

**Town of Bethel  
Table of Contents  
June 30, 2023**

	<u>Page</u>
<b>Financial Section:</b>	
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	17
Notes to the Financial Statements	18
<b>Required Supplemental Financial Data</b>	
Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement Systems	43
Schedule of Contributions – Local Government Employees' Retirement System	44
Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance	45
Schedule of Total Pension Liability as a Percentage of Covered Payroll	46

**Town of Bethel  
Table of Contents  
June 30, 2023**

	<u>Page</u>
<b>Individual Fund Statements and Schedules</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	47
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – American Rescue Plan Act	50
Reconciliation of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - State Capital Infrastructure Fund	51
<b>Other Schedules:</b>	
Schedule of Ad Valorem Taxes Receivable	52
Analysis of Current Tax Levy - Town-wide Levy	53
<b>Compliance Section</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
Schedule of Findings and Questioned Costs	56
Corrective Action Plan	62
Summary Schedule of Prior Year Audit Findings	65

## **Financial Section**



Member  
North Carolina Association of  
Certified Public Accountants

Member  
American Institute of  
Certified Public Accountants

## Independent Auditor's Report

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

### Report on the Audit of Financial Statements

#### *Opinion*

I have audited the accompanying financial statements of the governmental activities, and each major fund of Town of Bethel, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Bethel, North Carolina's basic financial statements as listed in the table of contents.

In my opinion, based on my audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Town of Bethel, North Carolina as of June 30, 2023, and the respective changes in financial position, and cash flows, thereof, and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Town of Bethel, North Carolina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Responsibilities of Management for the Audit of the Financial Statements*

Management is responsible for the audit of the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Bethel, North Carolina's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

*Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Bethel, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bethel, North Carolina's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bethel, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion based on my audit the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued my report dated September 27, 2024, on my consideration of the Town of Bethel, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bethel, North Carolina's internal control over financial reporting and compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bethel, North Carolina's internal control over financial reporting and compliance.



Tarboro, North Carolina  
September 27, 2024

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



**Town of Bethel**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

As management of the Town of Bethel, we offer readers of the Town of Bethel's financial statements this narrative overview and analysis of the financial activities of the Town of Bethel for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

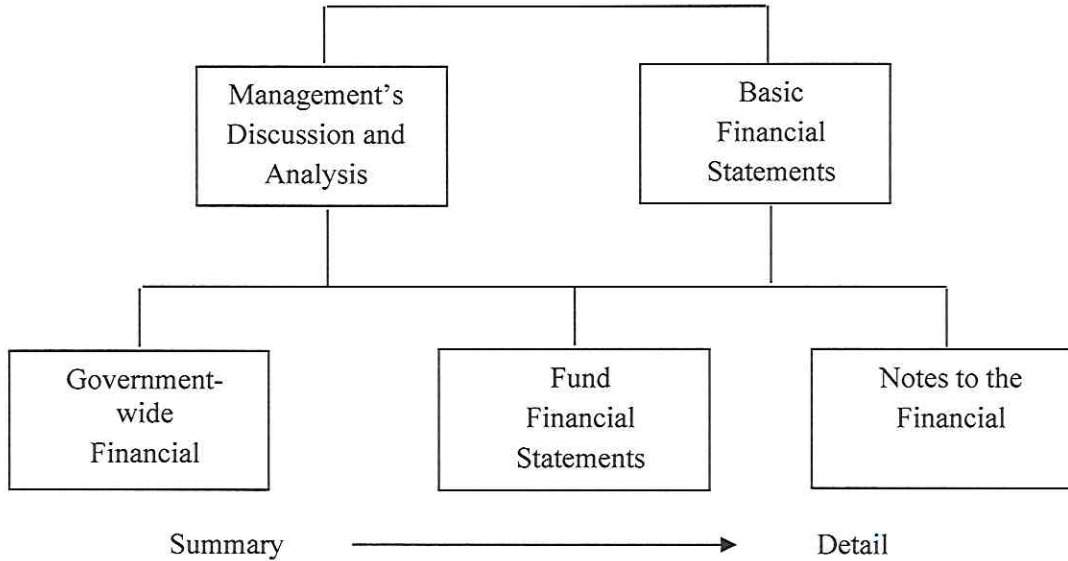
- The assets of the Town of Bethel exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,705,333 (net position).
- The government's total net position increased by \$449,423.
- As of the close of the current fiscal year, the Town of Bethel's governmental funds reported combined ending fund balances of \$2,876,801, an increase of \$369,917 in comparison with the prior year. Approximately 92 percent of this total amount, or \$2,634,662, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,634,662, or 236 percent of total general fund expenditures for the fiscal year.

**Overview of the Financial Statements**

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

**Town of Bethel  
Management Discussion and Analysis  
For the Year Ended June 30, 2023**

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



**Basic Financial Statements**

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

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

**Government-wide Financial Statements**

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

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



**Town of Bethel**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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

**Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Bethel, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Bethel can be divided into two categories: governmental funds and proprietary funds.

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

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

**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.

**Town of Bethel  
Management Discussion and Analysis  
For the Year Ended June 30, 2023**

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

	Governmental Activities	
	6/30/23	6/30/22
Current and other assets	\$ 3,788,018	\$ 3,287,449
Capital assets	1,103,744	1,000,028
Deferred outflows of resources	171,648	110,512
Total	\$ 5,063,410	\$ 4,397,989
Long-term liabilities	\$ 316,000	\$ 276,560
Other liabilities	945,850	804,399
Deferred inflows of resources	96,227	61,120
Total	\$ 1,358,077	\$ 1,142,079
Net position:		
Net investment in capital assets, net of related debt	\$ 969,330	\$ 800,907
Restricted	242,139	175,772
Unrestricted	2,493,864	2,279,231
Total Net Position	\$ 3,705,333	\$ 3,255,910

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Bethel exceeded liabilities and deferred inflows by \$3,705,333 as of June 30, 2023. The Town's net position increased by \$449,423 for the fiscal year ended June 30, 2023.

A portion, \$969,330 (26%), reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, equipment, and construction in progress). The Town of Bethel uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Bethel's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Bethel's net position \$242,139 (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,493,864 (67%) is unrestricted.

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

- Increased revenue in governmental activities



**Town of Bethel  
Management Discussion and Analysis  
For the Year Ended June 30, 2023**

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

	<b>Governmental Activities</b>	
	<b>6/30/23</b>	<b>6/30/22</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 128,086	\$ 124,181
Operating grants and contributions	163,679	162,558
Capital grants and contributions	161,106	-
General Revenues:		
Property taxes	508,949	479,369
Other taxes	-	-
Grants and contributions	528,749	506,902
Other	149,299	55,307
Total Revenues	\$ 1,639,868	\$ 1,328,317
Expenses:		
General government	\$ 400,546	\$ 292,694
Public safety	473,856	475,732
Transportation	155,523	104,137
Environmental protection	71,713	83,982
Cultural and recreation	81,204	69,243
Interest on long-term debt	7,603	6,088
Total Expenses	\$ 1,190,445	\$ 1,031,876
Increase (Decrease) in Net Position	\$ 449,423	\$ 296,441
Net position, July 1	3,255,910	2,959,469
Prior period adjustment	-	-
Net Position, June 30	\$ 3,705,333	\$ 3,255,910

**Governmental Activities.** Governmental activities increased the Town's net position by \$449,423. Key elements of this increase are as follows:

- Increase in capital grants
- Increase in property tax revenues and local option sales tax revenues

**Financial Analysis of the Town's Funds**

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

**Town of Bethel  
Management Discussion and Analysis  
For the Year Ended June 30, 2023**

**Governmental Funds.** The focus of the Town of Bethel’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Bethel’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Bethel. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,634,662, while total fund balance reached \$2,876,801. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 236 percent of total general fund expenditures, while total fund balance represents 258 percent of that same amount.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain/increase services.

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

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Bethel’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals \$1,103,744 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

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

	<b>Governmental Activities</b>	
	<b>6/30/23</b>	<b>6/30/22</b>
	Land and nondepreciable	\$ 287,728
Building and systems	115,285	122,024
Infrastructure	46,429	48,565
Parks	520,421	541,238
Vehicle and motorized equipment	133,881	161,579
Total	\$ 1,103,744	\$ 1,000,028

**Town of Bethel  
Management Discussion and Analysis  
For the Year Ended June 30, 2023**

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

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

	<b>Governmental Activities</b>	
	<b>6/30/23</b>	<b>6/30/22</b>
Compensated absences	\$ 1,065	\$ 9,235
Installment purchases	134,414	199,121
Net pension liability	157,960	81,741
Total pension liability	30,814	30,814
Total	\$ 324,253	\$ 320,911

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

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

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

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

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

**Requests for Information**

This report is designed to provide an overview of the Town of Bethel's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Bethel, North Carolina.



## **Basic Financial Statements**

**Town of Bethel, North Carolina**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 2,731,770
Taxes receivable	22,359
Accounts receivable (net)	17,007
Accrued interest receivable on taxes	6,179
Due from other governments	96,997
Restricted cash and cash equivalents	913,706
Total Current Assets	\$ 3,788,018
Capital Assets:	
Non-depreciable:	
Land, improvements, and water system	\$ 126,622
Depreciable:	
Other capital assets, net of depreciation	977,122
Total Capital Assets	\$ 1,103,744
Total Assets	\$ 4,891,762
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	\$ 116,730
Deferred charges	54,918
Total Deferred Outflows of Resources	\$ 171,648
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 30,363
Accrued compensated absences	1,065
Taxes payable	54,918
Current portion of long-term liabilities	7,188
Liabilities payable from restricted assets	852,316
Total Current Liabilities	\$ 945,850
Long-term Liabilities:	
Net pension liability	\$ 157,960
Total pension liability	30,814
Due in more than one year	127,226
Total Long-term Liabilities	\$ 316,000
Total Liabilities	\$ 1,261,850
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	\$ 96,227
<b>NET POSITION</b>	
Net investment in capital assets	\$ 969,330
Restricted for:	
Stabilization by State statute	168,922
USDA Debt Service	11,827
Transportation	61,390
Unrestricted	2,493,864
Total Net Position	\$ 3,705,333

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

**Town of Bethel, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Primary Government</u>  <u>Governmental</u> <u>Activities</u>
<b>Primary Government:</b>					
Governmental Activities:					
General government	\$ 400,546	\$ -	\$ 17,913	\$ 147,606	\$ (235,027)
Public safety	473,856	6,758	94,268	-	(372,830)
Transportation	155,523	-	50,430	-	(105,093)
Environmental protection	71,713	121,328	1,068	-	50,683
Cultural and recreation	81,204	-	-	13,500	(67,704)
Interest on long-term debt	7,603	-	-	-	(7,603)
<b>Total Governmental Activities</b>	<u>\$ 1,190,445</u>	<u>\$ 128,086</u>	<u>\$ 163,679</u>	<u>\$ 161,106</u>	<u>\$ (737,574)</u>
Business-type Activities:					
Water and sewer	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Primary Government</b>	<u>\$ 1,190,445</u>	<u>\$ 128,086</u>	<u>\$ 163,679</u>	<u>\$ 161,106</u>	<u>\$ (737,574)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose				\$ 508,949	
Grants and contributions not restricted to specific program				528,749	
Unrestricted investment earnings				12,926	
Miscellaneous revenue				13,606	
Gain (loss) on disposal of fixed assets				122,767	
Total General Revenues, Special Items, and Transfers				<u>\$ 1,186,997</u>	
Change in Net Position				<u>449,423</u>	
Net Position, beginning				\$ 3,255,910	
Prior period adjustment				-	
Net Position, ending				<u>\$ 3,705,333</u>	

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

**Town of Bethel, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>Major Fund</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>American Rescue Plan Act</b>	<b>State Capital Infrastructure Fund</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,731,770	\$ -	\$ -	\$ 2,731,770
Restricted cash	61,390	513,422	338,894	913,706
Receivables, net:				
Taxes	22,359	-	-	22,359
Accounts	17,007	-	-	17,007
Due from other governments	96,997	-	-	96,997
Total Assets	<u>\$ 2,929,523</u>	<u>\$ 513,422</u>	<u>\$ 338,894</u>	<u>\$ 3,781,839</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges	54,918	-	-	54,918
Total Assets and Deferred Outflows of Resources	<u>\$ 2,984,441</u>	<u>\$ 513,422</u>	<u>\$ 338,894</u>	<u>\$ 3,836,757</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 30,363	\$ -	\$ -	\$ 30,363
Taxes payable-US Treasury	54,918	-	-	54,918
Liabilities payable from restricted assets	-	513,422	338,894	852,316
Total Liabilities	<u>\$ 85,281</u>	<u>\$ 513,422</u>	<u>\$ 338,894</u>	<u>\$ 937,597</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	\$ 22,359	\$ -	\$ -	\$ 22,359
Total Deferred Inflows of Resources	<u>\$ 22,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,359</u>
<b>FUND BALANCES</b>				
Restricted:				
Stabilization by State Statute	\$ 168,922	\$ -	\$ -	\$ 168,922
Transportation	61,390	-	-	61,390
USDA Debt Service	11,827	-	-	11,827
Unassigned:	2,634,662	-	-	2,634,662
Total Fund Balances	<u>\$ 2,876,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,876,801</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,984,441</u>	<u>\$ 513,422</u>	<u>\$ 338,894</u>	<u>\$ 3,836,757</u>

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

**Town of Bethel, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

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

Fund balance as reported in the balance sheet governmental funds	\$ 2,876,801
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Unavailable revenues are treated as liabilities in the funds rather than as revenue with full accrual accounting used for the Statement of Net Position.	22,359
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds	6,179
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,103,744
Net pension liability	(157,960)
Total pension liability	(30,814)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	27,316
Pension related deferrals	(6,813)
Some liabilities, including bonds payable and accrued interest, and accrued not due and payable in the current period and therefore are not reported in the funds:	
Accrued vacation	(1,065)
Long-term debt	(134,414)
Net Position of Governmental Activities	<u>\$ 3,705,333</u>

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



**Town of Bethel**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	Major Fund			Total Governmental Funds
	General Fund	American Rescue Plan Act	State Capital Infrastructure Fund	
<b>REVENUES</b>				
Ad valorem taxes	\$ 516,970	\$ -	\$ -	\$ 516,970
Unrestricted intergovernmental	528,749	-	-	528,749
Restricted intergovernmental	163,679	-	161,106	324,785
Sales and services	128,086	-	-	128,086
Investment earnings	12,926	-	-	12,926
Miscellaneous	136,373	-	-	136,373
Total Revenues	<u>\$ 1,486,783</u>	<u>\$ -</u>	<u>\$ 161,106</u>	<u>\$ 1,647,889</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 275,760	\$ -	\$ 147,606	\$ 423,366
Public Safety	473,856	-	-	473,856
Transportation	155,523	-	-	155,523
Environmental protection	71,713	-	-	71,713
Cultural and recreational	67,704	-	13,500	81,204
Debt service	72,310	-	-	72,310
Total Expenditures	<u>\$ 1,116,866</u>	<u>\$ -</u>	<u>\$ 161,106</u>	<u>\$ 1,277,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 369,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,917</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the disposal of assets	\$ -	\$ -	\$ -	\$ -
Insurance proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ 369,917	\$ -	\$ -	\$ 369,917
Fund Balances, beginning	2,506,884	-	-	2,506,884
Fund Balances, ending	<u><u>\$ 2,876,801</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,876,801</u></u>

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

**Town of Bethel, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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

Net changes in fund balances - total governmental funds	\$	369,917
<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		(8,021)
<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 the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt		64,707
<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>		
Change in compensated absences		(8,170)
Pension expense		(15,641)
<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>		
		19,315
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		27,316
Total Changes in Net Position of Governmental Activities	\$	449,423

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

**Town of Bethel, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Ad valorem taxes	\$ 443,532	\$ 409,532	\$ 516,970	\$ 107,438
Unrestricted intergovernmental	378,950	405,425	528,749	123,324
Restricted intergovernmental	195,000	136,910	163,679	26,769
Sales and services	110,000	111,975	128,086	16,111
Investment earnings	750	750	12,926	12,176
Miscellaneous	10,460	181,750	136,373	(45,377)
Total Revenues	\$ 1,138,692	\$ 1,246,342	\$ 1,486,783	\$ 240,441
<b>EXPENDITURES</b>				
Current:				
General government	\$ 280,200	\$ 324,700	\$ 275,760	\$ 48,940
Public safety	371,350	465,300	473,856	(8,556)
Transportation	400,400	408,100	155,523	252,577
Environmental protection	83,100	83,100	71,713	11,387
Cultural and recreational	72,308	73,808	67,704	6,104
Debt service	42,584	42,584	72,310	(29,726)
Total Expenditures	\$ 1,249,942	\$ 1,397,592	\$ 1,116,866	\$ 280,726
Revenues Over (Under) Expenditures	\$ (111,250)	\$ (151,250)	\$ 369,917	\$ 521,167
Fund balance appropriated	\$ 121,250	\$ 151,250	\$ -	\$ (151,250)
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingency	\$ (10,000)	\$ -	\$ -	\$ -
Insurance proceeds	-	-	-	-
Total Other Financing Sources (Uses)	\$ (10,000)	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ -	\$ -	\$ 369,917	\$ 521,167
Fund balance, beginning			\$ 2,506,884	
Fund balance, ending			\$ 2,876,801	

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



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

B. Basis of Presentation - Fund Accounting

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

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

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

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

**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

The Town reports the following major governmental funds:

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

*Special Revenue Fund. American Rescue Plan Act* - This Act was signed into law on March 11, 2021 to provide additional financial relief in the wake of the COVID-19 pandemic. ARPA includes a significant amount of "Coronavirus State and Local Fiscal Recovery Funds" (SLFRF) for state and local governments to use over a period of several years. The local portion of these federal funds is referred to as the Coronavirus Local Fiscal Recovery Fund (LFRF). The U.S. Treasury Department is distributing LFRF funds in two equal installments, or "tranches," with the first distribution occurring in July 2021 and the second occurring in July 2023. LFRF funds may be used to cover qualifying costs obligated between March 3, 2021 and December 31, 2024, and expended by December 31, 2026.

*Capital Project Fund. State Capital Infrastructure Fund* - This Fund reports the transactions related to the rehabilitation of various properties within the Town.

C. Measurement Focus and Basis of Accounting

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

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

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



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable is 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 to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

D. Budgetary Data

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

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 Super NOW accounts, money market accounts, and certificates of deposit.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.1. Unspent grant proceeds are also considered restricted.



**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

Town of Bethel Restricted Cash

Governmental Activities:

General Fund

Streets	\$ 61,390
---------	-----------

American Rescue Plan Act:

Unspent funds	513,422
---------------	---------

State Capital Infrastructure Fund:

Unspent grant proceeds	338,894
	<u>\$ 913,706</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. The taxes levied are based on the assessed values as of January 1, 2022. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

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

**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals in the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable, and pension deferrals.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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 thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

a. Net Position

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

b. Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance.

**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds.

The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by the law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

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

12. Defined Benefit Cost-Sharing Plan

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



**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**II. Stewardship, Compliance and Accountability**

A. Excess of Expenditures Over Appropriations

1. Noncompliance with North Carolina General Statutes

- a. The Town's records were not kept in an orderly manner; the bank accounts were not reconciled in a timely manner and the Board did not receive regular statements of financial condition as required by NC General Statute 159-25.
- b. The required semi-annual report on deposits, an investment was filed late in violation of NC General Statute 159-33.
- c. In accordance with G.S. 159-34, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for the year ended June 30, 2023 was not completed until September 27, 2024. The former finance officer did not submit a majority of the year end audit information. The former finance officer resigned prior to providing all financial records for the audit. The Town hired an outside accountant that was able to provide the remaining items.
- d. The Town's expenditures for Public Safety and Debt Service of the General Fund exceeded approved budget authorization by \$8,556 and \$29,726, respectively for the year ended June 30, 2023.

Management's Response: Management is aware of the NC General Statute violations. Management has taken steps to appoint a finance officer and is in the process of complying with all NC General Statutes.

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

All deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the



**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository for collateralized public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of \$3,443,867 and a bank balance of \$3,459,174. Of the bank balance, \$257,986 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$350.

2. Investments

At June 30, 2023, the Town of Bethel had \$201,259 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2023	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 201,259	N/A	AAAM
Total		\$ 201,259		

Interest Rate Risk

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

Credit Risk

The Town has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAM-mf by Moody's Investor Service as of June 30, 2023.

3. Receivables – Allowance for Doubtful Accounts

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

**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

Fund	June 30, 2023
General Fund:	
Taxes receivable	\$ -
Total	\$ -

4. Capital Assets

- a. Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 126,622			\$ 126,622
Construction in progress	-	\$ 161,106	\$ -	161,106
Total Capital Assets Not Being Depreciated	\$ 126,622	\$ 161,106	\$ -	\$ 287,728
Capital Assets Being Depreciated:				
Buildings	\$ 473,705	\$ -	\$ -	\$ 473,705
Furniture and equipment	160,388	40,009	-	200,397
Infrastructure	85,437	-	-	85,437
Parks	854,849	-	-	854,849
Vehicles	944,665	83,717	85,266	943,116
Total Capital Assets Being Depreciated	\$ 2,519,044	\$ 123,726	\$ 85,266	\$ 2,557,504
Less accumulated depreciation for:				
Buildings	\$ 351,681	\$ 6,739	\$ -	\$ 358,420
Furniture and equipment	160,388	40,009	-	200,397
Infrastructure	36,872	2,136	-	39,008
Parks	313,611	20,817	-	334,428
Vehicles	783,086	111,415	85,266	809,235
Total Accumulated Depreciation	\$ 1,645,638	\$ 181,116	\$ 85,266	\$ 1,741,488
Total Capital Assets Being Depreciated, Net	873,406			816,016
Governmental Activity Capital Assets, Net	\$ 873,406			\$ 1,103,744



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

Public safety	\$ 9,802
Transportation	28,358
Cultural and recreational	<u>21,864</u>
Total Depreciation Expense	<u><u>\$ 60,024</u></u>

**B. Liabilities**

**1. Pension Plan Obligations**

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

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

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



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bethel employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Bethel's contractually required contribution rate for the year ended June 30, 2023, was 12.70% of actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bethel were \$27,316 for the year ended June 30, 2023.

*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, 2023, the Town reported a liability of \$157,960 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2022, the Town's proportion was 0.00280%, which was a decrease of 0.00253% from its proportion measured as of June 30, 2021.

**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

For the year ended June 30, 2023, the Town recognized pension expense of \$15,641. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,806	\$ 667
Changes of assumptions	15,761	-
Net difference between projected and actual earnings on pension plan investments	52,207	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	62,906
Town contributions subsequent to the measurement date	27,316	-
Total	\$ 102,090	\$ 63,573

\$27,316 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2024	(968)
2025	(2,648)
2026	(10,055)
2027	24,873
2028	-
Thereafter	-
	\$ 11,202

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

The actuarial assumptions used in the December 31, 2021 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 weighing 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, 2023 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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 2.50%. All rates of return and inflation are annualized.



**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$285,907	\$157,960	\$ 53,191

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

b. Law Enforcement Officers Special Separation Allowance

1) Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the valuation date, the Separation Allowance’s membership consisted of:

**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

Inactive members currently receiving benefits	-
Active members	4
Total	4

2) Summary of Significant Accounting Policies

Basis of Accounting

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

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

3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4) Contributions

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

**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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

At June 30, 2023, the Town reported a total pension liability of \$30,814. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$(874).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,525	\$ 31,066
Changes of assumptions	10,115	1,588
Total	\$ 14,640	\$ 32,654

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2023	\$ (6,946)
2024	(7,512)
2025	(8,418)
2026	1,562
2027	1,488
Thereafter	1,812
	\$ (18,014)

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

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 2.25 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.25 percent) or one percentage point higher (3.25 percent) than the current rate:



**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Town's proportionate share of the net pension liability (asset)	\$ 35,066	\$ 30,814	\$ 27,005

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

	<b>2022</b>
Beginning balance	\$ 24,694
Service cost	5,265
Interest on the total pension liability	477
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	1,690
Changes of assumptions or other inputs	(1,312)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 30,814

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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

	LGERS	LEOSSA	Total
Pension Expense	\$ 15,641	\$ (874)	\$ 14,767
Pension Liability	157,960	30,814	188,774
Proportionate share of the net pension liability	0.00533%	n/a	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	6,806	4,525	11,331
Changes of assumptions	15,761	10,115	25,876
Net difference between projected and actual earnings on plan investments	52,207	-	52,207
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	27,316	-	27,316
Deferred of Inflows of Resources:			
Differences between expected and actual experience	667	31,066	31,733
Changes of assumptions	-	1,588	1,588
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	62,906	-	62,906

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 Annual Comprehensive Annual Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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 Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

Contributions for the year ended June 30, 2023 were \$7,365, which consisted of \$7,005 from the Town and \$360 from the employees. No amounts were forfeited.

d. Supplemental Retirement Income Plan for General Employees

*Plan Description*

The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to Town employees.

*Funding Policy*

The Town elects to contribute each month an amount equal to two percent of each employee's salary if the employee elects one percent in voluntary contribution, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan.

Contributions for the year ended June 30, 2023 were \$12,114, which consisted of \$4,139 from the Town and \$7,975 from the employees.

e. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has 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.

2. Deferred Outflows and Inflows of Resources

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



**Town of Bethel, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

Source	Amount
Contributions to pension plan in current fiscal year	\$ 27,316
Differences between expected and actual experience	11,331
Changes of assumptions	25,876
Net difference between projected and actual	52,207
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	\$ 116,730

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 22,359
Changes of assumptions	1,588	-
Differences between expected and actual experience	31,733	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,906	-
	\$ 96,227	\$ 22,359

3. Risk Management

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

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

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

**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

4. Long-term Obligations

a. Installment Purchase

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

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

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

Year Ending June 30	General Fund	
	Principal	Interest
2024	-	-
Total	\$ -	\$ -

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

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

Annual debt service requirements to maturity for the installment purchase, including \$39,974 of interest, are as follows:

Year Ending June 30	Principal	Interest	General Fund
2024	\$ 7,188	\$ 4,639	\$ 11,827
2025	7,431	4,396	11,827
2026	7,682	4,145	11,827
2027	7,941	3,886	11,827
2028	8,209	3,618	11,827
2029-2033	45,391	13,744	59,135
2034-2038	50,572	5,546	59,135
Total	\$ 134,414	\$ 39,974	\$ 177,405

**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

e. Changes in Long-term Liabilities

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Governmental Activities:					
Compensated absences	\$ 9,235	\$ -	\$ 8,170	\$ 1,065	\$ 1,065
Direct placement -					
Installment purchases	199,121	-	64,707	134,414	7,188
Net pension liability	81,741	76,219	-	157,960	-
Total pension liability	<u>30,814</u>	<u>-</u>	<u>-</u>	<u>30,814</u>	<u>-</u>
Total	<u>\$ 441,804</u>	<u>\$76,219</u>	<u>\$ 72,877</u>	<u>\$ 324,253</u>	<u>\$ 8,253</u>

At June 30, 2023, the Town of Bethel had a legal debt margin of \$6,010,847.

5. Fund Balance

Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	\$ 1,103,744
Less: Long-term debt	<u>(134,414)</u>
Net Investment in Capital Assets	<u>\$ 969,330</u>

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

Total fund balance - General Fund	\$ 2,876,801
Less:	
Stabilization by State Statute	168,922
USDA Debt Service	11,827
Streets-Powell Bill	61,390
Remaining Fund Balance	<u>2,634,662</u>

**IV. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The Town has received proceeds from federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies.



**Town of Bethel, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

Management believes that any required refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**V. Subsequent Events**

As of September 27, 2024, the completion of the financial statements, there were no material subsequent events that were required to be reported.

### **Required Supplementary Financial Data**

---

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

---

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

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Bethel's proportion of the net pension liability (asset) (%)	0.00280%	0.00533%	0.00622%	0.00579%	0.00529%	0.00758%	0.00705%	0.00687%	0.00681%	0.00670%
Town of Bethel's proportion of the net pension liability (asset) (\$)	\$ 157,960	\$ 81,741	\$ 222,267	\$ 158,120	\$ 125,497	\$ 115,801	\$ 149,625	\$ 30,832	\$ (40,162)	\$ (80,761)
Town of Bethel's covered-employee payroll	\$ 178,951	\$ 336,900	\$ 311,114	\$ 281,479	\$ 277,594	\$ 333,626	\$ 324,607	\$ 400,344	\$ 398,650	\$ 390,620
Town of Bethel's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.27%	24.26%	71.44%	56.17%	45.21%	34.71%	46.09%	7.70%	-10.07%	-20.68%
Plan fiduciary net position as a percentage of the total pension liability	85.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%



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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 27,316	\$ 20,854	\$ 34,992	\$ 29,066	\$ 20,266	\$ 21,832	\$ 24,761	\$ 23,453	\$ 25,259	\$ 26,573
Contributions in relation to the contractually required contributions	27,316	20,854	34,992	29,066	20,266	21,832	24,761	23,453	25,259	26,573
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Bethel's covered-employee payroll	\$ 214,747	\$ 178,951	\$ 336,900	\$ 311,114	\$ 281,479	\$ 277,594	\$ 333,626	\$ 324,607	\$ 400,344	\$ 398,650
Contributions as a percentage of covered-employee payroll	12.72%	11.65%	10.39%	9.34%	7.20%	7.86%	7.42%	7.23%	6.31%	6.67%

**Town of Bethel, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2023**

	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 24,694	\$ 9,578	\$ 6,041	\$ 75,371	\$ 52,924	\$ 48,843
Service cost	5,265	2,999	2,751	2,026	4,784	3,993
Interest on the total pension liability	477	312	220	2,382	2,043	1,744
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	1,690	555	99	(73,334)	10,223	-
Changes of assumptions or other inputs	(1,312)	11,250	467	(404)	5,397	(1,656)
Benefit payments	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 30,814</u>	<u>\$ 24,694</u>	<u>\$ 9,578</u>	<u>\$ 6,041</u>	<u>\$ 75,371</u>	<u>\$ 52,924</u>

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

**Town of Bethel, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2023**

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 30,814	\$ 24,694	\$ 9,578	\$ 6,041	\$ 75,371	\$ 52,924
Covered payroll	144,671	161,415	159,050	106,385	202,090	163,863
Total pension liability as a percentage of covered payroll	21.30%	15.30%	6.02%	5.68%	37.30%	32.30%

Notes to the schedules:

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



## **Supplemental Information**

**Town of Bethel, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Ad Valorem Taxes:			
Taxes		\$ 512,619	
Penalties and interest		4,351	
Total Ad Valorem Taxes	<u>\$ 409,532</u>	<u>\$ 516,970</u>	<u>\$ 107,438</u>
Unrestricted Intergovernmental:			
Local option sales taxes		\$ 451,668	
Utility franchise tax		70,876	
Beer and wine tax		6,205	
Total Unrestricted Intergovernmental	<u>\$ 405,425</u>	<u>\$ 528,749</u>	<u>\$ 123,324</u>
Restricted Intergovernmental:			
Powell Bill allocation		\$ 50,430	
Solid waste disposal tax		1,068	
Fire and rescue fees		54,268	
Fire department grant		40,000	
Miscellaneous grants		17,913	
Total Restricted Intergovernmental	<u>\$ 136,910</u>	<u>\$ 163,679</u>	<u>\$ 26,769</u>
Sales and Services:			
Solid waste disposal fees		\$ 102,928	
Other fees		6,758	
Cemetery fees		18,400	
Total Sales and Services	<u>\$ 111,975</u>	<u>\$ 128,086</u>	<u>\$ 16,111</u>
Investment earnings	<u>\$ 750</u>	<u>\$ 12,926</u>	<u>\$ 12,176</u>
Miscellaneous:			
Donations		\$ 1,500	
Sale of fixed assets		122,767	
Other miscellaneous		12,106	
Total Miscellaneous	<u>\$ 181,750</u>	<u>\$ 136,373</u>	<u>\$ (45,377)</u>
<b>Total Revenues</b>	<u><b>\$ 1,246,342</b></u>	<u><b>\$ 1,486,783</b></u>	<u><b>\$ 240,441</b></u>
<b>EXPENDITURES</b>			
General Government:			
Governing Body:			
Salaries and employee benefits		\$ 10,496	
Other operating expenditures		2,589	
Total Governing Body	<u>\$ 14,150</u>	<u>\$ 13,085</u>	<u>\$ 1,065</u>

**Town of Bethel, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

<i>(Expenditures continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Administration:			
Salaries and employee benefits		\$ 96,896	
Other operating expenditures		162,650	
Total Administration	<u>\$ 305,550</u>	<u>\$ 259,546</u>	<u>\$ 46,004</u>
Taxes:			
Collection fees		3,129	
Total Taxes	<u>\$ 5,000</u>	<u>\$ 3,129</u>	<u>\$ 1,871</u>
Total General Government	<u>\$ 324,700</u>	<u>\$ 275,760</u>	<u>\$ 48,940</u>
Public Safety:			
Police:			
Salaries and employee benefits		\$ 193,701	
Other operating expenditures		142,230	
Capital outlay		-	
Total Police	<u>\$ 308,750</u>	<u>\$ 335,931</u>	<u>\$ (27,181)</u>
Fire:			
Vehicle maintenance		\$ 83,256	
Other operating expenditures		54,669	
Total Fire	<u>\$ 156,550</u>	<u>\$ 137,925</u>	<u>\$ 18,625</u>
Total Public Safety	<u>\$ 465,300</u>	<u>\$ 473,856</u>	<u>\$ (8,556)</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits		\$ -	
Other operating expenditures		155,523	
Total Transportation	<u>\$ 408,100</u>	<u>\$ 155,523</u>	<u>\$ 252,577</u>
Environmental Protection:			
Solid Waste:			
Salaries and employee benefits		\$ -	
Other operating expenditures		71,713	
Total Environmental Protection	<u>\$ 83,100</u>	<u>\$ 71,713</u>	<u>\$ 11,387</u>
Cultural and Recreation:			
Parks and Recreation:			
Operating expenditures		\$ 1,962	
Total Parks and Recreation	<u>\$ 4,400</u>	<u>\$ 1,962</u>	<u>\$ 2,438</u>
Libraries:			
Operating expenditures		\$ 27,815	
Total Libraries	<u>\$ 36,533</u>	<u>\$ 27,815</u>	<u>\$ 8,718</u>



**Town of Bethel, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

<i>(Expenditures continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Senior Center:			
Operating expenditures		\$ 11,780	
Total Senior Center	\$ 12,875	\$ 11,780	\$ 1,095
Cemetery:			
Operating expenditures		\$ 26,147	
Total Senior Center	\$ 20,000	\$ 26,147	\$ (6,147)
Total Cultural and Recreation	\$ 73,808	\$ 67,704	\$ 6,104
Debt Service:			
Interest		\$ 7,813	
Principal retirement		64,497	
Total Debt Service	\$ 42,584	\$ 72,310	\$ (29,726)
Total Expenditures	\$ 1,397,592	\$ 1,116,866	\$ 280,726
Fund balance appropriated	\$ 151,250	\$ -	\$ (151,250)
Other Financing Sources (Uses):			
Transfer to Water Sewer Fund	-	\$ -	
Proceeds from disposal of assets	-	-	
Insurance proceeds	-	-	
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 369,917</u>	<u>\$ 369,917</u>
Fund balance, beginning		2,506,884	
Fund balances, ending		<u>\$ 2,876,801</u>	

**Town of Bethel, North Carolina**  
**Special Revenue Funds - American Rescue Plan Act**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Federal grant	\$ 513,422	\$ -	\$ -	\$ -	\$ (513,422)
Other	-	-	-	-	-
Total Revenues	\$ 513,422	\$ -	\$ -	\$ -	\$ (513,422)
<b>Expenditures:</b>					
Capital outlay	513,422	-	-	-	513,422
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources:					
Transfer in	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Town of Bethel, North Carolina**  
**Capital Project - State Capital Infrastructure Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
State grant	\$ 500,000	\$ -	\$ 161,106	\$ 161,106	\$ (338,894)
Total Revenues	\$ 500,000	\$ -	\$ 161,106	\$ 161,106	\$ (338,894)
<b>Expenditures:</b>					
Administration	150,000	-	147,606	147,606	2,394
Police department	75,000	-	-	-	75,000
Street department	150,000	-	-	-	150,000
Recreation department	50,000	-	-	-	50,000
Library	75,000	-	13,500	13,500	61,500
Total Expenditures	\$ 500,000	\$ -	\$ 161,106	\$ 161,106	\$ 338,894
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Financing Sources (Uses):</b>					
Transfer out to General Fund	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ -		



### **Other Schedules**

---

This section contains additional information on property taxes.

---

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

**Town of Bethel  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2023**

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections And Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 506,984	\$ 500,869	\$ 6,115
2021-2022	11,176	-	7,732	3,444
2020-2021	5,296	-	2,569	2,727
2019-2020	3,754	-	1,455	2,299
2018-2019	2,276	-	650	1,626
2017-2018	2,145	-	392	1,753
2016-2017	2,144	-	394	1,750
2015-2016	1,358	-	401	957
2014-2015	1,222	-	390	832
2013-2014	2,760	-	1,904	856
2012-2013	-	-	-	-
	<u>\$ 32,131</u>	<u>\$ 506,984</u>	<u>\$ 516,756</u>	<u>\$ 22,359</u>

Reconciliation with revenues:

Taxes - Ad valorem - General Fund

\$ 516,970

Reconciling Items:

Interest collected

(4,351)

Taxes written off

-

Releases

-

Adjustments

-

Discounts allowed

4,137

Total Reconciling Items

\$ (214)

Total Collections and Credits

\$ 516,756

**Town of Bethel  
Analysis of Current Tax Levy  
Town - Wide Levy  
For the Fiscal Year Ended June 30, 2023**

	Town - Wide		Total Levy		
	Property	Rate	Total	Property excluding Registered	Registered
	Valuation		Levy	Motor Vehicles	Motor Vehicles
Original Levy:					
Property taxed at current rate	\$76,815,758	0.66	\$506,984	\$423,383	\$83,601
Total	<u>\$76,815,758</u>		<u>\$506,984</u>	<u>\$423,383</u>	<u>\$83,601</u>
Discoveries	-	0.66	-	-	-
Abatements	<u>-</u>	0.66	<u>-</u>	<u>-</u>	<u>-</u>
Total Property Valuation	<u>\$76,815,758</u>				
Net Levy			\$506,984	\$423,383	\$83,601
Uncollected Taxes at June 30, 2023			<u>\$ (6,115)</u>	<u>\$ (6,115)</u>	<u>\$ -</u>
Current Year's Taxes Collected			<u>\$500,869</u>	<u>\$417,268</u>	<u>\$83,601</u>
Current Levy Collection Percentage			<u>98.79%</u>	<u>98.56%</u>	<u>100.00%</u>





Member  
North Carolina Association of  
Certified Public Accountants

Member  
American Institute of  
Certified Public Accountants

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*

Independent Auditor's Report

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

I 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, business-type activities, and each major fund of the Town of Bethel, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Bethel, North Carolina's basic financial statements, and have issued my report thereon dated September 27, 2024.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Bethel, North Carolina's internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bethel's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Bethel's internal control over financial reporting.

A deficiency in internal control exists when the design or operating 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Bethel'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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questions costs, I identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be material weaknesses reported as 2023-001, 2023-002, 2023-003, and 2023-004.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bethel's financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Town of Bethel's Response to Findings

The Town of Bethel's responses to the findings identified in my audit are described in the accompanying schedule of findings and response. The Town of Bethel's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.



Gregory T. Redman, CPA  
Tarboro, North Carolina  
September 27, 2024





**Town of Bethel, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

---

Section II – Financial Statement Findings

---

**Material Weakness**

**Finding 2023-001**

**Segregation of Duties**

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Statement of Condition: There is lack of segregation of duties among Town personnel.

Questioned Cost: N/A

Effect: The Town's internal control process cannot ensure that errors will be detected by employees in the normal course of performing their assigned functions.

Cause: The Town has limited employees to handle all financial transactions.

Identification of a repeat finding: Yes

Recommendation: The Town should examine its internal control procedures and segregate duties within the Town's accounting function. As much as possible, the Town should use alternative controls to compensate for the lack of separation. The Governing Board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding.

**Town of Bethel, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

---

Section II – Financial Statement Findings

---

**Material Weakness**

**Finding 2023-002**

**Late Submission of Audit**

Criteria: The Town is required to submit the audit report to the Local Government Commission by October 31 following the year end of June 30.

Statement of Condition: The audit report for the year ended June 30, 2023 was due to the Local Government Commission by October 31, 2023. The audit report was not submitted to the Local Government Commission until September 2024.

Questioned Cost: N/A

Cause: Subsidiary ledgers did not reconcile to the general ledger and bank reconciliations were not performed timely. Records were not submitted for audit in a timely manner.

Effect: Audit reports completed a year after the June 30 yearend do not provide useful information to management, the Board, lenders, and the Local Government Commission.

Identification of a repeat finding: No

Recommendation: The Board should remain diligent in expecting and receiving timely financial information from the staff and the outside accountant. Management should constantly monitor the financial information and be aware of whether reporting deadlines are met.

Views of responsible officials and planned corrective actions: With new personnel in place, Management plans to have all future audits submitted timely.

**Town of Bethel, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

---

Section II – Financial Statement Findings

---

**Material Weakness**

**Finding 2023-003**

**Bank and Accounting Record Reconciliation**

Criteria:	All bank accounts should be reconciled to the Town’s records on a monthly basis. In addition, subsidiary ledgers should be reconciled to the general ledger on a timely basis.
Statement of Condition:	The bank accounts and subsidiary ledgers are not being reconciled on a timely basis.
Questioned Cost:	N/A
Cause:	The Town’s former Finance Officer did not perform his accounting duties in a timely manner.
Effect:	Since the records were not complete at the time of the audit, the audit report was submitted late to the Local Government Commission.
Identification of a repeat finding:	Nos
Recommendation:	The Board and management should establish internal controls and implement them in order to ensure that records are reconciled in a timely manner.
Views of responsible officials and planned corrective actions:	The Town agrees with this finding and will adhere to the correction action plan in this audit report.



**Town of Bethel, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

---

Section II – Financial Statement Findings

---

**Material Weakness**

**Finding 2023-004**

**Semi-annual Report on Deposits Filed Late**

**Criteria:** All bank accounts should be reconciled to the Town’s records on a monthly basis. In addition, subsidiary ledgers should be reconciled to the general ledger on a timely basis.

**Statement of Condition:** The semi-annual report on deposits for the year ended June 30, 2023 were filed late.

**Questioned Cost:** N/A

**Cause:** The Town’s former Finance Officer did not prepare required reports in a timely manner.

**Effect:** The LGC assists with monitoring collateralization of deposits. If the report on deposits is not filed timely, the information cannot be analyzed in a timely manner.

**Identification of a repeat finding:** No

**Recommendation:** The Town should ensure that all semi-annual reports on deposits are filed timely.

**Views of responsible officials and planned corrective actions:** The Town is aware of their responsibilities concerning all reports that should be filed to the LGC. We will ensure that all future reports are submitted timely.

**Town of Bethel, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

---

Section II – Financial Statement Findings

---

**Material Weakness**

**Finding 2023-005**

**Expenditures Exceeded Authorized Budget**

Criteria: G.S. 159-8(a) states that all monies received and expended by a local government should be included in the budget ordinance.

Statement of Condition: As of the for the fiscal year ended June 30, 2023, the Authority’s expenditures exceeded approved budget authorization for Public Safety by \$8,556 and Debt Service by \$29,726.

Questioned Cost: N/A

Cause: The Town did not amend its budget when expenditures exceeded appropriate amounts.

Effect: Monies were spent that had not been appropriated.

Identification of a repeat finding: No

Recommendation: Budget amendments should be adopted when excess expenditures occur.

Views of responsible officials and planned corrective actions: Management agrees with this finding. We will monitor expenses and make budget amendments as required in the future.



**Town of Bethel  
Bethel, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2023**

---

Section II – Financial Statement Findings

---

**Finding 2023-001**

**Segregation of Duties**

Name of Contact Person:

Scott Elliott  
Interim Town Manager

Corrective Action:

The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation.

Proposed Completion Date:

The Board will implement the above procedure immediately.

**Finding 2023-002**

**Late Submission of Audit**

Name of Contact Person:

Scott Elliott  
Interim Town Manager

Corrective Action:

Management has stressed the importance of timely records. Management and the Interim Town Manager will work together to make sure that financial records are prepared timely for future audits.

Proposed Completion Date:

June 30, 2024





**Town of Bethel  
Bethel, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2023**

---

Section II – Financial Statement Findings

---

**Finding 2023-003**

**Bank and Accounting Record Reconciliation**

Name of Contact Person:

Scott Elliott  
Interim Town Manager

Corrective Action:

Management will establish internal controls and implement them in order to ensure that records are reconciled on a timely basis.

Proposed Completion Date:

June 30, 2024

**Finding 2023-004**

**Semi-Annual Report on Deposits Filed Late**

Name of Contact Person:

Scott Elliott  
Interim Town Manager

Corrective Action:

Management agrees with this finding. All future reports will be file timely.

Proposed Completion Date:

Immediately



**Town of Bethel  
Bethel, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2023**

---

Section II – Financial Statement Findings

---

**Finding 2023-005**

**Expenditures Exceeded Authorized Budget**

Name of Contact Person:

Scott Elliott  
Interim Town Manager

Corrective Action:

Management will monitor expenditures and make budget amendments as necessary.

Proposed Completion Date:

Immediately

**Town of Bethel, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2023**

Finding 2022-001	Segregation of Duties
Status:	Reported as a finding in the current year.
Finding 2022-002	Late Submission of Audit
Status:	Reported as a finding in the current year.
Finding 2022-003	Bank Account and Record Reconciliation
Status:	Reported as a finding in the current year.
Finding 2022-004	Semi-annual Report on Deposits Filed Late
Status:	Reported as a finding in the current year.