	(351,861)	(225,000)	-	-	(15,000)	115,000
Total business-type activities	<u>(188,794)</u>	<u>(304,207)</u>	<u>(317,083)</u>	<u>(361,534)</u>	<u>(344,229)</u>	<u>(222,123)</u>	<u>1,809</u>	<u>1,773</u>	<u>(13,235)</u>	<u>212,903</u>
Total primary government	<u>\$ 2,118,608</u>	<u>\$ 2,209,577</u>	<u>\$ 2,258,622</u>	<u>\$ 2,281,579</u>	<u>\$ 2,438,116</u>	<u>\$ 2,394,402</u>	<u>\$ 2,433,033</u>	<u>\$ 2,482,486</u>	<u>\$ 2,558,559</u>	<u>\$ 3,371,125</u>
<b>Changes in Net Position</b>										
Governmental activities										
Business-type activities	\$ (40,719)	\$ 199,460	\$ 117,214	\$ 323,732	\$ 298,670	\$ 99,576	\$ (81,962)	\$ (150,126)	\$ (130,742)	\$ 387,832
Business-type activities	137,383	136,906	403,795	(247,568)	(424,413)	326,615	1,209,861	322,631	539,733	533,549
Total change in net position	<u>\$ 96,664</u>	<u>\$ 336,366</u>	<u>\$ 521,009</u>	<u>\$ 76,164</u>	<u>\$ (125,743)</u>	<u>\$ 426,191</u>	<u>\$ 1,127,899</u>	<u>\$ 172,505</u>	<u>\$ 408,991</u>	<u>\$ 921,381</u>

**Schedule 3**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Major Fund</b>										
Restricted	\$ 309,235	\$ 298,917	\$ 301,186	\$ 465,842	\$ 341,479	\$ 364,857	\$ 413,526	\$ 462,889	\$ 443,029	\$ 364,351
Committed	9,624	46,815	59,122	-	-	-	-	-	-	-
Assigned	-	-	-	57,711	106,661	491,528	304,133	382,625	-	-
Unassigned	611,376	779,340	938,200	968,647	1,296,260	1,115,518	1,134,365	1,026,800	1,180,780	1,540,594
Total Major Fund Balances	<u>\$ 930,235</u>	<u>\$ 1,125,072</u>	<u>\$ 1,298,508</u>	<u>\$ 1,492,200</u>	<u>\$ 1,744,400</u>	<u>\$ 1,971,903</u>	<u>\$ 1,852,024</u>	<u>\$ 1,872,314</u>	<u>\$ 1,623,809</u>	<u>\$ 1,904,945</u>
<b>Total Non-Major Fund</b>										
Restricted	\$ -	\$ -	\$ -	\$ 169,043	\$ 26,544	\$ 25,916	\$ 100,916	\$ 35,916	\$ 25,916	\$ 25,916
Committed	-	-	-	144,332	155,146	170,233	193,532	222,649	345,103	375,858
Assigned	108,736	(37,303)	22,384	-	-	-	-	-	-	-
Unassigned	-	-	(18,756)	(155,606)	(13,874)	(14,899)	-	-	-	-
Total Non-Major Fund Balances	<u>\$ 108,736</u>	<u>\$ (37,303)</u>	<u>\$ 3,628</u>	<u>\$ 157,769</u>	<u>\$ 167,816</u>	<u>\$ 181,250</u>	<u>\$ 294,448</u>	<u>\$ 258,565</u>	<u>\$ 371,019</u>	<u>\$ 401,774</u>
Total Fund Balances	<u>\$ 1,038,971</u>	<u>\$ 1,087,769</u>	<u>\$ 1,302,136</u>	<u>\$ 1,649,969</u>	<u>\$ 1,912,216</u>	<u>\$ 2,153,153</u>	<u>\$ 2,146,472</u>	<u>\$ 2,130,879</u>	<u>\$ 1,994,828</u>	<u>\$ 2,306,719</u>

**Schedule 4**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 2,042,229	\$ 2,189,809	\$ 2,237,862	\$ 2,268,400	\$ 2,423,109	\$ 2,381,955	\$ 2,427,903	\$ 2,494,490	\$ 2,552,921	\$ <b>2,789,052</b>
Intergovernmental revenue	308,639	294,541	312,064	440,291	354,543	360,499	473,639	1,307,895	336,461	<b>479,954</b>
Licenses, fees and permits	415,451	349,824	352,050	377,338	386,457	450,205	419,275	470,208	523,937	<b>615,798</b>
Investment earnings	26,106	6,594	11,240	7,480	5,119	4,031	2,543	2,545	2,380	<b>2,122</b>
Miscellaneous	85,088	96,384	121,960	91,982	92,328	138,710	204,142	179,382	154,771	<b>382,416</b>
<b>Total revenues</b>	<b>\$ 2,877,513</b>	<b>\$ 2,937,152</b>	<b>\$ 3,035,176</b>	<b>\$ 3,185,491</b>	<b>\$ 3,261,556</b>	<b>\$ 3,335,400</b>	<b>\$ 3,527,502</b>	<b>\$ 4,454,520</b>	<b>\$ 3,570,470</b>	<b>\$ 4,269,342</b>
<b>Expenditures</b>										
General Government	\$ 901,137	\$ 935,022	\$ 939,241	\$ 1,017,773	\$ 989,489	\$ 1,058,374	\$ 930,529	\$ 695,910	\$ 949,345	\$ <b>1,024,835</b>
Public Safety	1,124,541	1,024,707	1,052,400	1,195,336	1,080,670	1,092,175	1,687,870	2,245,263	1,325,022	<b>1,519,603</b>
Transportation	265,542	269,172	418,156	218,945	274,973	240,039	242,836	245,650	322,218	<b>163,023</b>
Environmental protection	179,978	197,120	203,221	221,703	240,566	266,224	258,728	300,382	372,171	<b>357,796</b>
Cultural and recreational	594,797	658,464	552,367	577,211	569,809	573,731	643,372	650,981	582,562	<b>683,253</b>
Debt Service										
Principal	77,150	91,953	84,730	46,702	51,336	50,351	52,282	83,702	113,644	<b>113,644</b>
Interest	60,355	45,552	50,196	55,825	86,623	52,176	50,245	55,302	25,360	<b>25,360</b>
<b>Total expenditures</b>	<b>\$ 3,203,500</b>	<b>\$ 3,221,990</b>	<b>\$ 3,300,311</b>	<b>\$ 3,333,495</b>	<b>\$ 3,293,466</b>	<b>\$ 3,333,070</b>	<b>\$ 3,865,862</b>	<b>\$ 4,277,190</b>	<b>\$ 3,690,322</b>	<b>\$ 3,887,514</b>
Revenues over (under) expenditures	\$ (325,987)	\$ (284,838)	\$ (265,135)	\$ (148,004)	\$ (31,910)	\$ 2,330	\$ (338,360)	\$ 177,330	\$ (119,852)	\$ <b>381,828</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	\$ -	\$ -	\$ 155,820	\$ 33,750	\$ -	\$ -	\$ 325,000	\$ -	\$ -	\$ -
Transfers in	343,856	479,675	297,751	337,946	351,861	225,173	-	-	-	<b>12,592</b>
Transfers out	-	-	(15,000)	(30,000)	(67,751)	-	(106,519)	(157,040)	(128,653)	<b>(347,189)</b>
Miscellaneous	-	-	-	-	-	-	-	-	-	<b>233,905</b>
<b>Total other financing sources (uses)</b>	<b>\$ 343,856</b>	<b>\$ 479,675</b>	<b>\$ 438,571</b>	<b>\$ 341,696</b>	<b>\$ 284,110</b>	<b>\$ 225,173</b>	<b>\$ 218,481</b>	<b>\$ (157,040)</b>	<b>\$ (128,653)</b>	<b>\$ (100,692)</b>
<b>Net change in fund balances</b>	<b>\$ 17,869</b>	<b>\$ 194,837</b>	<b>\$ 173,436</b>	<b>\$ 193,692</b>	<b>\$ 252,200</b>	<b>\$ 227,503</b>	<b>\$ (119,879)</b>	<b>\$ 20,290</b>	<b>\$ (248,505)</b>	<b>\$ 281,136</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<u>4.55%</u>	<u>4.81%</u>	<u>4.45%</u>	<u>3.37%</u>	<u>4.58%</u>	<u>3.19%</u>	<u>3.07%</u>	<u>3.32%</u>	<u>4.02%</u>	<u>3.91%</u>

**Schedule 5**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Franchise Tax	Beer and Wine Tax	Occupancy Tax	Disposal Tax	Total Taxes
2008	1,133,278	477,861	322,192	15,892	13,251	-	1,962,474
2009	1,332,293	401,264	357,560	15,799	11,007	752	2,118,675
2010	1,369,461	420,635	356,165	-	11,062	2,475	2,159,798
2011	1,383,109	436,706	354,132	16,321	11,322	2,466	2,204,056
2012	1,486,818	506,979	334,279	14,450	9,655	2,341	2,354,522
2013	1,471,058	486,170	32,102	13,469	8,652	2,098	2,013,549
2014	1,528,239	491,512	319,779	14,628	8,206	1,879	2,364,243
2015	1,525,811	525,564	358,445	19,453	8,654	2,219	2,440,146
2016	1,554,039	503,020	383,786	18,250	9,818	2,152	2,471,065
<b>2017</b>	<b>1,697,360</b>	<b>357,713</b>	<b>357,713</b>	<b>19,663</b>	<b>12,633</b>	<b>2,292</b>	<b>2,447,374</b>

**Schedule 6**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assess Value	Direct Tax Rate
2008	212,559,245	19,950,943	6,596,875	239,107,063	0.53
2009	230,808,946	19,680,377	6,616,962	257,106,285	0.53
2010	233,446,734	18,786,038	6,594,004	258,826,776	0.53
2011	254,995,170	18,164,151	7,174,466	280,333,787	0.53
2012	261,508,713	18,730,377	7,428,930	287,668,020	0.53
2013	262,353,605	22,018,491	7,635,895	292,007,991	0.53
2014	263,448,326	26,448,491	7,069,834	296,966,651	0.53
2015	265,657,580	21,137,925	6,693,310	293,488,815	0.53
2016	271,703,924	21,730,000	6,677,693	300,111,617	0.53
<b>2017</b>	<b>304,718,799</b>	<b>24,419,660</b>	<b>6,127,399</b>	<b>335,265,858</b>	<b>0.54</b>

**Notes:** The State mandates that property must be reassessed at least once every eight years  
The last re-evaluation was in 2011.  
Property is assessed at actual value; therefore, the assessed values are equal to actual  
values. Tax rates are per \$100 assessed value.

Source: Johnston County Tax Office

**Schedule 7**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Principal Property Taxpayers in Benson, NC**  
**Current Year and Nine Years Ago**  
**Fiscal Year Ended June 30**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Chicopee Inc	\$ 39,422,156	1	11.76%	-		0.00%
Chicopee Inc	10,533,550	2	3.14%	-		0.00%
VYAS Realty LLC	3,002,140	3	0.90%	-		0.00%
Barbara B Properties LLC	2,367,860	4	0.71%	-		0.00%
Duke Energy Progress Inc	2,291,625	5	0.68%	-		0.00%
Towles, William B	1,944,640	6	0.58%	-		0.00%
Piedmont Natural Gas Co In	1,923,668	7	0.57%	-		0.00%
Benson Storage Warehouse	1,851,210	8	0.55%	-		0.00%
State Employees Credit Union	1,812,060	9	0.54%	-		0.00%
Jessica Inc	1,751,358	10	0.52%	-		0.00%
				-		0.00%
				-		0.00%
				-		0.00%
				-		0.00%
Total	<u>\$ 66,900,267</u>			\$ -		
Total Taxable Value	<u>\$ 335,265,858</u>			<u>\$ 239,107,063</u>		

**Notes:** Johnston County did an upgrade to software and past data cannot be pulled past 2011.

Source: Johnston County Tax Office

**Schedule 8**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

	Direct Rate	Overlapping Rate
Fiscal Year Ended June 30	Town of Benson	Johnston County
2008	0.53	0.78
2009	0.53	0.78
2010	0.53	0.78
2011	0.53	0.78
2012	0.53	0.78
2013	0.53	0.78
2014	0.53	0.78
2015	0.53	0.78
2016	0.53	0.78
<b>2017</b>	<b>0.54</b>	<b>0.78</b>

Source: Johnston County Tax Office

**Schedule 9**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected within the Fiscal Year of the Levy		Property Tax Collections Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 1,138,002	\$ 1,119,896	98.41	\$ 720	\$ 1,120,616	98.47
2009	1,344,278	1,326,892	98.71	1,206	\$ 1,328,098	98.80
2010	1,356,089	1,339,909	98.81	534	\$ 1,340,443	98.85
2011	1,384,076	1,368,430	98.87	(1,662)	\$ 1,366,768	98.75
2012	1,489,245	1,471,937	98.84	(6,300)	\$ 1,465,637	98.41
2013	1,496,477	1,472,869	98.42	4,027	\$ 1,476,896	98.69
2014	1,540,085	1,520,504	98.73	18,681	\$ 1,539,185	99.94
2015	1,507,048	1,506,148	99.94	(4,025)	\$ 1,502,123	99.67
2016	1,553,623	1,548,698	99.68	4,098	\$ 1,552,796	99.95
<b>2017</b>	<b>1,698,950</b>	<b>1,698,123</b>	<b>99.95</b>	-	\$ 1,698,123	<b>99.95</b>

Source: Johnston County Tax Office

**Schedule 10**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Governmental Activities Installment Debt</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Per Capita <sup>1</sup></b>
2008	\$ 1,373,386	\$ 1,373,386	0.026%	\$ 390.39
2009	1,281,433	1,281,433	0.024%	394.77
2010	1,352,523	1,352,523	0.025%	408.49
2011	1,339,571	1,339,571	0.024%	396.21
2012	1,257,329	1,257,329	0.022%	367.43
2013	1,506,978	1,506,978	0.025%	432.54
2014	1,479,696	1,479,696	0.024%	416.46
2015	1,395,994	1,395,994	n/a	387.78
2016	1,308,897	1,308,897	n/a	363.58
<b>2017</b>	<b>1,219,597</b>	<b>1,219,597</b>	n/a	329.89

<sup>1</sup> See Schedule 13 for personal income and population data.

Note: Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements

Personal income statistics are not available for the Town of Benson.  
Percentages are calculated using Johnston County data.

Source: Johnston County and Town of Benson

**Schedule 11**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
Debt repaid with property taxes:			
Johnston County	\$ <u>299,759,505</u>	122.79%	\$ 368,073,219
Town of Benson debt	\$ <u>1,219,597</u>	100.00%	<u>1,219,597</u>
Total direct and overlapping debt			<u>\$ 369,292,816</u>

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Benson. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages are estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total assessed value.

Source: Town of Benson and Johnston County.

Schedule 12  
TOWN OF BENSON, NORTH CAROLINA  
Legal Debt Margin Information  
Last Ten Fiscal Years

Legal Debt Margin Calculation for June 30, 2017

Total assessed value	<b>\$ 320,556,651</b>
Debt limit (8% of assessed value)	<b>\$ 25,644,532</b>
Debt applicable to limit:	
Installment Purchase Agreement	<b>1,219,597</b>
Total net applicable to limit	<b>1,219,597</b>
Legal debt margin	<b>\$ 24,424,935</b>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 17,023,411	\$ 20,157,389	\$ 20,338,191	\$ 20,768,999	\$ 22,364,069	\$ 22,440,094	\$ 23,190,974	\$ 22,730,340	\$ 23,432,522	<b>\$ 25,644,532</b>
Total net debt applicable to limit	<u>1,373,386</u>	<u>1,281,433</u>	<u>1,352,523</u>	<u>1,339,571</u>	<u>1,257,329</u>	<u>1,506,978</u>	<u>1,479,696</u>	<u>1,395,994</u>	<u>1,308,897</u>	<b><u>1,219,597</u></b>
Legal debt margin	<u>\$ 22,059,136</u>	<u>\$ 18,875,956</u>	<u>\$ 18,985,668</u>	<u>\$ 19,429,428</u>	<u>\$ 21,106,740</u>	<u>\$ 20,933,116</u>	<u>\$ 21,711,278</u>	<u>\$ 21,334,346</u>	<u>\$ 22,123,625</u>	<b><u>\$ 24,424,935</u></b>
Total net debt applicable to the limit as a percentage of debt limit	<u>5.86%</u>	<u>6.36%</u>	<u>6.65%</u>	<u>6.45%</u>	<u>5.62%</u>	<u>6.72%</u>	<u>6.38%</u>	<u>6.14%</u>	<u>5.59%</u>	<b><u>4.76%</u></b>

**Note:** NC General Statute 159 states that the net debt of the unit should not exceed eight percent (8%) of the assessed value of property subject to taxation.

**Schedule 13**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Town of Benson</b>	<b>Johnston County</b>		
	<b>Population <sup>1</sup></b>	<b>Personal Income (000's)<sup>2</sup></b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2008	3,518	\$ 5,279,171	\$ 32,639	n/a
2009	3,246	5,298,088	31,825	10.2%
2010	3,311	5,369,954	31,654	10.0%
2011	3,381	5,594,257	32,376	10.1%
2012	3,422	5,835,512	33,382	8.8%
2013	3,484	5,934,369	33,385	7.7%
2014	3,553	6,276,990	34,687	5.8%
2015	3,600	n/a	35,533	5.6%
2016	3,600	n/a	n/a	4.7%
<b>2017</b>	<b>3,697</b>	<b>n/a</b>	<b>n/a</b>	<b>3.9%</b>

**Note:** Personal income and unemployment statistics are not available for the Town of Benson.

<sup>1</sup> Source: Town of Benson

<sup>2</sup> Source: Fred Economic Data

<sup>3</sup> Source: Bureau of Labor Statistics

**Schedule 14**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Principal Employers in Johnston County**  
**Current Fiscal Year and Nine Years Ago**

<b>Employer (Top Ten)</b>	<b>Type of Enterprise</b>	<b>2017</b>			<b>2008</b>		
		<b>Employment Range</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Johnston County Schools	Public School System	<b>4,292</b>	<b>1</b>	<b>4.62%</b>	3,000	1	4.17%
Johnston Health	Medical Care	<b>1,735</b>	<b>2</b>	<b>2.00%</b>	1,000	3	1.39%
Grifols Therapeutics Inc (formerly Talecris Biotherapeutics, Inc)	Pharmaceuticals manufacturer	<b>1,650</b>	<b>3</b>	<b>1.91%</b>	1,900	2	2.64%
Wal-Mart Associates Inc (3 Stores)	Retail Stores	<b>1,450</b>	<b>4</b>	<b>1.67%</b>	850	5	1.18%
Johnston County Government	County government	<b>1,127</b>	<b>5</b>	<b>1.30%</b>	800	6	1.11%
Novo Nordisk Pharmaceutical	Insulin producer	<b>780</b>	<b>6</b>	<b>0.90%</b>	530	7	0.74%
Caterpillar Inc	Manufacturing	<b>690</b>	<b>7</b>	<b>0.80%</b>	1,000	4	1.39%
Johnston Community College	Community College	<b>665</b>	<b>8</b>	<b>0.77%</b>	-	-	-
Sysco Corporation	Food products distributor	<b>500</b>	<b>9</b>	<b>0.58%</b>	400	8	0.56%
Flanders Airpure NC Division	Manufacturing	<b>450</b>	<b>10</b>	<b>0.52%</b>	300	10	0.42%
Factory Stores of America	Retail Stores	-	-	-	300	9	0.42%
<b>Total</b>		<b><u>13,339</u></b>		<b><u>15.06%</u></b>	<b><u>10,080</u></b>		<b><u>14.00%</u></b>
	<b>Total Johnston County Employment</b>	<b><u>13,339</u></b>			<b><u>10,080</u></b>		

Source: Johnston County

**Schedule 15**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Full-Time Equivalent Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year Ended June 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government	9	9	9	9	9	9	9	9	9	<b>11</b>
Public safety	12	12	12	12	12	12	12	12	12	<b>11</b>
Transportation	0	0	0	0	0	0	0	0	0	<b>0</b>
Environmental protection	0	0	0	0	0	0	0	0	0	<b>0</b>
Cultural and recreation	6	6	6	6	6	6	6	6	6	<b>7</b>
Electric	4	4	4	3	3	3	3	3	3	<b>3</b>
Water and sewer	<u>11</u>	<u>11</u>	<u>12</u>	<u><b>12</b></u>						
<b>Total</b>	<u><b>42</b></u>	<u><b>42</b></u>	<u><b>43</b></u>	<u><b>42</b></u>	<u><b>42</b></u>	<u><b>42</b></u>	<u><b>42</b></u>	<u><b>42</b></u>	<u><b>42</b></u>	<u><b>44</b></u>

Source: Town records

**Schedule 16**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**(Calendar Years Where Indicated)**

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>										
Police Department:										
Reported serious offenses (calendar years)										
*Incident and Invest (Total Offenses), Part 1 Crimes	287	302	357	351	364	283	248	299	322	<b>119</b>
*Incident and Invest (Total Offenses), Part 2 Crimes	244	260	362	241	310	332	275	263	376	<b>127</b>
*Total Criminal Citations Issued	296	309	871	515	454	1105	1061	836	1464	<b>880</b>
Fire Department:										
Fire alarms (calendar years)	325	335	339	352	293	386	352	440	561	<b>327</b>
First Responder calls (calendar years)	n/a	70	216	486	463	473	488	518	652	<b>449</b>
Planning and Inspections:										
Building permits issued (fiscal year)	45	91	87	41	109	42	80	123	185	<b>207</b>
Value (\$000 fiscal year)	\$ 55,661	\$ 26,695	\$ 36,734	\$ 36,857	\$ 34,421	\$ 60,422	\$ 23,068	\$ 53,265	\$ 63,859	<b>\$ 89,107</b>
<b>Cultural and recreation</b>										
Recreation programs	35	35	35	35	39	39	39	39	44	<b>44</b>
Recreation center reservations	68	77	67	92	81	60	80	80	103	<b>76</b>
Gym membership issued	214	255	249	216	140	106	106	86	103	<b>56</b>
<b>Electric:</b>										
Customers	1,981	1,905	1,890	1,880	1,853	1,859	1,803	1,796	1,833	<b>1,842</b>
Average daily consumption in kWh	97,115	98,522	93,380	93,694	79,153	87,409	88,594	86,243	94,222	<b>91,975</b>
<b>Water and Sewer:</b>										
Customers Water	1,844	1,831	1,789	1,760	1,722	1,636	1,587	1,567	1,760	<b>1,770</b>
Water - average daily consumption in gallons	487,506	525,883	495,947	469,477	462,513	463,900	463,847	490,305	686,946	<b>693,093</b>
Customers Sewer	1,644	1,631	1,589	1,560	1,522	1,436	1,387	1,367	1,557	<b>1,566</b>
Sewer - average daily inflow in gallons	398,979	404,678	384,473	403,206	419,604	408,685	419,644	425,124	715,262	<b>655,996</b>

Note: 2017 calendar year is for the period January-September

Source: Town of Benson records

**Schedule 17**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety:</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
<b>Cultural and Recreation:</b>										
Parks	3	3	3	3	3	3	3	3	3	3
Recreation centers	1	1	1	1	1	1	1	1	1	1
Library Location	1	1	1	1	1	1	1	1	1	1
Museum Location	1	1	1	1	1	1	1	1	1	1
<b>Electric</b>										
Substations	2	2	2	2	2	2	2	2	2	2
Electric Facility	1	1	1	1	1	1	1	1	1	1
<b>Water and Sewer</b>										
Pump stations	11	11	11	11	11	11	11	11	11	11
Booster pump station	1	1	1	1	1	1	1	1	1	1
Elevated water storage tanks	1	1	1	1	1	1	1	1	1	1
Waste Water Facility	1	1	1	1	1	1	1	1	1	1
Public Works Facility	1	1	1	1	1	1	1	1	1	1

Source: Town records.

**Schedule 18**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Electric Rates**

	Last Ten Fiscal Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Residential</b>										
Basic Customer Charge	\$ 6.71	\$ 6.95	\$ 6.95	\$ 6.95	\$ 6.94	\$ 6.94	\$ 6.94	\$ 15.00	\$ 30.00	\$ 30.00
LM Customer Charge	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15.00	15.00
Energy - 1st 400 kWh	0.1166	0.1458	0.1458	0.1458	0.1458	0.1458	0.1458	0.1117	0.1117	0.1117
Energy - All Additional kW	0.0937	0.1222	0.1222	0.1222	0.1222	0.1222	0.1222	0.1117	0.1117	0.1117
[1] Fuel Rider per kWh	0.0118	n/a								
<b>Small General Commercial</b>										
Basic Customer Charge	\$ 12.22	\$ 12.65	\$ 12.65	\$ 12.65	\$ 12.65	\$ 12.65	\$ 12.65	\$ 25.00	\$ 25.00	\$ 25.00
LM Customer Charge	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10.00	10.00
Energy - 1st 1,000 kWh	0.1472	0.1765	0.1765	0.1765	0.1765	0.1765	0.1765	0.1394	0.1394	0.1394
Energy - Next 1,000 kWh	0.1024	0.1301	0.1301	0.1301	0.1301	0.1301	0.1301	0.1032	0.1032	0.1032
Energy - All Additional kWh	0.0973	0.1249	0.1249	0.1249	0.1248	0.1248	0.1248	0.097	0.0972	0.0972
[1] Fuel Rider per kWh	0.0115	n/a								
<b>Medium General Commercial</b>										
Basic Customer Charge	\$ 12.22	\$ 12.65	\$ 12.65	\$ 12.65	\$ 12.65	\$ 12.65	\$ 12.65	\$ 45.00	\$ 45.00	\$ 45.00
LM Customer Charge	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30.00	30.00
Demand- 1st 40 kW - per kW	2.32	2.41	2.41	2.41	2.40	2.40	2.40	3.50	3.50	3.50
Demand - All Additional kW - per kW	4.64	4.80	4.80	4.80	4.80	4.80	4.80	6.95	6.95	6.95
Energy - 1st 1,000 kWh	0.1248	0.1533	0.1533	0.1533	0.1533	0.1533	0.1533	0.1432	0.1432	0.1432
Energy - Next 4,000 kWh	0.0893	0.1166	0.1166	0.1166	0.1166	0.1166	0.1166	0.1174	0.1174	0.1174
Energy - All Additional kWh	0.0858	0.1130	0.1130	0.1130	0.1133	0.1133	0.1133	0.0938	0.0938	0.0938
[1] Fuel Rider per kWh	0.0115	n/a								
<b>LGS-CP Rate</b>										
Basic Customer Charge	\$ 169.89	\$ 175.84	\$ 175.84	\$ 175.84	\$ 175.84	\$ 175.84	\$ 175.84	\$ 250.00	\$ 250.00	\$ 250.00
CP Demand	27.74	28.71	28.71	28.71	28.71	28.71	28.71	24.90	24.90	24.90
Excess Demand	3.40	3.51	3.51	3.51	3.51	3.51	3.51	3.25	3.25	3.25
Energy	0.0436	0.0674	0.0674	0.0674	0.0674	0.0674	0.0674	0.0529	0.0529	0.0529
[1] Fuel Rider per kWh	0.0098	n/a								
<b>Public School CP</b>										
Basic Customer Charge	\$ 76.73	\$ 79.42	\$ 79.42	\$ 79.42	\$ 79.42	\$ 79.42	\$ 79.42	\$ 175.00	\$ 175.00	\$ 175.00
CP Demand	20.46	21.18	21.18	21.18	21.18	21.18	21.18	24.90	24.90	24.90
Excess Demand	2.05	2.12	2.12	2.12	2.12	2.12	2.12	2.10	2.10	2.10
Energy	0.0435	0.0674	0.0674	0.0674	0.0674	0.0674	0.0674	0.0529	0.0529	0.0529
[1] Fuel Rider per kWh	0.0098	n/a								
<b>Res. Load Management Credits</b>										
Water Heater	\$ (5.00)	\$ (5.00)	\$ (5.00)	\$ (5.00)	\$ (5.00)	\$ (5.00)	\$ (5.00)	n/a	n/a	n/a
Air Conditioning	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	n/a	n/a	n/a
<b>Area Lights</b>										
Mercury Vapor - 175W	\$ 12.18	\$ 12.61	\$ 12.61	\$ 12.61	\$ 12.61	\$ 12.61	\$ 12.61	n/a	n/a	n/a
Mercury Vapor - 400W	24.38	25.23	25.23	25.23	25.23	25.23	25.23	25.30	n/a	n/a
Mercury Vapor - 1000W	47.44	49.10	49.10	49.10	49.10	49.10	49.10	49.25	n/a	n/a
High Pressure Sodium - 100W	10.22	10.58	10.58	10.58	10.58	10.58	10.58	11.00	11.00	11.00
High Pressure Sodium - 250W	16.68	17.26	17.26	17.26	17.26	17.26	17.26	17.30	17.30	17.30
High Pressure Sodium - 400W	24.38	25.23	25.23	25.23	25.23	25.23	25.23	25.30	25.30	25.30
High Pressure Sodium - 1000W	47.44	49.10	49.10	49.10	49.10	49.10	49.10	n/a	n/a	n/a
Metal Halide - 1500 W	n/a	73.65	73.65	73.65	73.65	73.65	73.65	73.90	73.90	73.90
LED- 40W	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9.65	9.65	9.65
LED- 67W	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12.20	12.20	12.20
LED- 100W	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14.95	14.95	14.95
LED- 225W	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.15	21.15	21.15

**Schedule 19**  
**TOWN OF BENSON, NORTH CAROLINA**  
**Water and Sewer Rates**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>WATER</b>										
Residential/Commercial Inside City Limits										
Basic Customer Charge	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	\$ 3.15	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Usage per 1,000 Gallons	4.23	4.23	4.23	4.23	4.23	4.29	4.29	4.29	4.29	4.29
Residential/Commercial Outside City Limits										
Basic Customer Charge	3.15	3.15	3.15	3.15	3.15	4.15	12.00	12.00	12.00	12.00
Usage per 1,000 Gallons	6.83	6.83	6.83	6.83	6.83	6.93	6.93	6.93	6.93	6.93
<b>SEWER</b>										
Residential/Commercial Inside City Limits										
Basic Customer Charge	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Usage per 1,000 Gallons	5.21	5.21	5.21	5.21	5.21	5.29	5.29	5.29	5.29	5.29
Residential/Commercial Outside City Limits										
Basic Customer Charge	5.00	5.00	5.00	5.00	5.00	6.00	12.00	12.00	12.00	12.00
Usage per 1,000 Gallons	8.83	8.83	8.83	8.83	8.83	8.96	8.96	8.96	8.96	8.96

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## **COMPLIANCE SECTION**

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**Rives & Associates, LLP**  
Certified Public Accountants

Member:  
American Institute of  
Certified Public Accountants

Member:  
North Carolina Association of  
Certified Public Accountants

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

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

To the 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 16, 2017.

**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 control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. 2017-001.

### 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. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

### Town of Benson's Response to Finding

The Town of Benson's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

*Rivers & Associates LLP*

Raleigh, North Carolina  
October 16, 2017

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

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

**Federal Awards**

Identification of major federal programs:

There are no major Federal awards.

**State Awards**

Identification of major State programs:

There are no major State awards.

**TOWN OF BENSON, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2017**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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**Finding 2017-001**

**Criteria:** North Carolina General Statutes preclude units from having investments in preferred stock.

**Condition:** In the current year, the Town had investments in preferred stock for the J.L. George Endowment Beautification Grant Trust Fund, the Town's only Fiduciary Fund, which is a violation of General Statutes.

**Effect:** The Town was in violation of North Carolina General Statutes.

**Cause:** The Town had investments in preferred stock for the J.L. George Endowment Beautification Grant Trust Fund.

**Context:** During our audit procedures, we noted that the Town had investments in preferred stock.

**Recommendation:** The Town should convert its shares of preferred stock into securities that are in compliance with North Carolina General Statutes.

**Name of Contact Person:** Matthew Zapp, Town Manager

**Corrective Action/Management Response:** The Town will consider converting its shares of preferred stock into securities that are in compliance with State statutes.

**TOWN OF BENSON, NORTH CAROLINA**  
**Summary Schedule of Prior Year Audit Finding**  
**For the Year Ended June 30, 2017**

**Finding 2016-001**

Status: Repeated finding as 2017-001