



**TOWN OF BUTNER, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2020**

Prepared by:

Town of Butner Finance Department

TOWN OF BUTNER, NORTH CAROLINA
Table of Contents
June 30, 2020

<u>Exhibit</u>	<u>Page</u> <u>Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	iv
List of Elected and Appointed Officials	v
GFOA Certificate of Achievement for Excellence in Financial Reporting, Fiscal year ended June 30, 2019	vi
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-15
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
1 Statement of Net Position	18-19
2 Statement of Activities	20
FUND FINANCIAL STATEMENTS:	
3 Balance Sheet—Governmental Funds	22
3 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
4 Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds	24
4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
5 General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual	26
6 Proprietary Fund – Statement of Fund Net Position	27
7 Proprietary Fund – Statement of Revenues, Expenses, and Changes in Net Position	28
8 Proprietary Fund – Statement of Cash Flows	29
NOTES TO THE FINANCIAL STATEMENTS	31-56

TOWN OF BUTNER, NORTH CAROLINA
Table of Contents
June 30, 2020

<u>Exhibit</u>		<u>Page</u> <u>Number</u>
REQUIRED SUPPLEMENTARY INFORMATION		
A-1	Other Postemployment Benefits – Schedule of Changes in the Total OPEB Liability and Related Ratios	58
A-2	Local Government Employees' Retirement System – Schedule of the Proportionate Share of the Net Pension Liability (Asset) Schedule of Contributions	59
A-3	Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability Schedule of Total Pension Liability as a Percentage of Covered Payroll	60
COMBINING AND INDIVIDUAL FUND STATEMENTS		
B-1	General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual	62-66
B-2	Special Revenue Fund – Grant Project – CDBG Schedule of Revenue, Expenditures, and Changes in Fund Balance—Budget and Actual	67
B-3	Combining Balance Sheet — Nonmajor Governmental Funds	68
B-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	69
B-5	Non-Major Special Revenue Fund – Street Improvements Schedule of Revenue, Expenditures, and Changes in Fund Balance—Budget and Actual	70
B-6	Non-Major Capital Project Fund – Schedule of Revenue, Expenditures, and Changes in Fund Balance—Budget and Actual	71
B-7	Stormwater Fund – Schedule of Revenue and Expenditures—Budget and Actual (Non-GAAP)	72
OTHER SCHEDULES		
C-1	Schedule of Ad Valorem Taxes Receivable	74
C-2	Analysis of Current Tax Levy	75

TOWN OF BUTNER, NORTH CAROLINA
Table of Contents
June 30, 2020

<u>Table</u>	<u>Page</u> <u>Number</u>
STATISTICAL SECTION	
Introduction	76
Financial Trends:	
1 Net Position by Component	77
2 Changes in Net Position	78-79
3 Governmental Activities Tax Revenues by Source (Accrual Basis)	80
4 Fund Balances of Governmental Funds	81
5 Change in Fund Balance of Governmental Funds	82
6 Governmental Activities Tax Revenues by Source (Modified Accrual Basis)	83
Revenue Capacity:	
7 Assessed Value of Taxable Property	84
8 Property Tax Rates - Direct and Overlapping Governments	85
9 Principal Property Taxpayers	86
10 Property Tax Levies and Collections	87
Debt Capacity	
11 Ratios of Outstanding Debt by Type	88
12 Direct and Overlapping Governmental Activities Debt	89
13 Ratio of General Bonded Debt	90
14 Legal Debt Margin Informaiton	91
Demographic and Economic Information	
15 Demographic and Economic Statistics	92
16 Principal Employers	93
Operating Information	
17 Full-time Equivalent Employees by Function	94
18 Operating Indicators by Function	95
19 Capital Assets Statistics by Function	96
COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Accounting Standards</i>	98-99
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	100-101
Schedule of Findings and Questioned Costs	102-103
Schedule of Prior Audit Findings	103
Schedule of Expenditures of Federal and State Awards	104

INTRODUCTORY SECTION

Town of Butner

P. O. Box 270

Butner, NC 27509

Tel 919-575-3032 Fax 919-575-3034

www.butnenc.org

Terry Turner, Mayor

Thomas S. Marrow, Manager



December 2, 2020

To the Honorable Mayor, Members of the Town Council, and Citizens of the Town of Butner

State law requires that every general-purpose local government publish within four months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that is has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

William L. Stark and Company, Certified Public Accountants, have issued an opinion, based on their audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Butner, North Carolina as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Town of Butner, incorporated in 2007, is located in the north central piedmont area of North Carolina. It currently occupies 6.6 square miles and serves a population of 8,088. The Town of Butner is empowered to levy a property tax on both real property and some personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by voluntary annexation.

The Town of Butner has operated under a council-manager form of government since its incorporation in 2007. Policy-making and legislative authority are vested in a governing Council consisting of the mayor and six other members, elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of various departments. Council members serve four-year terms, with three members elected every two years. The mayor is elected for a two-year term. The Mayor and all Council members are elected at large.

The Town of Butner provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; planning and zoning services; and certain recreational and cultural activities.

The Council is required to adopt a final budget no later than June 30th. This annual budget serves as the foundation for the Town of Butner's financial planning and control. The budget is prepared by fund, function, and department. Department heads may use resources within a department as they see fit. Transfers between departments, however, need special approval from the Council.

Local Economy

Major industries located within the Town's boundaries or in close proximity include manufactures of aerial trucks, and automobile components. The state and federal governments also provide a significant economic presence thanks to major correctional facilities and two large mental health facilities. These facilities provide a combined employment to more than 3,000 staff.

During the last ten years, unemployment rose from 5.7% in 2005 to as much as 11% in 2009. Currently the unemployment rate is 6.9%, due to a sudden increase in jobs lost due to the COVID-19 pandemic. The long term affects of COVID-19 on the local economy is unknown. Several industries in the area have plans for expansion of their current operations. Butner is in a prime area for industrial development: we are located on Interstate 85 and within an hour of the Research Triangle Park, North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill.

A master plan is currently in the works for a new mixed use space in Butner. It will be located on a large parcel of property that borders Interstate 85. The plan is for the construction residential and retail buildings in addition restaurants and a hotel. At this time a Developer has not show interest in the plan the Town is creating, so there no specific time frame that this project may come to fruition.

The Town has been awarded a \$8.7 Million grant from the North Carolina Department of Commerce for the construction of the Veterans Life Center on the campus of the former John Umstead Hospital. At the conclusion of the construction the facility will become property of the State of North Carolina and leased to a private company to provide educational, medical, psychological and employment training services to homeless veterans.

The Town's revenue from charges for services has remained relatively flat for the last several years. Our revenue from the local option sales and use tax has steadily increased over the past five years but other revenues remain stagnant. There are currently no new sources of revenue for the Town.

Long-term financial planning

Unreserved, unrestricted Fund Balance in the general fund (percent of total general fund revenues) is above the requirement of 30 percent set by the Council in the Town's Fund Balance Policy. The North Carolina Local Budget Commission recommends a minimum of 8 percent unrestricted fund balance.

Major initiatives

The Falls Lake Rules were adopted in January 2011 to restore water quality in the lake by reducing the amount of pollution entering upstream. The rules are a staged nutrient management strategy designed to reduce nutrient discharges to the lake from various sources, including stormwater runoff from new and existing development, wastewater treatment plants and agriculture. The Town is about to begin the most cost intensive phase of the implementation of the Rules - the removal of illegal discharges and identification of stormwater retrofits.

Acknowledgements

We would like to express our appreciation to all members of the Town staff who assisted and contributed to the preparation of this report. Credit must also be given to the mayor and governing council for the unwavering support for maintaining the highest standards of professionalism in the management of the Town of Butner's finances.

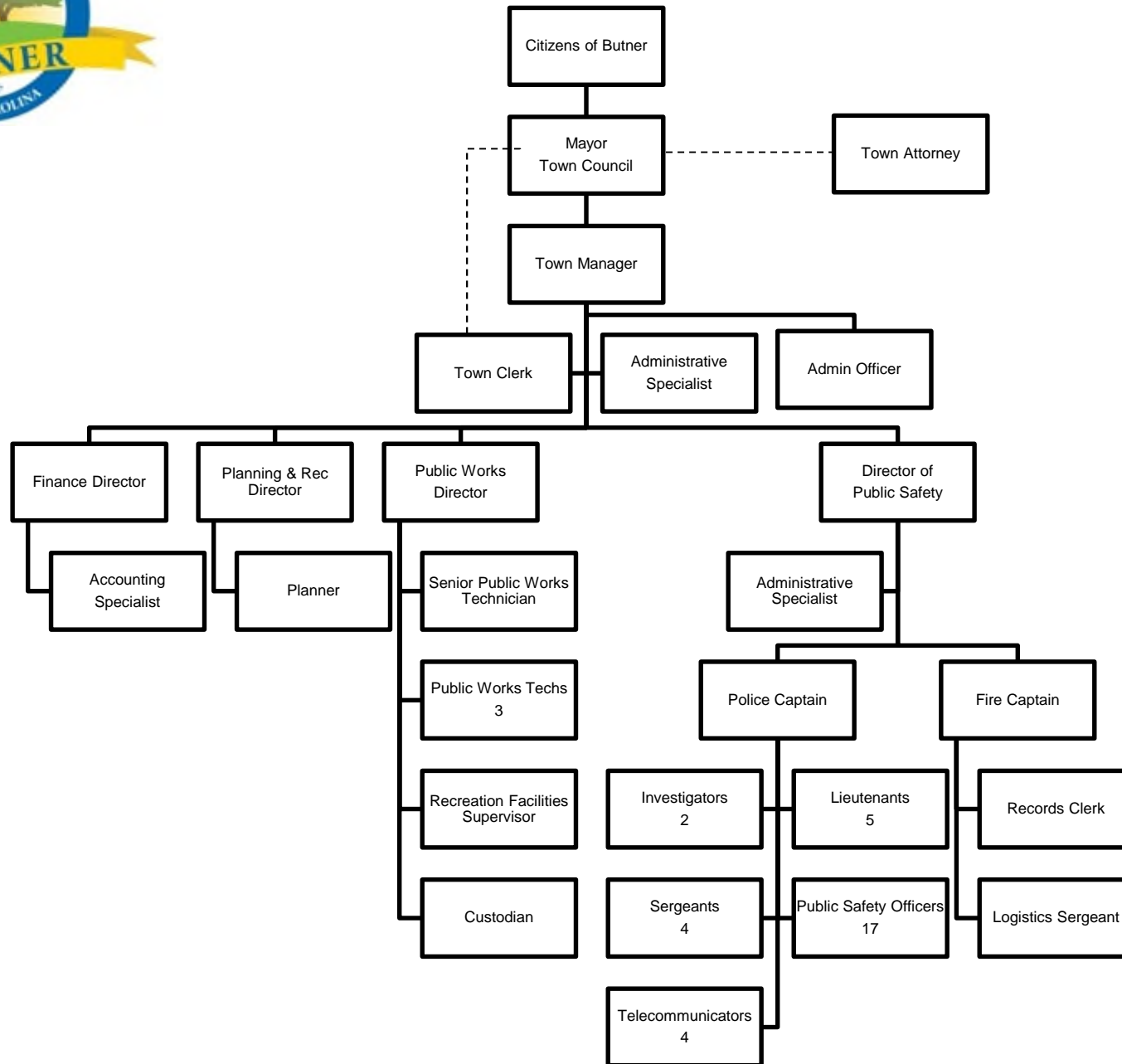
Respectfully submitted,

Thomas S. Marrow
Town Manager

Susan C. Hiscocks
Finance Director



Town of Butner Organizational Chart



Town of Butner
List of Elected and Appointed Officials
June 30, 2020

Elected Officials

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member
Council Member
Council Member

Terry Turner
William J. McKellar
Michel Branch
Jimmy Gooch
Linda Jordon
Thomas W. Lane
Vickie Smoak

Appointed Officials

Manager
Attorney
Clerk
Finance Director
Planning & Recreation Director
Public Safety Director
Public Works Director

Thomas S. Marrow
James C. Wrenn, Jr.
Barbara J. Rote
Susan C. Hiscocks
Michael A. Ciriello
James G. Champion
Reid Daniel



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Butner
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



William L. Stark and Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Butner Town Council
Town of Butner, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 15, the Other Post Employment Benefit's Schedule of Changes in the Total OPEB Liability and Related Ratios on page 58, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on page 59, and the Law Enforcement Officers' Special Separation Allowance's Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on page 60, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Butner's basic financial statements. The introductory information, individual fund financial statements, budgetary schedules, other schedules, statistical section, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020 on our consideration of the Town of Butner's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Butner's internal control over financial reporting and compliance.

William L. Stark and Company

Certified Public Accountants
Henderson, North Carolina

December 2, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

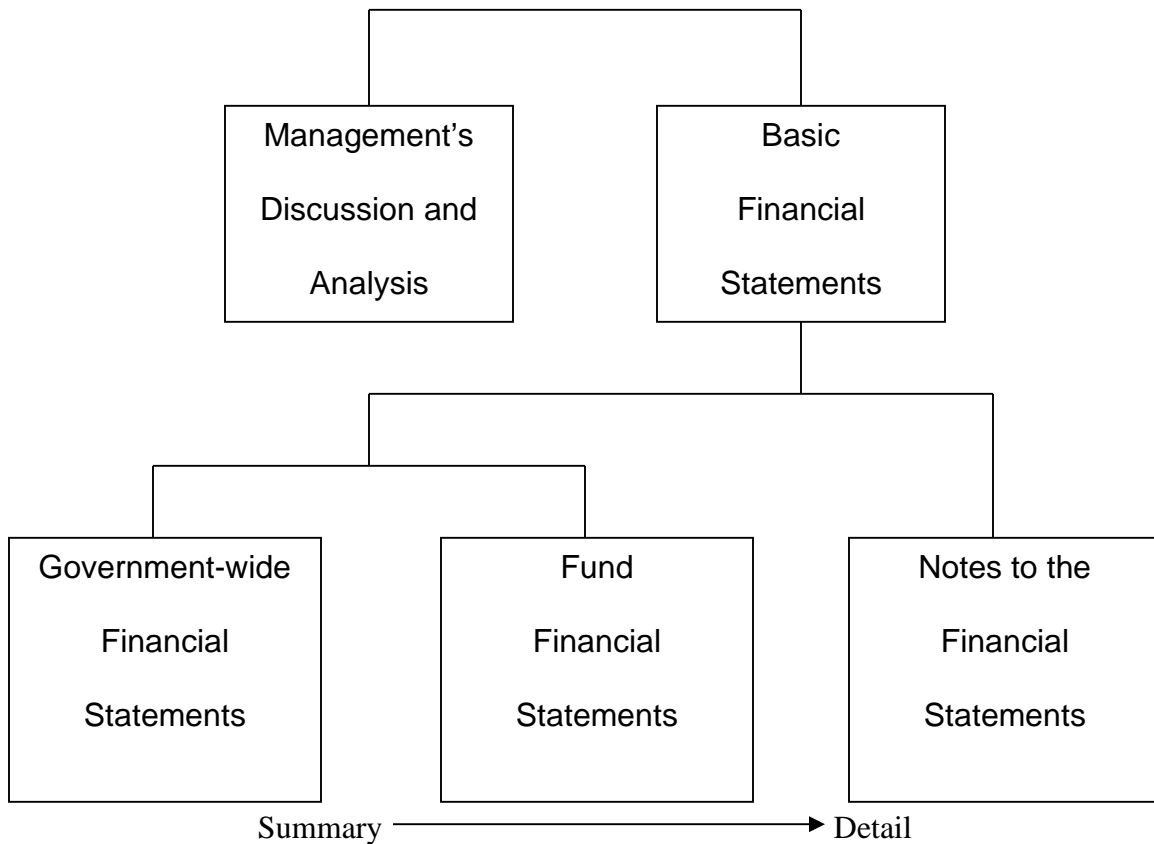
- The assets and deferred outflows of resources of the Town of Butner exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$36,624,247 (*net position*).
- The government's total net position increased by \$1,844,221, primarily due to diligent cost-saving measures.
- As of the close of the current fiscal year, the Town of Butner's governmental funds reported combined ending fund balances of \$9,193,069 with a net increase of \$647,118 in fund balance. Approximately 20.71% of this total amount, or \$1,903,942, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,239,679, or 99.36% of total general fund expenditures and transfers out for the fiscal year.
- The Town of Butner's total debt decreased by \$265,067 (8.94%) during the current fiscal year. The key factors in this decrease were the payments made against the principal of installment purchases and a decrease in the Other Postemployment Benefits liability

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Butner'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 Butner.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-Wide Financial Analysis

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state shared revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. Currently the Town's only business-type activity is related to the Falls Lake Rules. The final category is the component unit, and currently the Town of Butner does not have a component unit.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Butner, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Butner 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 Butner 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 the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Butner has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Butner uses enterprise funds to account for its stormwater related activity. This fund that has its functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Butner’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 58 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Butner's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 9,914,504	\$ 9,478,471	\$ 965,784	\$ 824,277	\$ 10,880,288	\$ 10,302,748
Capital assets	27,691,684	26,825,232	469,155	485,910	28,160,839	27,311,142
Total assets	37,606,188	36,303,703	1,434,939	1,310,187	39,041,127	37,613,890
Deferred outflows of resources	1,000,536	1,026,078	25,622	30,022	1,026,158	1,056,100
Long-term liabilities outstanding	2,117,377	2,300,305	44,111	38,655	2,161,488	2,338,960
Other liabilities	1,188,663	1,473,388	13,793	17,808	1,202,456	1,491,196
Total liabilities	3,306,040	3,773,693	57,904	56,463	3,363,944	3,830,156
Deferred inflows of resources	77,265	58,764	1,829	1,044	79,094	59,808
Net position:						
Net investment in capital assets	27,292,688	26,023,677	469,155	485,910	27,761,843	26,509,587
Restricted	1,385,757	1,582,047	-	-	1,385,757	1,582,047
Unrestricted	6,544,974	5,891,600	931,673	796,792	7,476,647	6,688,392
Total net position	\$ 35,223,419	\$ 33,497,324	\$ 1,400,828	\$ 1,282,702	\$ 36,624,247	\$ 34,780,026

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Butner exceeded liabilities and deferred inflows by \$36,624,247 as of June 30, 2020. The Town's net position increased by \$1,844,221 for the fiscal year ended June 30, 2020. However, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Butner uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Butner's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Butner's net position, \$1,385,757, represents resources that are subject to external restrictions on how they may be used.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.10%. The statewide average in fiscal year 2019 was 98.78%.
- The Town implemented a new motor vehicle registration fee of \$10 per registered vehicle.
- Continued scheduled payments on installment purchase obligations.

Town of Butner's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,074,802	\$ 1,069,310	\$ 372,146	\$ 381,833	\$ 1,446,948	\$ 1,451,143
Operating grants and contributions	815,234	779,703	-	-	815,234	779,703
Capital grants and contributions	6,067,782	1,875,673	-	-	6,067,782	1,875,673
General revenues:						
Property taxes	2,345,910	2,315,455	-	-	2,345,910	2,315,455
Other taxes	24,055	-	-	-	24,055	-
Grants and contributions not restricted to specific unrestricted investment income	2,491,842	2,390,093	-	-	2,491,842	2,390,093
Other	107,791	166,253	10,853	13,209	118,644	179,462
Other	49,570	32,465	-	-	49,570	32,465
Total revenues	12,976,986	8,628,952	382,999	395,042	13,359,985	9,023,994
Expenses:						
General government	1,484,034	1,457,056	-	-	1,484,034	1,457,056
Public safety	4,109,691	3,887,602	-	-	4,109,691	3,887,602
Transportation	140,678	112,206	-	-	140,678	112,206
Environmental protection	38,596	28,115	-	-	38,596	28,115
Economic and physical development	4,824,140	1,958,188	-	-	4,824,140	1,958,188
Cultural and recreation	629,900	694,356	-	-	629,900	694,356
Interest on long-term debt	23,852	35,117	-	-	23,852	35,117
Stormwater	-	-	264,873	234,650	264,873	234,650
Total expenses	11,250,891	8,172,640	264,873	234,650	11,515,764	8,407,290
Increase in net position before transfers	1,726,095	456,312	118,126	160,392	1,844,221	616,704
Transfers	-	-	-	-	-	-
Increase in net position	1,726,095	456,312	118,126	160,392	1,844,221	616,704
Net position, beginning	33,497,324	33,041,012	1,282,702	1,122,310	34,780,026	34,163,322
Net position, June 30	\$ 35,223,419	\$ 33,497,324	\$ 1,400,828	\$ 1,282,702	\$ 36,624,247	\$ 34,780,026

Governmental activities. Governmental activities increased the Town's net position by \$1,726,095, accounting for 93.59% of the total growth in the net position of the Town of Butner. The increase in net position was the result of increased capital grants as well as continued effort to control costs and manage expenditures. Town management chose to close athletic facilities and parks in response to the COVID-19 pandemic and reduce non-essential programs to a minimum. Management believes healthy investment in the Town will result in additional revenues, adding to the Town's net position by investing in capital assets which were largely funded by cultural, recreational and economic development grant revenues. Increased efforts to maximize tax collections also contributed to the favorable net position.

Though many of the Town's residents were hit hard by the current pandemic, tax revenue remained steady. Town management acknowledges that 2020 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Key elements of this increase are as follows:

- Construction on the Veterans Life Center was almost complete as of June 30, 2020. The project is being funded by a Community Development Block Grant from the United States Department of Housing and Urban Development and the North Carolina Department of Commerce.
- A new false alarm fee was implemented. This fee is charged to businesses and individuals that repeatedly have Public Safety employees dispatched to their location in response to false fire and burglar alarms.

Business-type activities. Business-type activities increased the Town of Butner's net position by \$118,126, accounting for 6.54% of the total growth in the government's net position. A key element of this increase was due to the delay in retrofitting stormwater retention systems located within the Town.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Butner'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 Butner's financing requirements.

The general fund is the chief operating fund of the Town of Butner. At the end of the current fiscal year, Town of Butner's fund balance available in the General Fund was \$7,763,600, while total fund balance reached \$8,617,183. The Governing Body of Town of Butner has determined that the Town should maintain an available fund balance of 30% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 123.63% of general fund expenditures, and total fund balance represents 137.66% of the same amount.

At June 30, 2020, governmental funds reported a combined fund balance of \$9,193,069 with a net increase in fund balance of \$647,118. Included in this change in fund balance is an increase in fund balance in the Capital Projects Fund.

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

There were several reasons the Town revised its budget throughout the year. The Town had several claims against our insurance during the year and the claim payment had to be recognized in order to cover the expenditures for the unexpected repairs. The Town also chose to take on projects that were not included in the original budget. These include the costs related to the acquisition of the Umstead Corrections property; funding the operating expenses of the new Training Center when it was placed into service; repaying the State for the grant related to the East Lyon Station Road greenway extension; removal of trees at Gazebo Park; upgrading the exterior lighting at the Soldiers Memorial Arena; and additional accounting/actuary fees. Although expenditures were compliant with budgetary requirements, the Town did amend the budget in the General Fund in Public Safety to account for unexpected capital outlay expenditures and in Transportation for unexpected street pavement repairs.

Proprietary Funds. The Town of Butner's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Stormwater Fund at the end of the fiscal year amounted to \$931,673. The change in net position for the fund was \$118,126. The change in net position in the Stormwater Fund is a result of delays to retrofitting existing stormwater retention devices.

Capital Asset and Debt Administration

Capital assets. The Town of Butner's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$28,160,839 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Received a donation of property and buildings from the State of North Carolina. The total value of the assets received was \$958,158.
- Construction in progress of \$1,269,755 in governmental-type activities, including \$1,135,158 for restoration of an old fire station into a training center.

**Town of Butner's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 15,225,956	\$ 14,516,596	\$ -	\$ -	\$ 15,225,956	\$ 14,516,596
Buildings and system	5,726,004	5,708,701		-	5,726,004	5,708,701
Improvements other than buildings	4,182,687	4,353,824	469,155	485,910	4,651,842	4,839,734
Equipment and furniture	589,974	657,091		-	589,974	657,091
Infrastructure	419,204	444,972	-	-	419,204	444,972
Vehicles and motorized equipment	278,104	339,433		-	278,104	339,433
Computer Software	-	1,463	-	-	-	1,463
Computer equipment	-	-		-	-	-
Construction in progress	1,269,755	803,152		-	1,269,755	803,152
Total	\$ 27,691,684	\$ 26,825,232	\$ 469,155	\$ 485,910	\$ 28,160,839	\$ 27,311,142

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

Long-term Debt. As of June 30, 2020, the Town of Butner had no bonded debt. The Town’s only outstanding debts are installment purchases totaling \$400,000. This, is debt backed by the full faith and credit of the Town.

**Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct placement installment purchase	\$ 400,000	\$ 801,555	\$ -	\$ -	\$ 400,000	\$ 801,555
General obligation bonds	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-
Direct placement bond anticipation notes	-	-	-	-	-	-
Total OPEB liability	199,846	373,544	-	-	199,846	373,544
Net pension liability (LGERS)	1,364,774	1,253,322	44,111	38,655	1,408,885	1,291,977
Total pension liability (LEO)	452,757	273,439	-	-	452,757	273,439
Compensated absences	235,132	221,841	3,744	3,073	238,876	224,914
Total	\$ 2,652,509	\$ 2,923,701	\$ 47,855	\$ 41,728	\$ 2,700,364	\$ 2,965,429

Town of Butner’s Outstanding Debt. The Town of Butner’s total debt decreased by \$265,067 (8.94%) during the current fiscal year. The key factors in this decrease were the planned debt service principal payments of \$401,555; and a decrease of \$173,698 in Other Postemployment Benefits. Decreases were offset by an increase of \$116,906 in the net pension liability for the Local Government Employees Retirement System (LGERS) and an increase of \$179,318 in the net pension liability for the Law Enforcement Officers Supplemental Separation Allowance (LEOSSA).

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 that government’s boundaries. The legal debt margin for Town of Butner is \$51,326,338. The Town has no bonds authorized but unissued at June 30, 2020.

Additional information regarding the Town of Butner’s long-term debt can be found in Note III.B.6 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- New manufacturing jobs. Management's emphasis on economic development continues to attract business. The Town added approximately 450 new jobs last year in the manufacturing sector with the opening of Nugget.
- COVID-19 pandemic. Uncertainty over the affect of COVID-19 on unemployment and the ability of citizens to pay property taxes and local sales tax.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Because of the uncertainty of how the economy would be affected by the COVID-19 pandemic, the Town chose to be very conservative with the budget for the fiscal year ending June 30, 2021. Other than the fees we received from the State of North Carolina to provide fire and police services at the facilities owned by the Department of Health and Human Services, all revenues were budgeted as either no change or a reduction. With the exception of Public Safety, no capital outlay items were included in the budget. We anticipate that in midyear we will be able to have a better revenue forecast and be in a position to add back some expenditures that were cut during the initial budget process.

Budgeted expenditures in the General Fund are expected to decrease approximately 1.5% to \$6,910,133. The decreases in capital outlay and operating expenses were offset largely by increases in employee compensation, including compensation and benefits adjustments.

The Town has appropriated \$369,159 of fund balance from the General Fund in the fiscal year 2021 budget. Management chose to budget revenues conservatively due to the uncertain economic time we are currently facing. As the Town has determined there will be no increase in the property tax rate for the upcoming fiscal year. Many residents are currently facing layoff and the loss of jobs, and an increase in property taxes would place an undue burden on them.

Business-type Activities: The stormwater rates in the Town will remain the same as they have been since the Falls Lake Stormwater Rules went into effect. General operating expenses will increase by 22.7% . This expected decrease is due to a delay in the mandate to retrofit existing stormwater retaining systems.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Susan Hiscocks, Finance Director, Town of Butner, PO Box 270, Butner, NC 27509. One can also call (919)-575-3033, visit our website www.butnernc.org or send an email to shiscocks@butnernc.org for more information.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BUTNER, NORTH CAROLINA
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 7,648,089	\$ 916,054	\$ 8,564,143
Restricted cash and investments	1,051,034	7,000	1,058,034
Accounts receivable	17,776	42,482	60,258
Taxes receivable	53,693	-	53,693
Special assessments receivable	11,264	-	11,264
Accrued interest receivable on taxes	16,424	-	16,424
Due from other governments	1,116,224	248	1,116,472
Total current assets	9,914,504	965,784	10,880,288
Non-current assets			
Capital assets:			
Land and construction in progress	16,495,711	-	16,495,711
Other capital assets, net of depreciation	11,195,973	469,155	11,665,128
Total capital assets	27,691,684	469,155	28,160,839
Total assets	37,606,188	1,434,939	39,041,127
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges – issuance costs	1,004	-	1,004
OPEB deferrals	2,838	-	2,838
Pension deferrals	996,694	25,622	1,022,316
Total deferred outflows of resources	1,000,536	25,622	1,026,158

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

TOWN OF BUTNER, NORTH CAROLINA
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 638,689	\$ 3,049	\$ 641,738
Accrued interest payable	14,167	-	14,167
Customer deposits	675	7,000	7,675
Current portion of long-term liabilities	<u>535,132</u>	<u>3,744</u>	<u>538,876</u>
Total current liabilities	1,188,663	13,793	1,202,456
Long-term liabilities			
Due in more than one year	<u>2,117,377</u>	<u>44,111</u>	<u>2,161,488</u>
Total liabilities	<u>3,306,040</u>	<u>57,904</u>	<u>3,363,944</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid revenues	690	-	690
Pension deferrals	<u>76,575</u>	<u>1,829</u>	<u>78,404</u>
Total deferred inflows of resources	<u>77,265</u>	<u>1,829</u>	<u>79,094</u>
NET POSITION			
Net investment in capital assets	27,292,688	469,155	27,761,843
Restricted for:			
Stabilization by State Statute	853,583	-	853,583
Transportation (Powell Bill)	532,174	-	532,174
Unrestricted	<u>6,544,974</u>	<u>931,673</u>	<u>7,476,647</u>
Total net position	<u>\$ 35,223,419</u>	<u>\$ 1,400,828</u>	<u>\$ 36,624,247</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 1,484,034	\$ 84,015	\$ 534,730	\$ 958,158	\$ 92,869	\$ -	\$ 92,869
Public safety	4,109,691	888,100	98,015	2,093	(3,121,483)	-	(3,121,483)
Environmental protection	38,596	6,081	-	-	(32,515)	-	(32,515)
Economic and physical development	4,824,140	10,649	-	5,083,850	270,359	-	270,359
Cultural and recreational	629,900	62,068	-	-	(567,832)	-	(567,832)
Transportation	140,678	23,889	182,489	23,681	89,381	-	89,381
Interest on long-term debt	23,852	-	-	-	(23,852)	-	(23,852)
Total governmental activities	11,250,891	1,074,802	815,234	6,067,782	(3,293,073)	-	(3,293,073)
Business-type Activities:							
Stormwater	264,873	372,146	-	-	-	107,273	107,273
Total primary government	\$ 11,515,764	\$ 1,446,948	\$ 815,234	\$ 6,067,782	(3,293,073)	107,273	(3,185,800)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					2,345,910	-	2,345,910
Other taxes					24,055	-	24,055
Grants and contributions not restricted to specific programs					2,491,842	-	2,491,842
Unrestricted investment earnings					107,791	10,853	118,644
Other revenue					49,570	-	49,570
Total general revenues not including transfers					5,019,168	10,853	5,030,021
Transfers							
Total general revenues and transfers					5,019,168	10,853	5,030,021
Change in net position							
Net position, beginning					33,497,324	1,282,702	34,780,026
Net position, ending					\$ 35,223,419	\$ 1,400,828	\$ 36,624,247

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

FUND FINANCIAL STATEMENTS

TOWN OF BUTNER, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2020

	MAJOR		Total Non-Major Funds	Total Governmental Funds
	General Fund	CDBG Grant Fund		
ASSETS				
Cash and investments	\$ 7,469,341	\$ 168,954	\$ 9,794	\$ 7,648,089
Restricted cash and investments	532,849	518,185	-	1,051,034
Accounts receivable	15,102	-	2,674	17,776
Taxes receivable	53,693	-	-	53,693
Special assessments receivable	11,264	-	-	11,264
Due from other governments	497,276	598,673	20,275	1,116,224
Due from other funds	262,284	-	24,958	287,242
	<u>\$ 8,841,809</u>	<u>\$ 1,285,812</u>	<u>\$ 57,701</u>	<u>\$ 10,185,322</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 133,346	\$ 505,343	\$ -	\$ 638,689
Liabilities payable from restricted assets:				
Customer deposits	675	-	-	675
Due to other funds	24,958	262,284	-	287,242
Total liabilities	<u>158,979</u>	<u>767,627</u>	<u>-</u>	<u>926,606</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	53,693	-	-	53,693
Special assessments receivable	11,264	-	-	11,264
Prepaid taxes	690	-	-	690
Total deferred inflows of resources	<u>65,647</u>	<u>-</u>	<u>-</u>	<u>65,647</u>
FUND BALANCES				
Restricted:				
Stabilization by State Statute	853,583	-	-	853,583
Streets – Powell Bill	532,174	-	-	532,174
Development Grant Projects	-	518,185	-	518,185
Committed:				
Capital projects	29,400	-	33,812	63,212
Public Safety - LEO Special Separation	390,556	-	-	390,556
General government	98,273	-	-	98,273
Cultural and recreational	81,115	-	-	81,115
Transportation	-	-	23,889	23,889
Assigned:				
Capital projects	23,244	-	-	23,244
Subsequent year's expenditures	369,159	-	-	369,159
Unassigned	<u>6,239,679</u>	<u>-</u>	<u>-</u>	<u>6,239,679</u>
Total fund balances	<u>8,617,183</u>	<u>518,185</u>	<u>57,701</u>	<u>9,193,069</u>
	<u>\$ 8,841,809</u>	<u>\$ 1,285,812</u>	<u>\$ 57,701</u>	<u>\$ 10,185,322</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,841,809</u>	<u>\$ 1,285,812</u>	<u>\$ 57,701</u>	<u>\$ 10,185,322</u>

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

TOWN OF BUTNER, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2020

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$	9,193,069
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost		\$	34,165,007
Accumulated depreciation		<u>(6,473,323)</u>	27,691,684
Deferred charges reported in governmental activities are not financial resources and therefore are not reported in the funds.			
Loan issuance costs			1,004
Deferred outflows of resources related to pensions are not reported in the funds			
			996,694
Deferred outflows of resources related to OPEB are not reported in the funds			
			2,838
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.			
Accrued interest on taxes receivable			16,424
Liabilities for earned revenues considered deferred inflows of resources in fund statements.			
Property taxes receivable			53,693
Special assessments receivable			11,264
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.			
Long-term debt		(400,000)	
Compensated absences		(235,132)	
OPEB liability		(199,846)	
Net pension liability - LGERS		(1,364,774)	
Total pension liability - LEOSSA		<u>(452,757)</u>	(2,652,509)
Other long term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Accrued interest payable			(14,167)
Deferred inflows of resources related to pensions are not reported in the funds			
			<u>(76,575)</u>
Net position of governmental funds		\$	<u>35,223,419</u>

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

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

	<u>MAJOR</u>		Total Non-Major Funds	Total Governmental Funds
	<u>General Fund</u>	<u>CDBG Grant Fund</u>		
REVENUES				
Ad valorem taxes	\$ 2,348,313	\$ -	\$ -	\$ 2,348,313
Other taxes and licenses	24,055	-	23,889	47,944
Unrestricted intergovernmental	3,966,064	-	-	3,966,064
Restricted intergovernmental	260,550	4,563,369	-	4,823,919
Permits and fees	28,550	-	-	28,550
Sales and services	104,918	-	-	104,918
Investment earnings	102,109	-	5,681	107,790
Other revenue	30,669	544,951	-	575,620
Total revenues	<u>6,865,228</u>	<u>5,108,320</u>	<u>29,570</u>	<u>12,003,118</u>
EXPENDITURES				
Current:				
General government	1,485,507	-	-	1,485,507
Public safety	3,755,958	-	-	3,755,958
Environmental protection	20,462	-	-	20,462
Economic and physical development	124,485	4,690,837	-	4,815,322
Culture and recreation	288,960	-	-	288,960
Transportation	158,976	-	-	158,976
Debt service:				
Principal	401,555	-	-	401,555
Interest and other charges	23,852	-	-	23,852
Capital outlay	-	-	447,990	447,990
Total expenditures	<u>6,259,755</u>	<u>4,690,837</u>	<u>447,990</u>	<u>11,398,582</u>
Excess (deficiency) of revenues over expenditures	<u>605,473</u>	<u>417,483</u>	<u>(418,420)</u>	<u>604,536</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	9,147	-	-	9,147
Insurance proceeds	33,435	-	-	33,435
Transfers (to) from other funds	(20,000)	-	20,000	-
Total other financing sources (uses)	<u>22,582</u>	<u>-</u>	<u>20,000</u>	<u>42,582</u>
Net change in fund balance	628,055	417,483	(398,420)	647,118
FUND BALANCES, beginning	<u>7,989,128</u>	<u>100,702</u>	<u>456,121</u>	<u>8,545,951</u>
FUND BALANCES, ending	<u>\$ 8,617,183</u>	<u>\$ 518,185</u>	<u>\$ 57,701</u>	<u>\$ 9,193,069</u>

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

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

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

Net changes in fund balances - total governmental funds \$ 647,118

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.

Contribution of capital assets	958,158	
Capital outlay expenditures which were capitalized	701,160	
Depreciation expense for governmental assets	(792,866)	866,452

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 296,598

LEOSSA Benefit payments paid and administrative costs made subsequent to the measurement date are not included on the statement of activities 34,920

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the statement of activities 2,838

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

Change in unavailable revenue for tax revenues	(2,886)	
Change in accrued interest on taxes receivable	483	
Change in unavailable revenue for special assessments	(24,469)	(26,872)

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 difference in the treatment of long-term debt and related items.

Principal payments on long-term debt	401,555	
Amortization expense for debt issuance costs	(940)	
Decrease in accrued interest payable	11,558	412,173

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

Compensated absences	(13,291)	
Pension expense - LGERS	(611,424)	
Pension expense - LEOSSA	(49,413)	
Other postemployment benefits	166,996	(507,132)

Total adjustments 1,078,977

Total changes in net position of governmental activities \$ 1,726,095

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

TOWN OF BUTNER, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 2,285,672	\$ 2,285,672	\$ 2,348,313	\$ 62,641
Other taxes and licenses	30,000	30,000	24,055	(5,945)
Unrestricted intergovernmental	3,926,879	3,926,879	3,966,064	39,185
Restricted intergovernmental	267,216	267,216	260,550	(6,666)
Permits and fees	10,200	10,200	28,550	18,350
Sales and services	118,900	118,900	104,918	(13,982)
Investment earnings	133,000	133,000	102,109	(30,891)
Other revenue	68,000	68,000	30,669	(37,331)
Total revenues	<u>6,839,867</u>	<u>6,839,867</u>	<u>6,865,228</u>	<u>25,361</u>
EXPENDITURES				
Current:				
General government	1,693,956	1,729,266	1,485,507	243,759
Public safety	3,937,776	4,012,766	3,755,958	256,808
Environmental protection	26,500	26,500	20,462	6,038
Economic and physical development	213,785	213,785	124,485	89,300
Culture and recreation	413,228	420,228	288,960	131,268
Transportation	194,331	199,331	158,976	40,355
Debt service:				
Principal	401,555	401,555	401,555	-
Interest and other charges	30,810	30,810	23,852	6,958
Total expenditures	<u>6,911,941</u>	<u>7,034,241</u>	<u>6,259,755</u>	<u>774,486</u>
Excess (deficiency) of revenues over expenditures	<u>(72,074)</u>	<u>(194,374)</u>	<u>605,473</u>	<u>799,847</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	9,147	9,147
Insurance proceeds	-	14,990	33,435	18,445
Transfers (to) other funds	-	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(5,010)</u>	<u>22,582</u>	<u>27,592</u>
Fund balance appropriated	<u>72,074</u>	<u>199,384</u>	<u>-</u>	<u>(199,384)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>628,055</u>	<u>\$ 628,055</u>
FUND BALANCES, beginning			<u>7,989,128</u>	
FUND BALANCES, ending			<u>\$ 8,617,183</u>	

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

TOWN OF BUTNER, NORTH CAROLNA
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	Major Enterprise Fund
	Stormwater Fund
ASSETS	
Current assets	
Cash and investments	\$ 916,054
Restricted cash and investments	7,000
Accounts receivable	42,482
Due from other governments	248
Total current assets	965,784
Non-current assets	
Capital assets, net of depreciation	469,155
Total assets	1,434,939
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	25,622
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	3,049
Customer deposits	7,000
Compensated absences	3,744
Total current liabilities	13,793
Long-term liabilities	
Net pension liability	44,111
Total liabilities	57,904
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	1,829
Total deferred inflows of resources	1,829
NET POSITION	
Net investment in capital assets	469,155
Unrestricted	931,673
Total net position	\$ 1,400,828

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

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

	<u>Major Enterprise Fund</u>
	<u>Stormwater Fund</u>
OPERATING REVENUES	
Stormwater fees	\$ 372,146
OPERATING EXPENSES	
Administration	114,159
Operating	<u>150,714</u>
Total operating expenditures	<u>264,873</u>
Operating income (loss)	107,273
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>10,853</u>
Change in net position	118,126
Total net position, beginning	<u>1,282,702</u>
Total net position, ending	<u><u>\$ 1,400,828</u></u>

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

TOWN OF BUTNER, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Fund
	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 369,460
Cash paid for goods and services	(97,509)
Cash paid to or on behalf of employees for services	(148,396)
Net cash provided (used) by operating activities	123,555
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
(Decrease) in due to other funds	(39,046)
Net cash provided (used) by noncapital financing activities	(39,046)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	10,853
Net cash provided (used) by investing activities	10,853
Net increase (decrease) in cash and cash equivalents	95,362
Balances, beginning	827,692
Balances, ending	\$ 923,054
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 107,273
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	16,756
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(7,787)
(Increase) decrease in due from other governments	688
(Increase) decrease in deferred outflows of resources - pension	4,400
Increase (decrease) in net pension liability	5,455
Increase (decrease) in deferred inflows of resources - pension	785
Increase (decrease) in accounts payable and accrued liabilities	(3,686)
Increase (decrease) in compensated absences	671
Increase (decrease) in customer deposits	(1,000)
Total adjustments	16,282
Net cash provided by operating activities	\$ 123,555

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Butner conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Butner is a municipal corporation that is governed by an elected mayor and a six-member council. These financial statements present only the financial operations of the Town.

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town of Butner, North Carolina. 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-shared revenues, State grants, and various other taxes and licenses. The primary expenditures are for streets and highways, public safety, and general governmental services. The Town maintains a separate Powell Bill fund for accounting purposes. This fund has been consolidated into the General Fund for reporting purposes.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

CDBG Grant Project Special Revenue Fund – This fund is used to account for the administration of grant funds that are restricted for the construction of a veteran’s shelter. The primary funding source for the project is Community Development Block Grant funding, and the Town is the grant Applicant. When completed, the shelter will be operated by the grant Subrecipient: Veterans Life Center of North Carolina, a nonprofit organization.

The Town reports the following non-major governmental funds.

Street Improvements Special Revenue Fund – This fund is used to account for the proceeds of local motor vehicle taxes that are committed to be used for road improvements on streets not supported by NC DOT funding.

Capital Project Fund – This fund is used to account for the acquisition and construction of the government’s major capital facilities.

The Town reports the following major enterprise fund.

Stormwater Fund – The Stormwater Fund is used for the Town’s stormwater operations.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town enterprise funds are fees charged to property owners and permit fees. 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

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

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 of Butner considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance 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 the beer and wine 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 because the tax is levied by Granville County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 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 assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenue.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Project Special Revenue Funds and Capital Project Funds. 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 department. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State law (G.S. 159-30 (c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high-quality issues of

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

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-y) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Unexpended grant revenues in the Grant Projects and Capital Projects Funds are classified as restricted when the use of such funds is subject to external restriction.

Town of Butner Restricted Cash

Governmental Activities

General Fund

Transportation (Powell Bill)	\$ 532,174
------------------------------	------------

Customer deposits	675
-------------------	-----

CDBG Grant Fund – Unexpended contributions	<u>518,185</u>
--	----------------

Total Governmental Activities	1,051,034
-------------------------------	-----------

Business-type Activities

Stormwater Fund – Customer deposits	<u>7,000</u>
-------------------------------------	--------------

Total restricted cash	<u>\$ 539,849</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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town of Butner, North Carolina has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Prepaid Expenses

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

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

6. 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 \$5,000 for all categories of capital assets. 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30-40
Improvements	15
Infrastructure	30
Vehicles	5
Furniture and equipment	7
Computer Equipment	5

7. 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 several items that meet this criterion: deferred charges on debt issuance, and pension related deferrals, including contributions made to the pension plan in the current 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 the category: prepaid taxes, property taxes receivable, and pension deferrals.

8. Long-Term Obligations

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

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

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

9. Compensated Absences

The vacation policy for the Town provides for the accumulation of up to 240 hours of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide 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 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.

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature 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 state at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

Restricted for Streets – Powell Bill portion of fund 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.

Restricted for Development Grant Projects – portion of fund balance that is restricted by revenue sources for use in economic and physical development grant projects. This is currently comprised of funding received for use in the construction of veteran’s shelter.

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

Committed for Capital Projects – portion of the fund balance committed by the Town Council for capital project expenditures.

Committed for Public Safety - Leo Special Separation Allowance – portion of the fund balance committed by the Town Council for the purpose of Law Enforcement Officers’ Special Separation Allowance (LEOSSA) contributions.

Committed for General Government – portion of fund balance that is committed for the future establishment of a community center for the citizens of the Town.

Committed for Cultural and Recreational – portion of the fund balance that is committed for the establishment of a museum about the history of the Town and Camp Butner.

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

Assigned for Capital Projects – portion of the fund balance assigned by management for use in future capital projects. Fund balance of \$23,244 has been assigned for future sidewalk improvements.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

The governing body of the Town of Butner has determined that the Town should maintain an available fund balance of 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

11. Defined Benefit Cost-Share Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Butner's employer contributions are recognized when due and the Town of Butner 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.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town relies on the State Treasurer to monitor those financial institutions. The Town analyzes the financial soundness of any other financial institute used by the Town. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$965,250 and a bank balance of \$1,230,866. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$300.

2. Investments

At June 30, 2020, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Fair Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust:				
Government Portfolio	Fair Value Level 1	\$ 5,476,475	N/A	AAA
Term Portfolio	Fair Value Level 1	3,180,151	0.15 years	Unrated

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk and Credit Risk

The Town of Butner’s Cash Management and Investment Policy specifies that the objectives of the Town’s investment plan are to provide safety and liquidity of money and at the same time optimize investment earnings on idle funds. This policy limits the Town’s investments to the provisions of G.S. 159-30 and specifies specific criteria, ranked in order of importance, for investing the Town’s funds:

1. Safety: Investments must be secure such that the principal amounts of the Town’s portfolio are preserved.
2. Liquidity: The liquidity of an investment shall be a conditional consideration of its appropriateness.
3. Yield: The yield shall be sufficient to provide a fair market rate of return on the investment.

The Town’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2020. The Town’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables – Due from Other Governments

Due from other governments that is owned to the Town consists of the following:

Governmental activities:

General Fund

Tax and assessment collections	\$ 29,424
Local option sales tax	328,022
Utility tax distribution	98,989
Solid waste tax	1,452
Sales tax refund	21,943
Dept. of Justice grant	2,093
FEMA COVID Grant	<u>15,353</u>
Total: General Fund	<u>497,276</u>

CDBG Grant Fund

CDBG Grant receivable	508,463
Sales tax refund	<u>90,210</u>
Total: CDBG grant fund	<u>598,673</u>

Capital Projects Fund

Sales tax refund	<u>20,275</u>
------------------	---------------

Business-type Activities:

Stormwater Fund

Stormwater fee collections	<u>248</u>
----------------------------	------------

Total due from other governments \$ 1,116,472

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

4. Capital Assets

Capital asset activity for the Town of Butner for the year ended June 30, 2020 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 14,516,596	\$ 709,360	\$ -	\$ 15,225,956
Construction in progress	<u>803,152</u>	<u>466,603</u>	-	<u>1,269,755</u>
Total capital assets not being depreciated	15,319,748	1,175,963	-	16,495,711
Capital assets being depreciated:				
Improvements	5,897,791	157,966	-	6,055,757
Buildings	7,724,931	248,798	-	7,973,729
Infrastructure	535,125	-	-	535,125
Equipment	1,250,747	32,483	-	1,283,230
Computer software	214,396	-	-	214,396
Vehicles	<u>1,594,286</u>	<u>44,108</u>	<u>31,335</u>	<u>1,607,059</u>
Total capital assets being depreciated	17,217,276	483,355	31,335	17,669,296
Less accumulated depreciation for:				
Improvements	1,543,967	329,103	-	1,873,070
Buildings	2,016,230	231,495	-	2,247,725
Infrastructure	90,153	25,768	-	115,921
Equipment	593,656	99,600	-	693,256
Computer software	212,933	1,463	-	214,396
Vehicles	<u>1,254,853</u>	<u>105,437</u>	<u>31,335</u>	<u>1,328,955</u>
Total accumulated depreciation	<u>5,711,792</u>	792,866	31,335	<u>6,473,323</u>
Total capital assets being depreciated, net	<u>11,505,484</u>			<u>11,195,973</u>
Governmental activity capital assets, net	<u>\$ 26,825,232</u>			<u>\$ 27,691,684</u>

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

General Government	\$ 133,155
Public Safety	176,629
Environmental Protection	471
Cultural & Recreation	342,943
Transportation	<u>139,668</u>
Total depreciation expense	<u>\$ 792,866</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Business-Type Activities: Stormwater Fund</u>				
Capital assets being depreciated:				
Improvements	\$ 502,666	\$ -	\$ -	\$ 502,666
Less accumulated depreciation for:				
Improvements	<u>16,756</u>	<u>16,755</u>	-	<u>33,511</u>
Business-type activity capital assets, net	<u>\$ 485,910</u>			<u>\$ 469,155</u>

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

Donated Assets

Effective August 1, 2019, the Town obtained approximately 36 acres of property constituting the former Umstead Correctional Facility from the State of North Carolina for the sum of one dollar. This consideration was effectively nominal, and the property has been treated as a donation of capital assets to be measured at acquisition value, the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The Town has utilized the 2018 county property tax assessment values as an estimate of the acquisition value as follows:

Land	\$ 709,360
Buildings	248,798
Total	<u>\$ 958,158</u>

Construction Commitments

The Town has active construction projects as of June 30, 2020. At year-end, the Town's commitments with contractors are as follows:

Project:	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Capital Project Fund – Training Center	\$ 993,846	\$ -
CDBG Grant Fund – Veterans Life Center	6,760,905	301,460

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

i. *Plan Description*

The Town of Butner is a participating employer 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 Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

ii. *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

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

iii. Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Butner 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 Butner's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.08% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Butner were \$306,183 for the year ended June 30, 2020.

iv. 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.

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

At June 30, 2020, the Town reported a liability of \$1,408,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.05159%, which was a decrease of 0.00287% from its proportion measured as of June 30, 2018.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

For the year ended June 30, 2020, the Town recognized pension expense of \$631,652. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 241,236	\$ -
Changes of assumptions	229,625	-
Net difference between projected and actual earnings on pension plan investments	34,365	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,952	58,428
Town contributions subsequent to the measurement date	306,183	-
Total	\$ 818,361	\$ 58,428

\$306,183 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 233,550
2022	62,764
2023	128,648
2024	28,788
2025	-
Thereafter	-
	\$ 453,750

vi. *Actuarial Assumptions.*

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

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

vii. Discount rate.

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

viii. Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 3,222,372	\$ 1,408,883	\$ (98,495)

ix. Pension plan fiduciary net position.

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

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

b. Law Enforcement Officers Special Separation Allowance

i. *Plan Description.*

The Town of Butner 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. The Separation Allowance is equal to .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.

For the reporting date of June 30, 2020, the Separation allowance has an actuarial valuation date of December 31, 2018 and a measurement date of December 31, 2019.

All full-time sworn law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>34</u>
Total	<u><u>37</u></u>

A separate report was not issued for the plan.

ii. *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 and refunds are recognized when due and payable in accordance with the terms of the plan.

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

iii. *Actuarial Assumptions*

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent, including inflation

The discount rate used to measure the TPL is the S&P Municipal Bond 20-year High Grade Rate Index. For the December 31, 2019 measurement date, the discount rate used decreased from 3.64 percent to 3.26 percent.

Mortality rates are based on the RP-2014 Health Annuitant base rates, projected to the valuation date using MP-2015.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

iv. *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 the 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 \$66,710 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$452,757. The total pension liability was measured as of December 31, 2019, based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$49,413.

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,396	\$ 5,954
Changes of assumptions	27,634	14,022
Net difference between projected and actual earnings on pension plan investments	-	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	34,920	-
Total	\$ 203,950	\$ 19,976

\$34,920 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 28,021
2022	28,021
2023	28,021
2024	28,183
2025	27,127
Thereafter	9,681
	\$ 149,054

vi. *Sensitivity of the Town's total pension liability to changes in the discount rate*

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

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 499,290	\$ 452,757	\$ 411,174

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

vi. *Schedule of Changes in Total Pension Liability*

Law Enforcement Officers' Special Separation Allowance

	2020
Beginning balance	\$ 273,439
Service Cost	44,130
Interest on the total pension liability	9,052
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	159,278
Changes of assumptions or other inputs	16,363
Benefit payments	(49,505)
Other changes	-
Ending balance of the total pension liability	\$ 452,757

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

The actuarial assumptions used in the December 31, 2018 valuation are based on the results of an experience study obtained by the North Carolina Local Governmental Employees' Retirement System for the period January 1, 2010 through December 31, 2014, and are in the aggregate reasonably related to the experience under the benefit program and to reasonable expectations of anticipated experience under the program.

c. Total Expenses, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 631,653	\$ 49,413	\$ 681,066
Pension Liability	1,408,883	452,757	1,861,640
Proportionate share of the net pension liability	0.05159%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 382,632	\$ 141,396	\$ 524,028
Changes of assumptions	257,259	27,634	284,893
Net difference between projected and actual earnings on plan investments	34,365	-	34,365
Changes in proportion and differences between contributions and proportionate share of contributions	6,952	-	6,952
Benefit payments and administrative costs paid subsequent to the measurement date	341,103	34,920	376,023
Deferred Inflows of Resources			
Differences between expected and actual experience	-	5,954	5,954
Changes of assumptions	-	14,022	14,022
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	58,428	-	58,428

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

d. Supplemental Retirement Income Plan

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 all 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 is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The Town additionally provides 401(k) benefits for its full and permanent part-time general employees at a percentage of salary as designated by the Town Council. General and law enforcement employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$284,635 which consisted of \$161,163 from the Town and \$123,472 from general employees and law enforcement officers.

e. Other Postemployment Benefits: Healthcare Benefit

i. *Plan Description*

By the terms of employment contracts as approved by the Town's governing body, the Town is obligated to provide postretirement health care benefits to two potential retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the Town at the time of retirement. This plan is a single-employer defined benefit plan. This benefit is not an element of the Town's current personnel policy, and is not available for current or new hires other than the two individuals noted above. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

ii. *Benefits Provided*

The Town will contribute the complete cost of coverage for eligible retiree Medical and Prescription Drug coverage. Eligible retirees participate in the Town's health plan administered by Cigna until eligible for Medicare, at which point the Town will cover the cost of a Blue Cross Blue Shield Plan F Medicare supplement with Part D prescription drug coverage. Additionally, the Town offers a deductible reimbursement program for such retirees until eligible for Medicare. The retiree is responsible for the first \$1,000 of in-network expenses, at which point the town will reimburse up to the remaining \$4,000.

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

General Employees:	
Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>1</u>
Total	<u><u>2</u></u>

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

iii. *Total OPEB Liability*

The Town's total OPEB liability of \$199,846 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

vi. *Actuarial assumptions and other inputs*

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

Inflation	2.50 percent
Salary increases	3.50% - 7.75%, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates–	
Pre-Medicare	7.0% for 2019, decreasing to an ultimate rate of 4.5% by 2026
Medicare	5.0% for 2019, decreasing to an ultimate rate of 4.5% by 2021

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year municipal Bond Index published weekly by The Bond Buyer.

v. *Changes in the Total OPEB Liability*

	Total OPEB Liability
Balance at July 1, 2019	\$ 373,544
Changes for the year	
Service cost	2,828
Interest	14,188
Changes of benefit terms	-
Differences between expected and actual experience	(169,984)
Changes in assumptions or other inputs	(2,949)
Benefit payments	<u>(17,781)</u>
Net Changes	<u>(173,698)</u>
Balance at June 30, 2020	<u>\$ 199,846</u>

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

vi. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 230,944	\$ 199,846	\$ 174,113

vii. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 – 3.5 percent) or 1-percentage-point higher (8.0 – 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.0 – 3.5%)	Cost Trend Rates (7.0 – 4.5%)	1% Increase (8.0 – 5.5%)
Total OPEB liability	\$ 172,452	\$ 199,846	\$ 232,717

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

For the year ended June 30, 2020, the Town recognized OPEB expense of (\$166,996). At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Benefit payments made subsequent to the measurement date	2,838	-
Total	<u>\$ 2,838</u>	<u>\$ -</u>

\$2,838 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. There were no other amounts reported as deferred inflows of resources related to OPEB as of June 30, 2020.

2. Pension Other Employment Benefits

The Town has also 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 service 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 month's 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. Because the benefit payments are made by the Death

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end is comprised of the following:

	<u>Statement of Net Position</u>
Government-wide:	
Deferred charges – issuance costs	\$ 1,004
Contributions to LGERS plan in current fiscal year	306,183
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	34,920
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	2,838
Differences between expected and actual experience	382,637
Changes of assumptions	257,259
Net difference between projected and actual earnings	34,365
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>6,952</u>
Total Deferred Outflows	<u>\$ 1,026,158</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Government-wide:		
Changes of assumptions	\$ 14,022	-
Differences between expected and actual experience	5,954	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	58,428	-
General Fund:		
Prepaid property taxes	690	690
Property taxes receivable	-	53,693
Special assessments receivable	<u>-</u>	<u>11,264</u>
Total Deferred Inflows	<u>\$ 79,094</u>	<u>\$ 65,647</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

Through these pools, the Town obtains liability coverages as follows:

	<u>Occurrence Limit</u>	<u>Aggregate Limit</u>
Commercial general liability	\$ 3,000,000	\$ N/A
Employee benefits liability	1,000,000	1,000,000
Public officials liability	1,000,000	3,000,000
Employment practices liability	1,000,000	3,000,000
Police professional liability	1,000,000	3,000,000
Auto liability	3,000,000	N/A
Inland marine coverage (varies by category)	150,000 - 428,493	N/A
Building and personal property (blanket)	11,278,505	N/A

The pools are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance and excess policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

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 Director is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond agreement. The blanket bond agreement covers employee dishonesty up to \$50,000, forgery or alteration up to \$50,000, theft of money inside the premises up to \$10,000 and theft of money outside the premises up to \$10,000.

The Town has made the decision that the cost of carrying flood insurance outweighs the risk.

5. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2020, the Town consulted attorneys on various legal matters. In the opinion of the Town's management and the Town's Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

a. Installment Purchase

In July 2010, the Town entered into a direct borrowing installment purchase for \$2,000,000 to finance the construction of a new Town Hall. The loan requires 10 annual principal payments commencing in July 2011 with an interest rate of 4.5 percent. The loan will conclude in 2021 with a final payment of all unpaid principal and interest. The agreement was designed to qualify with the Build America Bonds program, under which the Town is eligible for a credit of 35 percent of the annual interest payment. As a result of federal budget sequestration, the credit received by the Town during the fiscal year ended June 30, 2020 was reduced by 6.2 percent, for an effective interest rate paid of 3.023 percent. The town hall is pledged as collateral for the debt.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

In August 2011, the Town entered into a direct borrowing installment purchase for \$1,000,000 to finance the construction of an athletic park. The loan requires 10 principal payments beginning in fiscal year 2013 with an interest rate of 3.27 percent. The athletic park is pledged as collateral for the debt.

Annual debt service payments for the installment purchases as of June 30, 2020 including \$15,843 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 300,000	\$ 12,573
2022	100,000	3,270
2023	-	-
2024	-	-
2025	-	-
Total	<u>\$ 400,000</u>	<u>\$ 15,843</u>

b. Changes in Long-Term Liabilities

Pension and other postemployment benefit liabilities in governmental activities have typically been liquidated in the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities:					
Direct Borrowing					
Installment Purchases	\$ 801,555	\$ -	\$ 401,555	\$ 400,000	\$ 300,000
Compensated Absences	221,841	13,291	-	235,132	235,132
Other Postemployment Benefits	373,544	-	173,698	199,846	-
Net pension liability-LGERS	1,253,322	111,452	-	1,364,774	-
Total pension liability-LEOSSA	<u>273,439</u>	<u>179,318</u>	<u>-</u>	<u>452,757</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 2,923,701</u>	<u>\$ 304,061</u>	<u>\$ 575,253</u>	<u>\$ 2,652,509</u>	<u>\$ 535,132</u>
Business-type Activities:					
Compensated Absences	\$ 3,073	\$ 671	\$ -	\$ 3,744	\$ 3,744
Net pension liability-LGERS	<u>38,655</u>	<u>5,456</u>	<u>-</u>	<u>44,111</u>	<u>-</u>
Business-type Activity Long-term Liabilities	<u>\$ 41,728</u>	<u>\$ 6,127</u>	<u>\$ -</u>	<u>\$ 47,855</u>	<u>\$ 3,744</u>

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

C. Interfund Balances and Activity

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

Due to the General Fund from CDBG Grant Special Revenue Fund	\$ 262,284
Due (from) the General Fund to the Street Improvements Special Revenue Fund	(21,215)
Due (from) the General Fund to the Capital Project Fund	<u>(3,743)</u>
Net amount due to the General Fund	<u>\$ 237,326</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. In addition, the Town's CDBG Grant Fund received electronic deposits of DHHS funding intended for the Town's General Fund.

Transfers to/from other funds for the fiscal year ended June 30, 2020 consisted of the following:

From the General Fund to the Capital Project Fund to fund project costs as per approved budget ordinances	\$ 20,000
--	-----------

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

D. Fund Balance

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

<u>Total Fund Balance—General Fund</u>	\$ 8,617,183
Less:	
Stabilization by State Statute	853,583
Streets – Powell Bill	532,174
Capital Projects	29,400
Public Safety	390,556
General Government	98,273
Culture and Recreational	81,115
Fund balance assigned for capital projects	23,244
Appropriated fund balance in 2020-2021 budget	<u>369,159</u>
Remaining Fund Balance	<u>\$ 6,239,679</u>

The Governing Body of the Town has determined that the Town should maintain an available fund balance of 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The encumbrances at year-end totaled \$78,921 for the General Fund.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

III. JOINT VENTURES

The Town and the members of the Town's fire department (an element of Butner Public Safety) each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Towns fire department by the board of trustees. The Town does not report revenues or expenditures for payments made by the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2020. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina, 27603.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

Leased Facilities

Pursuant to an agreement executed between the Town and the South Granville Water and Sewer Authority (SGWASA), effective May 2011, the Town leases office space within the Butner Town Hall to SGWASA under the terms of an operating lease expiring May 31, 2031. Monthly minimum lease payments to be remitted to the Town during the initial lease term are \$5,000. These revenues are accounted for in the General Fund. In addition, under the terms of the agreement, SGWASA will pay to the Town additional rent representing a percentage of the utilities, trash collection/disposal, and HVAC maintenance/repair incurred by the Town with regards to the Butner Town Hall. After the conclusion of the initial term, SGWASA has the option to extend the term for two additional periods of ten years each. The base annual rent during each renewal option term is \$27,600. The total amount paid by SGWASA to the Town of Butner for the fiscal year ended June 30, 2020 was \$67,558.

Noncancellable future minimum lease payments due to the Town are as follows:

Year end June 30,	
2021	\$ 60,000
2022	60,000
2023	60,000
2024	60,000
2025	60,000
Thereafter	355,000

The Town Hall building is approximately 14,000 square feet, and has a total cost of \$2,889,054, and a carrying value of \$2,239,017, net of accumulated depreciation. SGWASA is leasing approximately 3,644 square feet, and additionally is allowed use of the common areas of the building.

TOWN OF BUTNER, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2020

Commitments and Contingencies

With Senate Bill 491, of the 2005-06 Legislative Session entitled “AN ACT TO TRANSFER THE ASSETS OF THE BUTNER WATER AND SEWER SYSTEM TO THE SOUTH GRANVILLE WATER AND SEWER AUTHORITY, AND TO PROVIDE THAT BUTNER PUBLIC SAFETY SHALL BE CONSIDERED THE EQUIVALENT OF A MUNICIPAL POLICE DEPARTMENT FOR PURPOSES OF THE LAWS PROVIDING FOR COOPERATION BETWEEN LAW ENFORCEMENT AGENCIES AND ASSISTANCE TO THE STATE LAW ENFORCEMENT AGENCIES”, the General Assembly of North Carolina enacted that South Granville Water and Sewer Authority shall pay to the Department of Health and Human Services a monthly sum to be used by the Department to support the operations of the Butner Reservation. If the majority of the functions of the Butner Reservation are assumed by a municipal corporation (Town of Butner) organized pursuant to the laws of the State of North Carolina, SGWASA shall pay to such municipal corporation (Town of Butner) the sum of forty-one thousand six hundred sixty-six dollars and sixty-seven cents (\$41,666.67) per month for a period of 240 months from the date of said incorporation. The amount received by the Town of Butner for the year ended in June 30, 2020 was \$500,000.

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Town has evaluated events and transactions that occurred between June 30, 2020, and December 2, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BUTNER, NORTH CAROLINA
Other Postemployment Benefits
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios

	2020	2019	2018
Service Cost	\$ 2,828	\$ 3,032	\$ 3,490
Interest on the total pension liability	14,188	13,823	12,940
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(169,984)	(5,995)	(14,237)
Changes of assumptions or other inputs	(2,949)	(16,198)	(30,166)
Benefit payments	(17,781)	(18,619)	(8,773)
Net change in total OPEB liability	(173,698)	(23,957)	(36,746)
Total OPEB liability - Beginning	373,544	397,501	434,247
Total OPEB liability - Ending	<u>\$ 199,846</u>	<u>\$ 373,544</u>	<u>\$ 397,501</u>
Covered payroll	156,509	148,134	142,634
Total pension liability as a percentage of covered payroll	127.69%	252.17%	278.69%

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

TOWN OF BUTNER, NORTH CAROLINA
Local Government Employees' Retirement System
Required Supplementary Information
Last Seven Fiscal Years*

Schedule of the Proportionate Share of Net Pension Liability (Asset)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Butner's proportion of the net pension liability (asset) (%)	0.05159%	0.05446%	0.05003%	0.05226%	0.05131%	0.03623%	0.00980%
Butner's proportion of the net pension liability (asset) (\$)	\$ 1,408,883	\$ 1,291,977	\$ 764,320	\$ 1,109,132	\$ 230,276	\$ (213,665)	\$ 118,128
Butner's covered-employee payroll	\$ 3,097,943	\$ 3,026,852	\$ 2,788,716	\$ 2,775,110	\$ 2,522,162	\$ 2,183,759	\$ 574,263
Butner's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.48%	42.68%	27.41%	39.97%	9.13%	-9.78%	20.57%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

Schedule of Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 306,183	\$ 256,303	\$ 242,964	\$ 217,218	\$ 195,410	\$ 186,111	\$ 156,854
Contributions in relation to the contractually required contribution	306,183	256,303	242,964	217,218	195,410	186,111	156,854
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Butner's covered payroll	\$ 3,236,269	\$ 3,097,943	\$ 3,026,852	\$ 2,788,716	\$ 2,775,110	\$ 2,522,162	\$ 2,183,759
Contributions as a percentage of covered payroll	9.46%	8.27%	8.03%	7.79%	7.04%	7.38%	7.18%

TOWN OF BUTNER, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

Schedule of Changes in Total Pension Liability

	2020	2019	2018	2017
Beginning Balance	\$ 273,439	\$ 247,513	\$ 192,127	\$ 158,195
Service Cost	44,130	45,801	33,710	34,696
Interest on the total pension liability	9,052	7,480	7,416	5,648
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	159,278	10,317	(10,754)	-
Changes of assumptions or other inputs	16,363	(16,040)	25,014	(6,412)
Benefit payments	(49,505)	(21,632)	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 452,757</u>	<u>\$ 273,439</u>	<u>\$ 247,513</u>	<u>\$ 192,127</u>

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll

	2020	2019	2018	2017
Total pension liability	\$ 452,757	\$ 273,439	\$ 247,513	\$ 192,127
Covered payroll	1,978,878	2,011,260	1,801,109	1,845,648
Total pension liability as a percentage of covered payroll	22.88%	13.60%	13.74%	10.41%

Notes to the Schedules

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

December 31, 2019 Measurement Date: The Municipal Bond Index Rate decrease from 3.64% to 3.26%.

December 31, 2018 Measurement Date: The Municipal Bond Index Rate increased from 3.16% to 3.64%.

December 31, 2017 Measurement Date: The Municipal Bond Index Rate decreased from 3.86% to 3.16%. The assumed inflation rate was reduced from 3.00% to 2.50% and assumed wage inflation was increased from 0.5% to 1.0%.

December 31, 2016 Measurement Date: The Municipal Bond Index Rate increased from 3.57% to 3.86%.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF BUTNER, NORTH CAROLINA
General Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 2,280,572	\$ 2,318,743	\$ 38,171	\$ 2,289,707
Prior years	-	20,231	20,231	6,636
Penalties and interest	5,100	9,339	4,239	6,927
Total	2,285,672	2,348,313	62,641	2,303,270
Other taxes and licenses				
Motor vehicle tax	30,000	24,055	(5,945)	-
Unrestricted intergovernmental				
ABC profit distribution	12,670	23,440	10,770	10,136
Local option sales tax	1,929,095	1,979,291	50,196	1,873,195
Utilities sales distributions	483,428	454,548	(28,880)	472,381
Fire Protection Funding	158,804	156,952	(1,852)	156,450
DHHS Public Safety Service Contract	802,565	811,189	8,624	794,690
Contract for SGWASA	500,000	500,000	-	500,000
Solid Waste tax	5,470	6,081	611	5,912
Beer and wine tax	34,847	34,563	(284)	34,381
Total	3,926,879	3,966,064	39,185	3,847,145
Restricted intergovernmental				
Granville County recreation funding	60,885	25,885	(35,000)	55,885
Granville County grant funding	30,000	34,730	4,730	-
Powell Bill allocation	176,331	182,489	6,158	182,760
Federal grant income	-	17,446	17,446	5,654
Total	267,216	260,550	(6,666)	244,299
Permits and fees				
Court facilities fees	1,500	2,621	1,121	1,809
Planning and zoning fees	8,000	10,649	2,649	11,325
Alarm fees	-	14,700	14,700	-
Other fees	700	580	(120)	550
Total	10,200	28,550	18,350	13,684
Sales and services				
Recreation department	52,900	36,633	(16,267)	59,611
SGWASA facility lease	66,000	68,285	2,285	67,402
Total	118,900	104,918	(13,982)	127,013
Investment earnings				
General Fund	125,000	94,474	(30,526)	158,847
Powell Bill interest	8,000	7,635	(365)	10,045
Total	133,000	102,109	(30,891)	168,892

TOWN OF BUTNER, NORTH CAROLINA
General Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Other revenues				
Contributions and donations	\$ 500	\$ -	\$ (500)	\$ 1,150
Special assessments	15,500	23,681	8,181	36,654
Non-governmental grants	-	-	-	2,574
Miscellaneous	52,000	6,988	(45,012)	11,437
Total	<u>68,000</u>	<u>30,669</u>	<u>(37,331)</u>	<u>51,815</u>
Total revenues	<u>6,839,867</u>	<u>6,865,228</u>	<u>25,361</u>	<u>6,756,118</u>
EXPENDITURES				
General Government				
Governing Body				
Salaries and employee benefits	53,924	51,212	2,712	40,959
Ad valorem collection fee	38,227	41,069	(2,842)	38,383
Other operating expenditures	100,010	79,508	20,502	66,959
Total Governing Body	<u>192,161</u>	<u>171,789</u>	<u>20,372</u>	<u>146,301</u>
Executive Department				
Salaries and employee benefits	427,741	428,661	(920)	314,698
Repairs and maintenance	5,215	6,320	(1,105)	1,398
Other operating expenditures	64,487	53,870	10,617	57,717
Total Executive Department	<u>497,443</u>	<u>488,851</u>	<u>8,592</u>	<u>373,813</u>
Finance Department				
Salaries and employee benefits	190,070	188,290	1,780	166,819
Other operating expenditures	25,909	18,311	7,598	14,900
Total Finance Department	<u>215,979</u>	<u>206,601</u>	<u>9,378</u>	<u>181,719</u>
Legal Department				
Salaries and employee benefits	11,636	11,638	(2)	11,636
Other operating expenditures	59,500	33,190	26,310	36,893
Total Legal Department	<u>71,136</u>	<u>44,828</u>	<u>26,308</u>	<u>48,529</u>
Public Works Facility				
Salaries and employee benefits	311,556	268,144	43,412	262,215
Other operating expenditures	81,200	45,601	35,599	36,137
Repairs and maintenance	31,000	15,838	15,162	22,714
Capital outlay	-	-	-	38,304
Total Public Works Facility	<u>423,756</u>	<u>329,583</u>	<u>94,173</u>	<u>359,370</u>
EMS Building				
Other operating expenditures	2,000	889	1,111	865

TOWN OF BUTNER, NORTH CAROLINA
General Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Christmas Decorations				
Professional fees	\$ -	\$ 173	\$ (173)	\$ -
Other operating expenditures	10,000	7,333	2,667	23,797
Total Christmas Decorations	<u>10,000</u>	<u>7,506</u>	<u>2,494</u>	<u>23,797</u>
Non-departmental				
Salaries and employee benefits	3,500	1,902	1,598	1,911
Insurance	117,500	105,339	12,161	109,266
Landscape and beautification	4,000	854	3,146	2,293
Capital outlay	17,000	16,371	629	-
Other operating expenditures	48,759	46,807	1,952	38,943
Miscellaneous	38,000	1,870	36,130	10,544
Total Non-departmental	<u>228,759</u>	<u>173,143</u>	<u>55,616</u>	<u>162,957</u>
Town Hall				
Repairs and maintenance	15,000	8,228	6,772	30,257
Other operating expenditures	34,200	34,803	(603)	8,697
Total Town Hall	<u>49,200</u>	<u>43,031</u>	<u>6,169</u>	<u>38,954</u>
600 Central Avenue				
Other operating expenditures	3,332	2,392	940	2,487
Umstead Correctional Property				
Repairs and maintenance	-	1,280	(1,280)	-
Other operating expenditures	35,500	15,614	(1,280)	-
Total Umstead Correctional Property	<u>35,500</u>	<u>16,894</u>	<u>(1,280)</u>	<u>-</u>
Total General Government	<u>1,729,266</u>	<u>1,485,507</u>	<u>223,873</u>	<u>1,338,792</u>
Public safety				
Fire and Police				
Salaries and employee benefits	3,428,526	3,299,508	129,018	3,162,363
Other operating expenditures	375,450	312,551	62,899	346,238
Repairs and maintenance	68,790	71,792	(3,002)	58,693
Capital outlay	133,500	70,101	63,399	212,365
Total Fire and Police	<u>4,006,266</u>	<u>3,753,952</u>	<u>252,314</u>	<u>3,779,659</u>
BPS Training Center				
Repairs and maintenance	-	1,419	(1,419)	-
Other operating expenditures	6,500	587	5,913	-
Total BPS Training Center	<u>6,500</u>	<u>2,006</u>	<u>4,494</u>	<u>-</u>
Total Public safety	<u>4,012,766</u>	<u>3,755,958</u>	<u>256,808</u>	<u>3,779,659</u>

TOWN OF BUTNER, NORTH CAROLINA
General Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Environmental Protection				
Operating expenditures	\$ 26,500	\$ 20,462	\$ 6,038	\$ 17,674
Economic and Physical Development				
Planning and Zoning				
Salaries and employee benefits	153,135	107,391	45,744	139,822
Other operating expenditures	20,650	17,094	3,556	41,159
Total Planning and Zoning	<u>173,785</u>	<u>124,485</u>	<u>49,300</u>	<u>180,981</u>
Economic development				
Contracts, grants and subsidies	40,000	-	40,000	-
Total Economic and Physical Development	<u>213,785</u>	<u>124,485</u>	<u>89,300</u>	<u>180,981</u>
Cultural and Recreation				
Non-departmental				
Salaries and employee benefits	-	310	(310)	110,473
Other operating expenditures	-	-	-	1,830
Capital outlay	10,000	8,964	1,036	34,197
Total Non-departmental	<u>10,000</u>	<u>9,274</u>	<u>726</u>	<u>146,500</u>
Gazebo Park				
Other operating expenditures	7,200	5,434	1,766	8,007
Repairs and maintenance	9,000	3,173	5,827	387
Total Gazebo Park	<u>16,200</u>	<u>8,607</u>	<u>7,593</u>	<u>8,394</u>
Sports Arena				
Operating expenditures	28,700	19,716	8,984	21,963
Repairs and maintenance	8,500	6,566	1,934	8,913
Total Sports Arena	<u>37,200</u>	<u>26,282</u>	<u>10,918</u>	<u>30,876</u>
Lake Holt				
Other operating expenditures	2,000	1,710	290	2,454
Repairs and maintenance	4,000	2,076	1,924	5,597
Total Lake Holt	<u>6,000</u>	<u>3,786</u>	<u>2,214</u>	<u>8,051</u>
Butner Athletic Park				
Salaries and employee benefits	164,773	141,452	23,321	41,833
Other operating expenditures	104,380	67,781	36,599	80,002
Repairs and maintenance	50,000	21,875	28,125	34,423
Capital outlay	7,575	4,486	3,089	-
Total Butner Athletic Park	<u>326,728</u>	<u>235,594</u>	<u>91,134</u>	<u>156,258</u>

TOWN OF BUTNER, NORTH CAROLINA
General Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
D Street Ball Field				
Other operating expenditures	\$ 3,300	\$ 1,918	\$ 1,382	\$ 1,644
Repairs and maintenance	1,500	706	794	934
Total D Street Ball Field	<u>4,800</u>	<u>2,624</u>	<u>2,176</u>	<u>2,578</u>
Community Events				
Operating expenses	<u>19,300</u>	<u>2,793</u>	<u>16,507</u>	<u>11,996</u>
Total Culture and Recreation	<u>420,228</u>	<u>288,960</u>	<u>131,268</u>	<u>364,653</u>
Transportation				
Other operating expenditures	5,000	292	4,708	20,258
Repairs and maintenance	16,607	718	15,889	-
Capital outlay	177,724	157,966	19,758	-
Total Transportation	<u>199,331</u>	<u>158,976</u>	<u>40,355</u>	<u>20,258</u>
Debt Service				
Principal retirement	401,555	401,555	-	399,643
Interest and other charges	30,810	23,852	6,958	35,117
Total Debt Service	<u>432,365</u>	<u>425,407</u>	<u>6,958</u>	<u>434,760</u>
Total Expenditures	<u>7,034,241</u>	<u>6,259,755</u>	<u>754,600</u>	<u>6,136,777</u>
Excess of revenues over (under) expenditures	<u>(194,374)</u>	<u>605,473</u>	<u>799,847</u>	<u>619,341</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	9,147	9,147	25,714
Insurance proceeds	14,990	33,435	18,445	29,728
Transfers (to) from Capital Project Funds	(20,000)	(20,000)	-	(1,150,714)
Total	<u>(5,010)</u>	<u>22,582</u>	<u>27,592</u>	<u>(1,095,272)</u>
Total other financing sources	<u>(5,010)</u>	<u>22,582</u>	<u>27,592</u>	<u>(1,095,272)</u>
Fund balance appropriated	<u>199,384</u>	<u>-</u>	<u>(199,384)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>628,055</u>	<u>\$ 628,055</u>	<u>(475,931)</u>
FUND BALANCE – Beginning		<u>7,989,128</u>		<u>8,465,059</u>
FUND BALANCE – Ending		<u>\$ 8,617,183</u>		<u>\$ 7,989,128</u>

TOWN OF BUTNER, NORTH CAROLINA
Special Revenue Fund – Grant Project – CDBG Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author- ization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
REVENUES					
Restricted intergovernmental:					
CDBG Grant	\$ 7,857,497	\$ 3,092,830	\$ 4,563,369	\$ 7,656,199	\$ (201,298)
Non-federal grants and contributions:					
Golden LEAF Foundation	120,000	120,000	-	120,000	-
Veterans Life Council of NC	544,951	-	544,951	544,951	-
Total revenues	<u>8,522,448</u>	<u>3,212,830</u>	<u>5,108,320</u>	<u>8,321,150</u>	<u>(201,298)</u>
EXPENDITURES					
Economic and physical development:					
Professional Services - Legal	80,000	76,037	1,546	77,583	2,417
Professional Services - Engineering	5,000	-	6,560	6,560	(1,560)
Professional Services - Other	210,000	83,539	117,653	201,192	8,808
Professional Services - Accounting	20,000	1,940	2,175	4,115	15,885
Postage	2,000	-	-	-	2,000
Legal Advertising	8,000	8,236	-	8,236	(236)
Capital Projects Expenditures	108,400	-	-	-	108,400
General Contractor	7,112,259	2,125,101	4,524,406	6,649,507	462,752
Architect Fee	586,641	546,079	37,997	584,076	2,565
Bank Fees	1,600	1,186	-	1,186	414
Other administrative expenses	133,979	61,160	-	61,160	72,819
Clearance	208,850	208,850	-	208,850	-
Contingency	45,719	-	500	500	45,219
Total expenditures	<u>8,522,448</u>	<u>3,112,128</u>	<u>4,690,837</u>	<u>7,802,965</u>	<u>719,483</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 100,702</u>	417,483	<u>\$ 518,185</u>	<u>\$ 518,185</u>
FUND BALANCE – Beginning			<u>100,702</u>		
FUND BALANCE – Ending			<u>\$ 518,185</u>		

TOWN OF BUTNER, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Street Improvements Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ 9,794	\$ 9,794
Accounts receivable	2,674	-	2,674
Due from other governments	-	20,275	20,275
Due from other funds	<u>21,215</u>	<u>3,743</u>	<u>24,958</u>
 Total assets	 <u>\$ 23,889</u>	 <u>\$ 33,812</u>	 <u>\$ 57,701</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES			
Committed:			
Capital projects	-	33,812	33,812
Transportation	<u>23,889</u>	<u>-</u>	<u>23,889</u>
Total fund balances	<u>23,889</u>	<u>33,812</u>	<u>57,701</u>
 Total liabilities and fund balances	 <u>\$ 23,889</u>	 <u>\$ 33,812</u>	 <u>\$ 57,701</u>

TOWN OF BUTNER, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Street Improvements Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Other taxes and licenses	\$ 23,889	\$ -	\$ 23,889
Investment earnings	-	5,681	5,681
Total revenues	<u>23,889</u>	<u>5,681</u>	<u>29,570</u>
EXPENDITURES			
Capital outlay	-	447,990	447,990
Excess (deficiency) of revenues over expenditures	<u>23,889</u>	<u>(442,309)</u>	<u>(418,420)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from General Fund	-	20,000	20,000
Net change in fund balance	23,889	(422,309)	(398,420)
FUND BALANCES, beginning	<u>-</u>	<u>456,121</u>	<u>456,121</u>
FUND BALANCES, ending	<u>\$ 23,889</u>	<u>\$ 33,812</u>	<u>\$ 57,701</u>

TOWN OF BUTNER, NORTH CAROLINA
Non-Major Special Revenue Fund – Street Improvements
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Other taxes and licenses				
Motor vehicle tax	\$ 30,000	\$ 23,889	\$ (6,111)	\$ -
EXPENDITURES				
Transportation				
Street Improvement Expenses	30,000	-	30,000	-
Excess of revenues over (under) expenditures	<u>-</u>	<u>23,889</u>	<u>23,889</u>	<u>-</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>23,889</u>	<u>\$ 23,889</u>	<u>-</u>
FUND BALANCE – Beginning		<u>-</u>		<u>-</u>
FUND BALANCE – Ending		<u>\$ 23,889</u>		<u>\$ -</u>

TOWN OF BUTNER, NORTH CAROLINA
Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author- ization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
REVENUES					
Investment earnings	\$ -	\$ 5,652	\$ 5,681	\$ 11,333	\$ 11,333
EXPENDITURES					
Lyon Station Greenway Extension Capital Outlay	49,400	9,679	3,801	13,480	35,920
Training Center Capital Outlay					
Professional Services - Legal	3,000	-	-	-	3,000
General Contractor	990,873	657,520	382,431	1,039,951	(49,078)
Architect Fee	49,500	26,326	-	26,326	23,174
Furnishings	58,200	-	58,322	58,322	(122)
Contingency	49,544	7,123	3,436	10,559	38,985
Subtotal	<u>1,151,117</u>	<u>690,969</u>	<u>444,189</u>	<u>1,135,158</u>	<u>15,959</u>
Total expenditures	<u>1,200,517</u>	<u>700,648</u>	<u>447,990</u>	<u>1,148,638</u>	<u>51,879</u>
Excess of revenues over (under) expenditures	<u>(1,200,517)</u>	<u>(694,996)</u>	<u>(442,309)</u>	<u>(1,137,305)</u>	<u>63,212</u>
OTHER FINANCING SOURCES (USES)					
Lyon Station Greenway Extension Transfers from (to) General Fund	49,400	-	20,000	20,000	(29,400)
Training Center Transfers from (to) General Fund	<u>1,151,117</u>	<u>1,151,117</u>	<u>-</u>	<u>1,151,117</u>	<u>-</u>
Total other financing sources (uses)	<u>1,200,517</u>	<u>1,151,117</u>	<u>20,000</u>	<u>1,171,117</u>	<u>(29,400)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 456,121</u>	<u>(422,309)</u>	<u>\$ 33,812</u>	<u>\$ 33,812</u>
FUND BALANCE – Beginning			<u>456,121</u>		
FUND BALANCE – Ending			<u>\$ 33,812</u>		

TOWN OF BUTNER, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020, with Comparative Totals for the Fiscal Year ended June 30, 2019

	<u>2020</u>		Variance Positive (Negative)	2019 Actual
	<u>Budget</u>	<u>Actual</u>		
REVENUES				
Stormwater fees	\$ 342,235	\$ 372,146	\$ 29,911	\$ 381,833
Investment earnings	10,000	10,853	853	13,209
Total revenues	<u>352,235</u>	<u>382,999</u>	<u>30,764</u>	<u>395,042</u>
EXPENDITURES				
Administration:				
Salaries and employee benefits	38,789	47,988	(9,199)	26,742
Professional services	64,000	41,247	22,753	48,480
Legal services	-	677	(677)	-
Other operating expenditures	23,150	21,690	1,460	20,523
Total administration expenditures	<u>125,939</u>	<u>111,602</u>	<u>14,337</u>	<u>95,745</u>
Operating				
Salaries and employee benefits	122,752	100,408	22,344	107,870
Repairs and maintenance	50,000	24,783	25,217	6,641
Other operating expenditures	15,200	12	15,188	12
Total operating expenditures	<u>187,952</u>	<u>125,203</u>	<u>62,749</u>	<u>114,523</u>
Capital Outlay	175,000	-	175,000	-
Total expenditures	<u>488,891</u>	<u>236,805</u>	<u>252,086</u>	<u>210,268</u>
Excess of revenues over (under) expenditures	(136,656)	146,194	282,850	184,774
Fund balance appropriated	<u>136,656</u>	-	<u>(136,656)</u>	-
Excess of revenues and fund balance appropriated over (under) expenditures	<u>\$ -</u>	<u>\$ 146,194</u>	<u>\$ 146,194</u>	<u>\$ 184,774</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Excess of revenues and other financing sources over (under) expenditures		\$ 146,194		\$ 184,774
Reconciling items:				
Deprecation expense		(16,756)		(16,756)
(Increase) decrease in accrued vacation pay		(671)		(820)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		9,586		7,668
Pension expense		<u>(20,227)</u>		<u>(14,474)</u>
Total reconciling items		<u>(28,068)</u>		<u>(24,382)</u>
Change in net position		<u>\$ 118,126</u>		<u>\$ 160,392</u>

OTHER SCHEDULES

TOWN OF BUTNER, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 2,360,344	\$ 2,341,096	\$ 19,248
2018-2019	22,733	-	17,029	5,704
2017-2018	5,976	-	1,676	4,300
2016-2017	4,851	-	315	4,536
2015-2016	3,090	-	333	2,757
2014-2015	6,157	-	(216)	6,373
2013-2014	4,148	-	236	3,912
2012-2013	3,066	-	331	2,735
2011-2012	2,472	-	86	2,386
2010-2011	1,820	-	77	1,743
2009-2010	2,266	-	2,266	-
	<u>\$ 56,579</u>	<u>\$ 2,360,344</u>	<u>\$ 2,363,229</u>	<u>\$ 53,694</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 2,348,313
Reconciling items:	
Interest collected	(7,814)
Collections of previously written off taxes	(17)
Refunds	1,517
Discounts	18,484
Releases	480
Taxes written off	<u>2,266</u>
Total collections and credits	<u>\$ 2,363,229</u>

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

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 627,228,481	0.365	\$ 2,288,374	\$ 2,075,352	\$ 213,022
Penalties	-		1,340	1,340	-
Total	<u>627,228,481</u>		<u>2,289,714</u>	<u>2,076,692</u>	<u>213,022</u>
Discoveries:					
Current year taxes	17,714,098	0.365	64,656	64,656	-
Prior year taxes	<u>2,061,923</u>	0.365	<u>7,526</u>	<u>7,526</u>	-
Total	<u>19,776,021</u>		<u>72,182</u>	<u>72,182</u>	-
Abatements					
Current year taxes	<u>(425,271)</u>	0.365	<u>(1,552)</u>	<u>(1,552)</u>	-
Total property valuation	<u>\$ 646,579,231</u>				
Net levy			2,360,344	2,147,322	213,022
Less Uncollected taxes at June 30, 2020			<u>19,248</u>	<u>19,248</u>	-
Current year's taxes collected			<u>\$ 2,341,096</u>	<u>\$ 2,128,074</u>	<u>\$ 213,022</u>
Current levy collection percentage			99.18%	99.10%	100.00%

STATISTICAL SECTION

This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents

Page

Financial Trends

77-83

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

84-87

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

88-91

These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

92-93

These schedules present information to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

94-96

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and

TOWN OF BUTNER, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 18,154,840	\$ 19,958,818	\$ 21,292,289	\$ 24,268,264	\$ 24,540,380	\$ 24,805,361	\$ 24,578,387	\$ 25,429,983	\$ 26,023,677	\$ 27,292,688
Restricted	1,469,003	920,837	1,253,196	1,248,881	1,486,718	839,116	1,272,441	991,386	1,582,047	1,385,757
Unrestricted	5,662,599	5,977,572	5,259,198	6,133,100	6,114,066	7,032,529	6,854,840	6,619,643	5,891,600	6,544,974
Total governmental activities net position	<u>25,286,442</u>	<u>26,857,227</u>	<u>27,804,683</u>	<u>31,650,245</u>	<u>32,141,164</u>	<u>32,677,006</u>	<u>32,705,668</u>	<u>33,041,012</u>	<u>33,497,324</u>	<u>35,223,419</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	-	-	23,600	502,666	485,910	469,155
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	194,753	391,273	583,370	763,856	948,705	619,644	796,792	931,673
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>194,753</u>	<u>391,273</u>	<u>583,370</u>	<u>763,856</u>	<u>972,305</u>	<u>1,122,310</u>	<u>1,282,702</u>	<u>1,400,828</u>
Primary government										
Net investment in capital assets	18,154,840	19,958,818	21,292,289	24,268,264	24,540,380	24,805,361	24,601,987	25,932,649	26,509,587	27,761,843
Restricted	1,469,003	920,837	1,253,196	1,248,881	1,486,718	839,116	1,272,441	991,386	1,582,047	1,385,757
Unrestricted	5,662,599	5,977,572	5,453,951	6,524,373	6,697,436	7,796,385	7,803,545	7,239,287	6,688,392	7,476,647
Total primary government net position	<u>25,286,442</u>	<u>26,857,227</u>	<u>27,999,436</u>	<u>32,041,518</u>	<u>32,724,534</u>	<u>33,440,862</u>	<u>33,677,973</u>	<u>34,163,322</u>	<u>34,780,026</u>	<u>36,624,247</u>

TOWN OF BUTNER, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
General government	\$ 1,419,448	\$ 1,494,552	\$ 1,460,223	\$ 1,446,897	\$ 1,659,989	\$ 1,378,065	\$ 1,415,122	\$ 1,325,556	\$ 1,457,056	\$ 1,484,034
Culture and recreation	52,447	65,706	125,997	207,853	202,301	723,733	664,814	680,951	694,356	629,900
Public safety	1,213,020	1,782,959	1,907,351	3,184,394	3,172,236	3,395,811	3,622,067	3,910,829	3,887,602	4,109,691
Environmental protection	38,785	205,978	19,168	4,947	4,860	20,678	34,328	20,324	28,115	38,596
Economic and physical development	99,092	108,270	109,651	150,102	423,459	292,565	749,632	659,726	1,958,188	4,824,140
Transportation	38,416	10,563	4,572	22,388	-	144,535	100,132	125,313	112,206	140,678
Interest on long-term debt	-	58,500	73,952	-	-	-	-	45,323	35,117	23,852
Total governmental activities expenses	<u>2,861,208</u>	<u>3,726,528</u>	<u>3,700,914</u>	<u>5,016,581</u>	<u>5,462,845</u>	<u>5,955,387</u>	<u>6,586,095</u>	<u>6,768,022</u>	<u>8,172,640</u>	<u>11,250,891</u>
Business-type activities										
Stormwater	-	-	145,912	167,796	174,230	159,677	155,825	230,004	234,650	264,873
Total business-type activities	<u>-</u>	<u>-</u>	<u>145,912</u>	<u>167,796</u>	<u>174,230</u>	<u>159,677</u>	<u>155,825</u>	<u>230,004</u>	<u>234,650</u>	<u>264,873</u>
Total expenses	<u>2,861,208</u>	<u>3,726,528</u>	<u>3,846,826</u>	<u>5,184,377</u>	<u>5,637,075</u>	<u>6,115,064</u>	<u>6,741,920</u>	<u>6,998,026</u>	<u>8,407,290</u>	<u>11,515,764</u>
Program Revenues										
Governmental Activities										
Charges for services:										
General government	2,130	207,217	262,172	58,641	69,319	981,131	975,565	68,456	68,372	84,015
Culture and recreation	15,778	-	-	80,854	99,217	-	-	106,304	115,076	62,068
Public safety	-	-	-	738	801,815	-	-	837,135	868,625	888,100
Environmental protection	-	-	-	-	4,987	-	-	5,239	5,912	6,081
Economic and physical development	4,870	-	-	78,313	127,729	-	-	607,556	11,325	10,649
Transportation	-	-	-	-	-	-	-	-	-	23,889
Operating grants and contributions										
General government	504,317	500,000	500,000	541,219	500,345	771,216	771,253	525,000	502,574	534,730
Culture and recreation	56,405	-	40,000	-	-	-	-	5,000	-	-
Public safety	-	-	-	869,484	88,998	-	-	86,481	84,324	98,015
Environmental protection	-	130,599	4,322	4,703	-	-	-	-	-	-
Transportation	147,985	175,823	181,080	183,396	183,643	-	-	191,205	192,805	182,489
Capital grants and contributions										
General government	413,500	-	-	-	-	120,173	591,262	-	-	958,158
Culture and recreation	-	506,405	57,082	50,000	-	-	-	-	-	-
Public safety	-	-	-	3,302	121,869	-	-	6,062	5,654	2,093
Economic and physical development	-	-	-	-	-	-	-	231,713	1,833,365	5,083,850
Transportation	153,100	205,102	-	278,612	-	-	-	-	36,654	23,681
Total governmental activities program revenue	<u>1,298,085</u>	<u>1,725,146</u>	<u>1,044,656</u>	<u>2,149,262</u>	<u>1,997,922</u>	<u>1,872,520</u>	<u>2,338,080</u>	<u>2,670,151</u>	<u>3,724,686</u>	<u>7,957,818</u>
Business-type activities										
Stormwater	-	-	340,583	364,316	365,275	340,163	364,274	374,034	381,833	372,146
Total business-type activities program revenue	<u>-</u>	<u>-</u>	<u>340,583</u>	<u>364,316</u>	<u>365,275</u>	<u>340,163</u>	<u>364,274</u>	<u>374,034</u>	<u>381,833</u>	<u>372,146</u>
Total program revenues	<u>1,298,085</u>	<u>1,725,146</u>	<u>1,385,239</u>	<u>2,513,578</u>	<u>2,363,197</u>	<u>2,212,683</u>	<u>2,702,354</u>	<u>3,044,185</u>	<u>4,106,519</u>	<u>8,329,964</u>

TOWN OF BUTNER, NORTH CAROLINA
CHANGES IN NET POSITIOIN
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense) revenue										
Governmental Activities										
General government	(499,501)	(787,335)	(698,051)	(847,037)	(1,090,325)	494,455	922,958	(732,100)	(886,110)	92,869
Culture and recreation	19,736	440,699	(28,915)	(76,999)	(103,084)	(723,733)	(664,814)	(569,647)	(579,280)	(567,832)
Public safety	(1,213,020)	(1,782,959)	(1,907,351)	(2,310,870)	(2,159,554)	(3,395,811)	(3,622,067)	(2,981,151)	(2,928,999)	(3,121,483)
Environmental protection	(38,785)	(75,379)	(14,846)	(244)	127	(20,678)	(34,328)	(15,085)	(22,203)	(32,515)
Economic development	(94,222)	(108,270)	(109,651)	(71,789)	(295,730)	(292,565)	(749,632)	179,543	(113,498)	270,359
Transportation	262,669	370,362	176,508	439,620	183,643	(144,535)	(100,132)	65,892	117,253	89,381
Interest on long-term debt	-	(58,500)	(73,952)	-	-	-	-	(45,323)	(35,117)	(23,852)
Total governmental activities	<u>(1,563,123)</u>	<u>(2,001,382)</u>	<u>(2,656,258)</u>	<u>(2,867,319)</u>	<u>(3,464,923)</u>	<u>(4,082,867)</u>	<u>(4,248,015)</u>	<u>(4,097,871)</u>	<u>(4,447,954)</u>	<u>(3,293,073)</u>
Business-type activities										
Stormwater	-	-	194,671	196,520	191,045	180,486	208,449	144,030	147,183	107,273
Total business-type activities	<u>-</u>	<u>-</u>	<u>194,671</u>	<u>196,520</u>	<u>191,045</u>	<u>180,486</u>	<u>208,449</u>	<u>144,030</u>	<u>147,183</u>	<u>107,273</u>
Total net (expense) revenue	<u><u>(1,563,123)</u></u>	<u><u>(2,001,382)</u></u>	<u><u>(2,461,587)</u></u>	<u><u>(2,670,799)</u></u>	<u><u>(3,273,878)</u></u>	<u><u>(3,902,381)</u></u>	<u><u>(4,039,566)</u></u>	<u><u>(3,953,841)</u></u>	<u><u>(4,300,771)</u></u>	<u><u>(3,185,800)</u></u>
General Revenues, Transfers and Changes in Net Position										
Governmental Activities										
Property taxes	1,353,132	1,964,324	1,932,652	2,041,262	2,004,461	2,046,260	2,099,492	2,162,115	2,315,455	2,345,910
Grants and contributions not restricted to specific programs	1,342,165	1,591,122	1,649,993	1,742,899	1,901,548	2,022,008	2,203,479	2,274,342	2,390,093	2,491,842
Other taxes and licenses	-	-	-	-	-	-	-	-	-	24,055
Other	58,373	12,585	17,831	1,447	5,773	20,696	14,883	44,870	32,465	49,570
Investment earnings	10,647	4,136	3,238	11,004	1,616	17,252	43,550	103,665	166,253	107,791
Special and extraordinary items	-	-	-	2,916,269	-	481,659	24,556	-	-	-
Total general revenues and transfers	<u>2,764,317</u>	<u>3,572,167</u>	<u>3,603,714</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,584,992</u>	<u>4,904,266</u>	<u>5,019,168</u>
Total governmental activities	<u>2,764,317</u>	<u>3,572,167</u>	<u>3,603,714</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,584,992</u>	<u>4,904,266</u>	<u>5,019,168</u>
Business-type activities										
Stormwater										
Investment earnings	-	-	-	-	-	-	-	5,975	13,209	10,853
Other	-	-	82	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,975</u>	<u>13,209</u>	<u>10,853</u>
Total general revenues and transfers	<u>2,764,317</u>	<u>3,572,167</u>	<u>3,603,796</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,590,967</u>	<u>4,917,475</u>	<u>5,030,021</u>
Restatements (1)										
Governmental Activities	-	-	-	-	42,444	30,834	(109,283)	(151,777)	-	-
Business-type activities	-	-	-	-	1,052	-	-	-	-	-
Total restatements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,496</u>	<u>30,834</u>	<u>(109,283)</u>	<u>(151,777)</u>	<u>-</u>	<u>-</u>
Change in Net Position										
Governmental activities	1,201,194	1,570,785	947,456	3,845,562	490,919	535,842	28,662	335,344	456,312	1,726,095
Business-type activities	-	-	194,753	196,520	192,097	180,486	208,449	150,005	160,392	118,126
Total primary government	<u>1,201,194</u>	<u>1,570,785</u>	<u>1,142,209</u>	<u>4,042,082</u>	<u>683,016</u>	<u>716,328</u>	<u>237,111</u>	<u>485,349</u>	<u>616,704</u>	<u>1,844,221</u>

(1) Restatements include the application of new GASB pronouncements pertaining to Pension and Other Postemployment Benefit plans in 2014, 2017, and 2018, and a correction to accumulated depreciation effective July 1, 2016.

TABLE 3

TOWN OF BUTNER, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year Ended June 30	Property	Local Sales	Franchise	Beer and Wine	Other	Total
2011	\$ 1,353,132	\$ 897,425	\$ 416,669	\$ 28,071	\$ 4,317	\$ 2,699,614
2012	1,964,324	1,130,668	427,460	32,994	5,199	3,560,645
2013	1,932,652	1,199,372	391,184	30,975	4,322	3,558,505
2014	2,041,262	1,255,958	416,794	33,673	4,991	3,752,678
2015	2,004,461	1,375,636	452,684	36,858	1,987	3,871,626
2016	2,046,260	1,452,434	495,961	34,154	-	4,028,809
2017	2,099,492	1,681,889	466,955	35,250	225	4,283,811
2018	2,165,115	1,763,437	464,105	34,130	5,239	4,432,026
2019	2,315,455	1,873,195	472,381	34,381	5,912	4,701,324
2020	2,345,910	1,979,291	454,548	34,563	30,136	4,844,448

TOWN OF BUTNER, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ -	\$ 12,629	\$ -	\$ -	\$ -
Restricted										
Stabilization by state statute	946,082	422,281	569,239	420,806	747,778	474,185	744,524	627,322	1,081,021	853,583
Streets - Powell Bill	508,699	484,631	676,836	539,703	712,289	364,931	527,917	364,064	501,026	532,174
Committed:										
Capital Projects	-	-	5,000	-	-	49,400	49,400	49,400	49,400	29,400
General government	51,965	51,994	52,018	54,024	119,244	93,464	93,861	94,975	97,001	98,273
Cultural and recreational	586,258	76,920	76,955	76,963	76,977	77,146	77,474	78,394	80,066	81,115
Public Safety - LEO Special Separation Allowance	-	-	-	75,001	150,017	225,353	301,368	377,452	385,501	390,556
Transportation	54,383	-	-	-	-	48,479	-	-	-	-
Assigned										
Subsequent year's expenditures	2,096,238	585,000	-	-	153,429	1,383,961	1,106,250	671,448	72,074	369,159
Capital projects	-	-	-	-	-	-	-	23,244	23,244	23,244
Unassigned	2,681,046	4,043,475	5,263,520	6,151,384	5,810,818	5,383,135	5,886,356	6,178,760	5,699,795	6,239,679
Total general fund	<u>6,924,681</u>	<u>5,664,311</u>	<u>6,643,578</u>	<u>7,317,891</u>	<u>7,770,562</u>	<u>8,100,054</u>	<u>8,799,779</u>	<u>8,465,059</u>	<u>7,989,128</u>	<u>8,617,183</u>
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted										
Streets - Powell Bill	-	11,722	-	-	-	-	-	-	-	-
Grant Projects	-	2,203	166	2,203	(12,941)	-	-	-	-	-
Capital Projects	-	-	6,955	-	-	-	-	-	-	-
Committed:										
Capital Projects	116,996	1,173,125	(41,003)	244,880	26,667	33,089	33,200	59,343	100,702	33,812
Grant Projects	-	10,434	-	41,289	266	4	227	-	456,121	518,185
Transportation	-	-	-	-	-	-	-	-	-	23,889
Assigned:	-	-	-	-	-	-	-	-	-	-
Unassigned:	-	-	19,660	-	-	-	-	-	-	-
Total all other governmental funds	<u>116,996</u>	<u>1,197,484</u>	<u>(14,222)</u>	<u>288,372</u>	<u>13,992</u>	<u>33,093</u>	<u>33,427</u>	<u>59,343</u>	<u>556,823</u>	<u>575,886</u>

TOWN OF BUTNER, NORTH CAROLINA
CHANGE IN FUND FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Ad Valorem taxes	\$ 1,328,640	\$ 1,929,043	\$ 2,021,134	\$ 2,028,498	\$ 2,040,171	\$ 2,037,659	\$ 2,187,877	\$ 2,222,011	\$ 2,303,270	\$ 2,348,313
Other taxes and licenses	-	-	-	-	-	-	-	-	-	47,944
Unrestricted intergovernmental revenues	1,342,165	1,591,122	1,649,993	3,117,086	3,296,097	3,397,379	3,577,896	3,701,784	3,847,145	3,966,064
Restricted intergovernmental revenues	861,410	1,517,929	784,540	549,466	342,849	365,460	825,775	834,632	1,992,002	4,823,919
Sales and services	15,778	84,098	89,459	88,926	96,409	87,352	85,100	123,176	127,013	104,918
Permits and fees	7,000	123,119	172,713	95,464	164,509	45,021	52,844	45,923	13,684	28,550
Investment earnings	11,044	4,136	3,238	11,004	1,616	17,253	43,550	110,931	176,297	107,790
Other revenue	59,671	13,308	7,980	41,662	8,921	14,153	8,354	181,264	171,815	575,620
Total Revenues	3,625,708	5,262,755	4,729,057	5,932,106	5,950,572	5,964,277	6,781,396	7,219,721	8,631,226	12,003,118
Expenditures										
Current:										
General government	1,168,992	1,118,805	1,024,191	2,084,667	1,624,870	1,204,686	1,230,871	1,228,670	1,338,792	1,485,507
Public safety	1,212,264	1,782,959	1,907,351	2,947,543	3,046,514	3,281,569	3,263,389	4,152,720	3,779,659	3,755,958
Environmental protection	38,785	205,978	19,168	4,947	4,860	19,751	24,620	14,614	17,674	20,462
Economic and physical development	99,092	107,894	108,805	150,214	289,854	182,074	157,607	144,737	1,947,982	4,815,322
Culture and recreation	52,447	134,307	142,728	176,983	312,707	348,216	362,412	589,313	364,653	288,960
Transportation	241,669	69,900	4,572	22,388	-	534,201	141,387	693,751	20,258	158,976
Capital outlay	3,303,060	2,762,875	1,385,106	365,303	180,470	186,760	589,116	593,295	761,341	447,990
Debt service:										
Issuance cost	7,500	1,900	-	-	-	-	-	-	-	-
Principal	-	200,000	300,000	300,000	300,000	300,000	300,000	398,802	399,643	401,555
Interest	-	58,500	85,350	78,422	68,720	59,370	49,941	45,323	35,117	23,852
Total expenditures	6,123,809	6,443,118	4,977,271	6,130,467	5,827,995	6,116,627	6,119,343	7,861,225	8,665,119	11,398,582
Excess of revenues over (under) expenditures	(2,498,101)	(1,180,363)	(248,214)	(198,361)	122,577	(152,350)	662,053	(641,504)	(33,893)	604,536
Other financing sources (uses)										
Debt proceeds	2,000,000	1,000,000	-	-	-	-	-	300,000	-	-
Proceeds from sale of capital assets	3,236	481	15,775	20,457	38,854	4,000	5,762	10,608	25,714	9,147
Insurance proceeds	-	-	-	198,220	16,860	15,284	7,688	22,092	29,728	33,435
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,003,236	1,000,481	15,775	218,677	55,714	19,284	13,450	332,700	55,442	42,582
Special and Extraordinary Items										
Acquisition of Butner Public Safety	-	-	-	956,591	-	-	-	-	-	-
Proceeds from sale of timber	-	-	-	-	-	114,430	24,556	-	-	-
Transfers in (State of North Carolina)	-	-	-	-	-	367,229	-	-	-	-
Total special and extraordinary items	-	-	-	956,591	-	481,659	24,556	-	-	-
Net change in fund balance	(494,865)	(179,882)	(232,439)	976,907	178,291	348,593	700,059	(308,804)	21,549	647,118
Debt service as a percentage of noncapital expenditures	0.00%	7.56%	12.02%	7.03%	6.98%	6.45%	6.76%	6.51%	5.82%	4.04%

TABLE 6

TOWN OF BUTNER, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year Ended June 30	Property	Local Sales	Franchise	Beer and Wine	Other	Total
2011	\$ 1,328,640	\$ 897,425	\$ 416,669	\$ 28,071	\$ 4,317	\$ 2,675,122
2012	1,929,043	1,130,668	427,460	32,994	5,199	3,525,364
2013	2,021,134	1,199,372	391,184	30,975	4,322	3,646,987
2014	2,028,498	1,255,958	416,794	33,673	4,991	3,739,914
2015	2,040,171	1,375,636	452,684	36,858	1,987	3,907,336
2016	2,011,967	1,452,434	495,961	34,154	-	3,994,516
2017	2,157,423	1,681,889	466,955	35,250	225	4,341,742
2018	2,222,011	1,763,437	464,105	34,130	5,239	4,488,922
2019	2,303,270	1,873,195	472,381	34,381	5,912	4,689,139
2020	2,303,270	1,979,291	454,548	34,563	30,136	4,801,808

**TOWN OF BUTNER, NORTH CAROLINA
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ended June 30	Property Excluding Motor Vehicles	Motor Vehicles	Plus Discoveries	Less Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable/Market Value	Assessed Value as a Percentage of Market Value
2011	\$ 493,981,754	\$ 38,918,246	\$ 6,351,376	\$ (2,247,379)	537,003,997	0.250	1,342,510	1,155,901	86.10%
2012	500,174,286	40,921,484	24,088,286	(1,314,000)	563,870,056	0.35	1,973,545	1,699,222	86.10%
2013	512,679,645	41,645,961	5,587,480	(772,289)	559,140,797	0.35	1,956,993	1,684,971	86.10%
2014	518,924,855	57,463,753	8,418,431	(476,029)	584,331,010	0.35	2,045,159	1,760,881	86.10%
2015	519,880,571	46,065,127	8,298,000	(1,367,143)	572,876,555	0.35	2,005,068	1,726,363	86.10%
2016	523,384,465	51,855,543	7,634,511	(252,531)	582,621,988	0.35	2,039,177	1,755,731	86.10%
2017	584,944,123	53,964,920	13,167,373	(3,227,115)	648,849,301	0.365	2,368,300	2,039,106	86.10%
2018	545,938,166	53,016,712	12,363,882	(675,704)	610,643,056	0.365	2,228,847	1,961,385	88.00%
2019	568,403,100	59,287,155	15,141,519	(1,742,022)	641,089,752	0.365	2,339,978	2,059,180	88.00%
2020	568,589,506	58,638,975	19,776,021	(425,271)	646,579,231	0.365	2,360,014	2,076,812	88.00%

Source: Granville County Tax Department

**TOWN OF BUTNER, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Town of Butner	Granville County	Combined Rate Per \$100 of Assessed Valuation
2011	0.250	0.795	1.045
2012	0.350	0.795	1.145
2013	0.350	0.795	1.145
2014	0.350	0.830	1.180
2015	0.350	0.830	1.180
2016	0.365	0.830	1.195
2017	0.365	0.880	1.245
2018	0.365	0.880	1.245
2019	0.365	0.840	1.205
2020	0.365	0.840	1.205

TABLE 9

**TOWN OF BUTNER, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2020
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)**

	2020			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<u>Taxpayer</u>						
Altec Industries, Inc.	\$ 36,532,500	1	6.36%	7,998,805	7	1.54%
Safway	22,654,031	2	3.95%			
Delhaize American Distribution	19,315,850	3	3.36%			
Goldsboro Properties LLC	14,031,229	4	2.44%	13,797,440	3	2.66%
NWI Butner Limited Partnership	12,450,414	5	2.17%			
BIP Butner LLC	11,104,618	6	1.93%			
Newton Instruments Co. Inc.	10,853,859	7	1.89%	12,624,774	4	2.43%
AWNC, Inc.	8,814,483	8	1.54%			
Ritchie Brother Properties, Inc.	8,333,080	9	1.45%			
Duke Energy Carolinas LLC	6,654,936	10	1.16%			
Butner Acquisition Co. LLC				19,598,899	1	3.77%
Carefusion Manufacturing LLC				18,531,651	2	3.57%
Carolina Sunrock LLC				10,527,200	5	2.03%
ABP NC Butner LLC				10,524,183	6	2.03%
Maysteel Real Property LLC				7,899,738	8	1.52%
Stag IV Creedmoor LLC				7,726,757	9	1.49%
Food Lion LLC DC9				7,693,444	10	1.48%
Totals	<u>\$ 150,745,000</u>			<u>\$ 116,922,891</u>		

Source: Granville County Tax Department

**TOWN OF BUTNER, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 1,299,051	\$ 1,251,972	96.38%	\$ 44,718	\$ 1,296,690	99.82%
2011	1,341,574	1,298,531	96.79%	41,465	1,339,996	99.88%
2012	1,958,941	1,903,000	97.14%	54,109	1,957,109	99.91%
2013	1,956,993	1,907,598	97.48%	43,114	1,950,712	99.68%
2014	2,045,159	1,998,222	97.70%	13,542	2,011,764	98.37%
2015	2,040,819	2,031,468	99.54%	6,594	2,038,062	99.86%
2016	2,207,707	2,194,490	99.40%	8,681	2,203,171	99.79%
2017	2,238,221	2,226,958	99.50%	6,963	2,233,921	99.81%
2018	2,342,201	2,319,468	99.03%	17,029	2,336,497	99.76%
2019	2,360,344	2,341,096	99.18%		2,341,096	99.18%

Source: Granville County Tax Department

**TOWN OF BUTNER, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Governmental Activities						
Fiscal Year	General Obligation Bonds	Installment Obligations	Capital Leases	Total Primary Government	Per Capita	Percentage of Personal Income
2011	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2012	-	2,800,000	-	2,800,000	363.73	1.73%
2013	-	2,500,000	-	2,500,000	323.50	1.58%
2014	-	2,200,000	-	2,200,000	284.68	1.54%
2015	-	1,900,000	-	1,900,000	244.72	1.20%
2016	-	1,600,000	-	1,600,000	208.31	1.01%
2017	-	1,300,000	-	1,300,000	167.14	0.79%
2018	-	1,201,198	-	1,201,198	153.61	0.72%
2019	-	801,555	-	801,555	99.75	0.46%
2020	-	400,000	-	400,000	49.46	0.21%

Note 1: Details of the town's outstanding debt can be found in the notes to the financial statements.

Note 2: Population amounts are as of July 1 of the fiscal year.

**TOWN OF BUTNER, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020
(UNAUDITED)**

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Granville County	\$ 107,631,759	13.43%	\$ 14,457,437
Town of Butner direct debt			400,000
Total direct and overlapping debt			14,857,437

Sources: Outstanding debt and applicable percentages are esimated based on information provided by each governmental unit.

Note: Overlapping governments are those that coincide, at lease in part, with geographic boundries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by th eproperty taxpayers of the Town of Butner. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**TOWN OF BUTNER, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011	\$ -	\$ -	\$ -	0.00%	0.00%	0
2012	-	-	-	0.00%	0.00%	0
2013	-	-	-	0.00%	0.00%	0
2014	-	-	-	0.00%	0.00%	0
2015	-	-	-	0.00%	0.00%	0
2016	-	-	-	0.00%	0.00%	0
2017	-	-	-	0.00%	0.00%	0
2018	-	-	-	0.00%	0.00%	0
2019	-	-	-	0.00%	0.00%	0
2020	-	-	-	0.00%	0.00%	0

Note: Population amounts are as of July 1 of the fiscal year.

TOWN OF BUTNER, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 38,960,320	\$ 39,350,254	\$ 39,731,264	\$ 42,346,481	\$ 42,030,124	\$ 42,819,201	\$ 44,987,503	\$ 45,513,994	\$ 49,684,070	\$ 50,926,338
Total net debt applicable to limit	2,000,000	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	801,555	400,000
Legal debt margin	<u>\$ 40,960,320</u>	<u>\$ 42,150,254</u>	<u>\$ 42,231,264</u>	<u>\$ 44,546,481</u>	<u>\$ 43,930,124</u>	<u>\$ 44,419,201</u>	<u>\$ 46,287,503</u>	<u>\$ 46,715,192</u>	<u>\$ 50,485,625</u>	<u>\$ 51,326,338</u>
Total net debt applicable to the limit as a percentage of debt limit	5.13%	7.12%	6.29%	5.20%	4.52%	3.74%	2.89%	2.64%	1.61%	0.79%
Legal Debt Margin Calculation for Fiscal Year 2010										
Assessed value	537,003,997	\$561,878,172	\$559,140,797	\$584,331,010	\$572,876,556	\$575,240,008	\$594,843,783	\$598,954,878	\$641,089,752	\$646,579,231
Add back: exempt real property	-	-	-	-	-	-	-	-	-	-
Total assessed value	<u>537,003,997</u>	<u>561,878,172</u>	<u>559,140,797</u>	<u>584,331,010</u>	<u>572,876,556</u>	<u>575,240,008</u>	<u>594,843,783</u>	<u>598,954,878</u>	<u>641,089,752</u>	<u>646,579,231</u>
Debt limit (8% of total assessed value)	42,960,320	44,950,254	44,731,264	46,746,481	45,830,124	46,019,201	47,587,503	47,916,390	51,287,180	51,726,338
Debt applicable to the limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Installment Obligations	2,000,000	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	801,555	400,000
Lease Financing Agreements - Governmental Activities	-	-	-	-	-	-	-	-	-	-
Lease Financing Agreements - Business-type Activities	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	<u>2,000,000</u>	<u>2,800,000</u>	<u>2,500,000</u>	<u>2,200,000</u>	<u>1,900,000</u>	<u>1,600,000</u>	<u>1,300,000</u>	<u>1,201,198</u>	<u>801,555</u>	<u>400,000</u>
Legal debt margin	<u>\$ 40,960,320</u>	<u>\$ 42,150,254</u>	<u>\$ 42,231,264</u>	<u>\$ 44,546,481</u>	<u>\$ 43,930,124</u>	<u>\$ 44,419,201</u>	<u>\$ 46,287,503</u>	<u>\$ 46,715,192</u>	<u>\$ 50,485,625</u>	<u>\$ 51,326,338</u>

**TOWN OF BUTNER, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	(1) Population	(2) Per Capita Personal Income	Personal Income	(4) Percent High School Graduate	(4) Percent Bachelor's Degree or Higher *	(5) School Enrollment [^]	(3) Unemployment Rate
2010	7,591	\$ 18,800	\$ 142,710,800	65.3	14.0	982	9.90%
2011	7,598	20,370	154,771,260	67.3	14.0	1,028	10.50%
2012	7,698	20,970	161,427,060	76.2	14.0	989	10.10%
2013	7,728	20,530	158,655,840	77.1	15.0	924	9.80%
2014	7,728	18,495	142,929,360	79.0	15.0	963	6.80%
2015	7,764	20,347	157,974,108	83.8	17.7	1,321	4.90%
2016	7,681	20,670	158,766,270	83.2	17.7	1,424	5.10%
2017	7,778	21,029	163,563,562	84.3	17.6	1,551	3.60%
2018	7,820	21,397	167,324,599	81.1	19.4	1,700	3.30%
2019	8,036	21,771	174,955,413	82.5	19.4	2,010	3.20%
2020	8,088	23,014	186,137,232	77.8	18.0	1,995	6.20%

Source 1: North Carolina Department of the State Demographer

Source 2: United States Bureau of Economic Analysis
2018 and 2019 based on an estimated 1.75% increase per year based on history.
2020 based on Esri forecast derived from U.S. Census Bureau data.

Source 3: North Carolina Division of Employment Security

Source 4: 2010 - 2019: North Carolina Department of Public Instruction
2020 based on Esri forecast derived from U.S. Census Bureau data.

Source 5: Granville County Schools

* Based on Granville County Schools as a whole.

[^] In 2014 Falls Lake Academy Charter School opened. The Charter School is included in enrollment for 2014 and later years.

**TOWN OF BUTNER, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)**

2020			2009		
Employer	Employees	Rank	Employer	Employees	Rank
NC DHHS (Murdoch Center)	1,650	1	NC DHHS	1,659	1
Food Lion Distribution Center	1,500	2	Flextronics	350	2
Altec	1,000	3	Altec	350	3
Nugget	350	4	Food Lion Distribution	300	4
Carolina Sunrock	133	5	Newton Instruments	175	5
Newton Instruments	130	6	PalletOne of North Carolina	175	6
Falls Lake Academy	120	7	Hanes Dye and Finishing	125	7
Granville County Schools	114	8	Carolina Sunrock	125	7
AW North Carolina	100	9	Granville County Schools	120	9
Pallet One	100	9			
Firstmark Aerospace	85	10			
Stay Online	75	11			
	<u>5,357</u>			<u>3,379</u>	

Source: Information from Granville Economic Development Commission

**TOWN OF BUTNER, NORTH CAROLINA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General government	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	8.00
Economic Development	1.00	1.00	1.75	1.75	1.75	1.75	1.75	1.80	1.80	2.00
Culture and recreation	0.00	0.00	1.00	3.75	1.98	1.98	2.00	2.00	2.00	2.00
Public safety	0.00	0.00	0.00	38.00	38.00	38.00	38.00	42.00	42.00	42.50
Transportation	6.00	6.00	6.00	6.00	6.67	6.67	6.00	6.00	6.00	5.00
Total	11.00	11.00	12.75	54.50	53.40	53.40	52.75	56.80	56.80	59.50

Source: Town of Butner Finance Department

**TOWN OF BUTNER, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS
(UNAUDITED)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Public Safety ^										
Incident Reports	N/A	N/A	N/A	664	670	633	492	621	664	556
Arrests	N/A	N/A	N/A	272	240	202	237	272	251	318
Court Papers	N/A	N/A	N/A	1,031	1,078	1,239	1,339	1,183	1,106	712
Number of Fire Calls Answered	N/A	N/A	N/A	339	386	433	404	420	443	443
Planning/Zoning #										
Number of Zoning Permits Issued	74	72	72	54	50	79	91	81	102	100

Source: Town of Butner Planning Department & Butner Public Safety

^ Butner Public Safety became a department of the Town on July 1, 2013

**TOWN OF BUTNER, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS
(UNAUDITED)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Public Safety										
Public Safety stations	N/A	N/A	N/A	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	14	14	14	14	14	16.96	16.96	16.96	16.96	17
Culture and recreation										
Parks	1	2	2	2	2	2	2	2	2	2
Gyms	1	1	1	1	1	1	1	1	1	2

Source: Town of Butner Finance Department

^ Butner Public Safety became a department of the Town on July 1, 2013

COMPLIANCE SECTION



William L. Stark and Company
Certified Public Accountants

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

To the Town Council
Town of Butner, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Butner's basic financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Butner's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

William L. Stark and Company

Certified Public Accountants
Henderson, North Carolina

December 2, 2020



William L. Stark and Company
Certified Public Accountants

**Independent Auditor's Report on Compliance with Requirements Applicable to
Each Major Federal Program and Internal Control over Compliance in Accordance
with OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Town Council
Town of Butner, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Butner's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Butner's major federal programs for the year ended June 30, 2020. The Town of Butner's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Butner's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Butner's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Butner's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Butner complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Town of Butner is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Town of Butner's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

William L. Stark and Company

Certified Public Accountants
Henderson, North Carolina

December 2, 2020

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

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:
financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified? Yes X None reported

Type of auditor's report issued on compliance for major
federal programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a) Yes X No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and
Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee? Yes X No

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

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

Section V. Summary of Prior Year Audit Findings

None reported.

TOWN OF BUTNER, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
FEDERAL AWARDS					
<u>U.S. Department of Housing and Urban Development –</u>					
Passed through N.C. Dept. of Commerce:					
Community Development Block Grant,					
NC Catalyst Program	14.228	10-J 2619	\$ 3,405,832	\$ -	\$ 3,405,832
NC Catalyst Program	14.228	13-J-2619	1,657,042	-	1,657,042
<u>U.S. Department of Justice</u>					
Bureau of Justice Assistance,					
Passed through N.C. Dept. of Public Safety:					
Bulletproof Vest Partnership Program	16.607		2,093	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety					
Division of Emergency Management:					
Disaster Grants - Public Assistance					
(Presidentially Declared Disasters)					
	97.036	077-ULUFZ-00	<u>15,353</u>	-	-
Total Federal Awards			<u>5,080,320</u>	-	<u>5,062,874</u>
STATE AWARDS					
<u>N.C. Department of Insurance</u>					
State Fire Protection			-	82,662	-
<u>N.C. Department of Transportation</u>					
Powell Bill		38290	-	158,975	-
Total State Awards			-	<u>241,637</u>	-
Total Federal and State Awards			<u>\$ 5,080,320</u>	<u>\$ 241,637</u>	<u>\$ 5,062,874</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

1 Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Butner, under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town of Butner, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Town.

2 Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 Indirect Cost Rate

The Town of Butner has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.