

**TOWN OF BUTNER, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

Town Council Members

Thomas W. Lane, Mayor

Vickie Hicks Cates

Christene Emory

Linda Russell Jordon

Terry Turner

Bill McKellar

Michel Branch

Administrative and Financial Staff

Tommy Marrow, Town Manager

Susan Hiscocks, Finance Director

Gloria Bauer, Accounting Technician

Dianne White, Town Clerk

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## Independent Auditor's Report

To the Honorable Mayor  
and Members of the 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 activity, 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, 2015, and the related notes to the financial statements, which collectively comprise the 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 *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 upon 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 activity, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina as of June 30, 2015, 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.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 13, the Other Post Employment Schedules of Funding Progress and Employer Contributions on pages 52 and 53, and the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Asset and Contributions on pages 54 and 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist 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, combining and individual fund financial statements, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 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 the Town of Butner's internal control over financial reporting and compliance.

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CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2015

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

## Management's Discussion and Analysis

As management of the Town of Butner, 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, 2015. 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

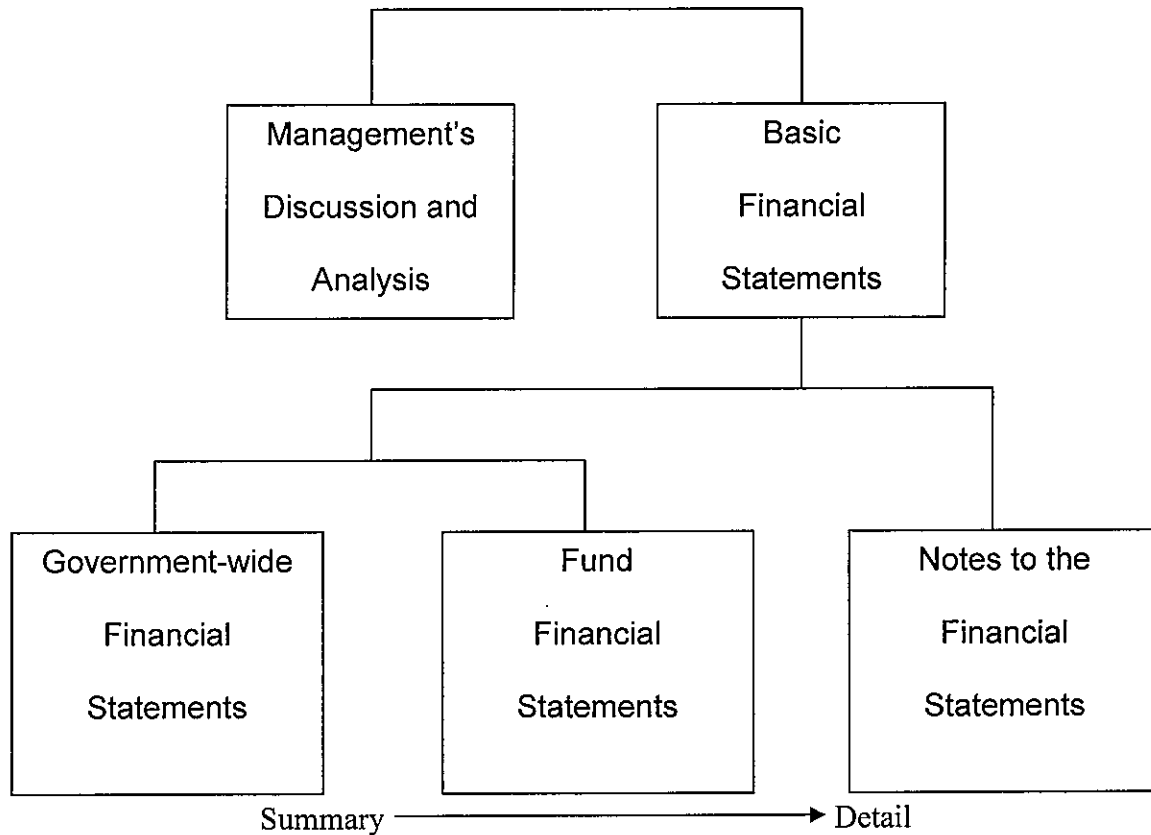
- The assets and deferred outflows of resources of the Town of Butner exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,809,143 (*net position*).
- The government's total net position increased by \$822,599, primarily due to diligent cost-saving measures and returns on the Town's economic development investments.
- As of the close of the current fiscal year, the Town of Butner's governmental funds reported combined ending fund balances of \$7,784,554, an increase of \$178,291, in comparison with the prior year. Approximately 77 percent of this total amount, or \$5,964,247, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,964,247, or 106% of total general fund expenditures for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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



## **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities.. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. The Town lies within the watershed area of the Falls of the Neuse River Basin and storm water management for the areas inside the Town's corporate limits is administered by the Town of Butner.

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 or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Town of Butner has one kind of proprietary fund. *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 water and sewer activity and for its electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**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 28 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 52 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 8,343,374	\$ 8,043,633	\$ 598,079	\$ 401,827	\$ 8,941,453	\$ 8,445,460
Capital assets	26,524,989	26,413,290	-	-	26,524,989	26,413,290
Deferred outflows of resources	450,400	6,644	11,031	-	461,431	6,644
Total assets and deferred outflows of resources	35,318,763	34,463,567	609,110	401,827	35,927,873	34,858,750
Long-term liabilities outstanding	1,848,602	2,128,513	-	-	1,848,602	2,128,513
Other liabilities	736,236	739,783	13,138	10,554	749,374	750,337
Deferred inflows of resources	508,152	-	12,602	-	520,754	-
Total liabilities and deferred inflows of resources	3,092,990	2,868,296	25,740	10,554	3,118,730	2,878,850
Net position:						
Net investment in capital assets	24,624,989	24,213,290	-	-	24,624,989	24,213,290
Restricted	1,486,718	1,248,881	-	-	1,486,718	1,248,881
Unrestricted	6,114,066	6,133,100	583,370	391,273	6,697,436	6,524,373
Total net position	\$ 32,225,773	\$ 31,595,271	\$ 583,370	\$ 391,273	\$ 32,809,143	\$ 31,986,544

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 \$32,809,143 as of June 30, 2015. The Town's net position increased by \$822,599 for the fiscal year ended June 30, 2015. However, the largest portion (75%) 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, \$1,486,718, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,697,436 is unrestricted. Also, the Town of Butner implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance increased beginning net position by \$43,496. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Butner's management.

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

- Continued diligence by the Granville County Tax Assessor's Office in the collection of property taxes by maintaining a tax collection percentage of 98.32%. The statewide average in fiscal year 2014 was 98.35%.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,103,067	\$ 218,546	\$ 365,275	\$ 364,316	\$ 1,468,342	\$ 582,862
Operating grants and contributions	772,986	1,598,802	-	-	772,986	1,598,802
Capital grants and contributions	121,869	331,914	-	-	121,869	331,914
General revenues:						
Property taxes	2,004,461	2,041,262	-	-	2,004,461	2,041,262
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	1,901,548	1,742,899	-	-	1,901,548	1,742,899
Other	7,389	12,451	-	-	7,389	12,451
Total revenues	<u>5,911,320</u>	<u>5,945,874</u>	<u>365,275</u>	<u>364,316</u>	<u>6,276,595</u>	<u>6,310,190</u>
<b>Expenses:</b>						
General government	1,659,989	1,446,897	-	-	1,659,989	1,446,897
Public safety	3,172,236	3,184,394	-	-	3,172,236	3,184,394
Transportation	-	22,388	-	-	-	22,388
Environmental protection	4,860	4,947	-	-	4,860	4,947
Economic and physical development	288,649	150,102	-	-	288,649	150,102
Cultural and recreation	197,528	203,080	-	-	197,528	203,080
Stormwater	-	-	174,230	167,796	174,230	167,796
Total expenses	<u>5,323,262</u>	<u>5,011,808</u>	<u>174,230</u>	<u>167,796</u>	<u>5,497,492</u>	<u>5,179,604</u>
Increase in net position before transfers	588,058	934,066	191,045	196,520	779,103	1,130,586
Transfers	-	-	-	-	-	-
Extraordinary item: gain on insurance recovery	-	-	-	-	-	-
Increase in net position	588,058	934,066	191,045	196,520	779,103	1,130,586
Net position, July 1 (consolidated)	31,595,271	30,661,205	391,273	194,753	31,986,544	30,855,958
Net position, beginning, restated	31,637,715	30,661,205	392,325	194,753	32,030,040	30,855,958
Net position, June 30	<u>\$ 32,225,773</u>	<u>\$ 31,595,271</u>	<u>\$ 583,370</u>	<u>\$ 391,273</u>	<u>\$ 32,809,143</u>	<u>\$ 31,986,544</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$588,058, thereby accounting for 75% of the total growth in the net position of the Town of Butner.

Key elements of this increase are as follows:

**Business-type activities.** Business-type activities increased the Town of Butner's net position by \$191,045, accounting for 25% of the total growth in the government's net position.

Key elements of this increase are as follows:

## 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 \$7,770,562, while total fund balance reached \$7,784,554. 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 105% of general fund expenditures, and total fund balance represents 138% of the same amount.

At June 30, 2015, the governmental funds of Town of Butner reported a combined fund balance of \$7,784,554 with a net increase in fund balance of \$178,291.

**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 purchased property located on West Lyon Station Road and made major electrical upgrades to the Gazebo Park. Although expenditures were held in check overall to comply with its budgetary requirements, the Town did amend the budget in the General Fund in General Government to account for unexpected capital outlay expenditures.

**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 of the Storm Water Fund at the end of the fiscal year amounted to \$583,370. The total change in net position for the Storm Water Fund was \$191,045. The change in net position in the Storm Water Fund is a result of the delays in the implementation of the Falls Lake Rules for storm water management caused overall spending by the fund to be less than anticipated.

### 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, 2015, totals \$26,524,989 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of a parcel of land on West Lyon Station Road for \$380,130.
- Purchase of a new brush truck for Public Safety for \$76,249
- Purchase of two new police vehicles for \$55,954

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

**Figure 4**

	Governmental Activities	
	2015	2014
Land	\$ 14,515,596	\$ 14,135,467
Construction in progress	181,704	4,176,590
Improvements	4,476,485	721,573
Buildings	7,569,148	6,244,340
Infrastructure	59,337	53,403
Machinery & Equipment	745,593	178,805
Computer Software	214,396	52,453
Vehicles and motorized equipment	1,322,272	850,659
<b>Total</b>	<b>\$ 29,084,531</b>	<b>\$ 26,413,290</b>

Additional information on the Town's capital assets can be found on page 34 of the Notes to the Financial Statements.

**Long-term Debt.** As of June 30, 2015, the Town of Butner had no bonded debt

**Outstanding Debt  
Figure 5**

Town of Butner's Outstanding Debt

	Governmental Activities	
	2015	2014
Installment debt	\$ 1,900,000	\$ 2,200,000
Compensated absences	212,544	136,097
OPEB	248,602	228,513
Pension related debt (LGERS)	-	118,128
<b>Total</b>	<b>\$ 2,361,146</b>	<b>\$ 2,682,738</b>

**Town of Butner's Outstanding Debt**

The Town of Butner's total debt decreased by \$321,592 (11.99%) during the past fiscal year due payments made on the principal of the Town's two installment financing agreements.

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.

Additional information regarding the Town of Butner's long-term debt can be found on page 45 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.

- Low unemployment. The Town of Butner unemployment rate of 4.6% is well below the State average of 5.9%.
- Several industries located within the Town have plans to expand operations and increase their employment numbers in the upcoming year.

## **Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities:** Property taxes and local option sales taxes (benefiting from the economic growth) and revenues from the sales of timber are expected to lead the increase in budgeted revenue by 8%. The Town will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise approximately 8% to \$5,805,465. The largest increments are in employee compensation, including compensation and benefits adjustments.

The Town has chosen to appropriate \$153,429 of fund balance in the fiscal year 2016 budget. . As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$213,874 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

The Town has chosen to appropriate \$600,000 of accumulated Powell Bill funding for a major paving project in the fiscal year 2016. East "E" Street will be paved from Central Avenue to 33<sup>rd</sup> Street.

**Business-type Activities:** The storm water fees in the Town will remain unchanged.. General operating expenses will increase by 12% to cover increased operating costs due to implementation of the Falls Lake storm water regulations.

### **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, the Director of Finance, Town of Butner, 415-A Central Avenue, Butner, NC 27509. One can also call (919)-575-3033, visit our website [www.butnernc.org](http://www.butnernc.org) or send an email to [shiscocks@butnernc.org](mailto:shiscocks@butnernc.org) for more information.



**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF BUTNER, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS -TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 7,359,803	\$ -	\$ 7,359,803
Restricted cash and investments	738,940	-	738,940
Accounts receivable	138,896	34,524	173,420
Sales tax receivable	243,954	-	243,954
Taxes receivable	148,325	-	148,325
Internal balances	(558,384)	558,384	-
Accrued interest receivable on taxes	63,336	-	63,336
Prepaid expenses	10	-	10
Total Current Assets	<u>\$ 8,134,880</u>	<u>\$ 592,908</u>	<u>\$ 8,727,788</u>
<b>NON-CURRENT ASSETS</b>			
Net pension asset	\$ 208,494	\$ 5,171	\$ 213,665
Capital Assets:			
Land and construction in progress	14,697,301	-	14,697,301
Other capital assets, net of depreciation	11,827,688	-	11,827,688
Total Capital Assets, net of depreciation	<u>\$ 26,524,989</u>	<u>\$ -</u>	<u>\$ 26,524,989</u>
Total Noncurrent Assets	<u>\$ 26,733,483</u>	<u>\$ 5,171</u>	<u>\$ 26,738,654</u>
Total Assets	<u>\$ 34,868,363</u>	<u>\$ 598,079</u>	<u>\$ 35,466,442</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charges – issuance costs	\$ 5,704	\$ -	\$ 5,704
Contributions to pension plan in current fiscal year	181,604	4,507	186,111
Pension accruals	263,092	6,524	269,616
Total Deferred Outflows of Resources	<u>\$ 450,400</u>	<u>\$ 11,031</u>	<u>\$ 461,431</u>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Accrued liabilities	\$ 152,533	\$ 6,248	\$ 158,781
Accrued interest payable	71,159	-	71,159
Unearned revenue	-	6,890	6,890
Current portion of long-term liabilities	512,544	-	512,544
Total Current Liabilities	<u>\$ 736,236</u>	<u>\$ 13,138</u>	<u>\$ 749,374</u>
<b>LONG-TERM LIABILITIES</b>			
Due in more than one year	1,848,602	-	1,848,602
Total Liabilities	<u>\$ 2,584,838</u>	<u>\$ 13,138</u>	<u>\$ 2,597,976</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension deferrals	\$ 508,152	\$ 12,602	\$ 520,754
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	\$ 24,624,989	\$ -	\$ 24,624,989
Restricted for:			
Stabilization by state statute	1,113,829	-	1,113,829
Transportation (Powell Bill)	346,238	-	346,238
Capital projects	26,238	-	26,238
Grant projects	413	-	413
Unrestricted	6,114,066	583,370	6,697,436
Total Net Position	<u>\$ 32,225,773</u>	<u>\$ 583,370</u>	<u>\$ 32,809,143</u>

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

**TOWN OF BUTNER, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 1,659,989	\$ 69,319	\$ 500,345		\$ (1,090,325)	\$ -	\$ (1,090,325)
Public safety	3,172,236	801,815	88,998		(2,281,423)	-	(2,281,423)
Environmental protection	4,860	4,987			127	-	127
Economic and physical development	288,649	127,729		121,869	(39,051)	-	(39,051)
Cultural and recreational	197,528	99,217			(98,311)	-	(98,311)
Transportation			183,643		183,643	-	183,643
<b>Total Governmental Activities</b>	<b>\$ 5,323,262</b>	<b>\$ 1,103,067</b>	<b>\$ 772,986</b>	<b>\$ 121,869</b>	<b>\$ (3,325,340)</b>	<b>\$ -</b>	<b>\$ (3,325,340)</b>
<b>Business-type activities:</b>							
Stormwater	\$ 174,230	\$ 365,275			\$ -	\$ 191,045	\$ 191,045
<b>Total Primary Government</b>	<b>\$ 5,497,492</b>	<b>\$ 1,468,342</b>	<b>\$ 772,986</b>	<b>\$ 121,869</b>	<b>\$ (3,325,340)</b>	<b>\$ 191,045</b>	<b>\$ (3,134,295)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 2,004,461	\$ -	\$ 2,004,461
Grants and contributions not restricted to specific programs					1,901,548	-	1,901,548
Unrestricted investment earnings					1,616	-	1,616
Other revenue					5,773	-	5,773
Total general revenues, special items, transfers					\$ 3,913,398	\$ -	\$ 3,913,398
Change in net position					588,058	191,045	779,103
Net position - beginning, previously reported					31,595,271	391,273	31,986,544
Restatement					42,444	1,052	43,496
Net position - beginning, restated					31,637,715	392,325	32,030,040
Net position - ending					\$ 32,225,773	\$ 583,370	\$ 32,809,143

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

**FUND FINANCIAL STATEMENTS**

**TOWN OF BUTNER, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<u>MAJOR</u>	<u>NON-MAJOR</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 7,359,802	\$ -	\$ 7,359,802
Restricted cash and investments	712,289	26,651	738,940
Accounts receivable	138,896	-	138,896
Sales tax receivable	243,954	-	243,954
Taxes receivable	148,325	-	148,325
Due from other funds	4,820	10,430	15,250
Prepaid expenses	10	-	10
<b>Total Assets</b>	<b>\$ 8,608,096</b>	<b>\$ 37,081</b>	<b>\$ 8,645,177</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 137,754	\$ 14,779	\$ 152,533
Due to other funds	565,324	8,310	573,634
<b>Total Liabilities</b>	<b>\$ 703,078</b>	<b>\$ 23,089</b>	<b>\$ 726,167</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	\$ 134,456	\$ -	\$ 134,456
<b>FUND BALANCES</b>			
Fund Balance			
Nonspendable:			
Prepaid items	\$ 10	\$ -	\$ 10
Restricted:			
Stabilization by state statute	1,113,829	-	1,113,829
Streets – Powell Bill	346,238	-	346,238
Grant Projects	-	(12,941)	(12,941)
Committed:			
General government	119,244	-	119,244
Cultural and recreational	76,977	-	76,977
Public safety	150,017	-	150,017
Capital Projects	-	26,667	26,667
Grant Projects	-	266	266
Assigned:			
Subsequent year's expenditures	-	-	-
Unassigned:	5,964,247	-	5,964,247
<b>Total Fund Balances</b>	<b>\$ 7,770,562</b>	<b>\$ 13,992</b>	<b>\$ 7,784,554</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<b>\$ 8,608,096</b>	<b>\$ 37,081</b>	<b>\$ 8,645,177</b>

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

**TOWN OF BUTNER, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

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

Total equity and other credits (Exhibit 4)	\$ 7,784,554
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,524,990
Deferred charges reported in governmental activities are not financial resources and therefore are not reported in the funds.	5,704
Net pension asset	208,494
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	181,604
Changes in proportion and differences between Town contributions and proportionate share of contributions are deferred outflows of resources on the Statement of Net Position	263,092
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	63,336
Liabilities for earned but deferred revenues in fund statements.	134,456
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(2,361,146)
Pension related deferrals	(508,152)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	<u>(71,159)</u>
Net position of governmental activities	<u><u>\$ 32,225,773</u></u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>MAJOR</u>	<u>NON-MAJOR</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>			
Ad Valorem taxes	\$ 2,040,171	\$ -	\$ 2,040,171
Unrestricted intergovernmental	3,296,097	-	3,296,097
Restricted intergovernmental	220,586	121,869	342,455
Permits and fees	164,509	-	164,509
Sales and services	96,409	-	96,409
Investment earnings	1,512	104	1,616
Other revenue	9,315	-	9,315
<b>Total Revenues</b>	<u>\$ 5,828,599</u>	<u>\$ 121,973</u>	<u>\$ 5,950,572</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 1,624,870	\$ -	\$ 1,624,870
Public safety	3,046,514	-	3,046,514
Environmental protection	4,860	-	4,860
Economic and physical development	289,854	-	289,854
Culture and recreation	312,707	-	312,707
Transportation	-	-	-
Debt service			
Principle retirement	300,000	-	300,000
Interest and other charges	68,720	-	68,720
Capital outlay	-	180,470	180,470
<b>Total Expenditures</b>	<u>\$ 5,647,525</u>	<u>\$ 180,470</u>	<u>\$ 5,827,995</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 181,074</u>	<u>\$ (58,497)</u>	<u>\$ 122,577</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of fixed assets	\$ 38,854	\$ -	\$ 38,854
Insurance proceeds	16,860	-	16,860
Interfund transfers	215,883	(215,883)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 271,597</u>	<u>\$ (215,883)</u>	<u>\$ 55,714</u>
<b>NET CHANGE IN FUND BALANCE</b>	452,671	(274,380)	178,291
<b>FUND BALANCE</b>			
Beginning of Year - July 1	<u>7,317,891</u>	<u>288,372</u>	<u>7,606,263</u>
Ending Balance - June 30	<u>\$ 7,770,562</u>	<u>\$ 13,992</u>	<u>\$ 7,784,554</u>

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



**TOWN OF BUTNER, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

Net changes in fund balances – total governmental funds	\$	178,291
Governmental funds include the proceeds from the sale of fixed assets as an increase in financial resources. In the Statement of Activities, such proceeds are reduced by the cost of the assets sold.		(42,397)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Change in accrued interest receivable on taxes		(5,473)
Change in deferred revenues for taxes		(30,237)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized		902,702
Depreciation expense for governmental assets		(748,606)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		181,604
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 assets. Also, governmental funds report the effect of issuance costs, premium, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt		300,000
Amortization expense for governmental debt issuance costs		(940)
Decrease in accrued interest payable		28,659
Some items 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		(76,446)
Pension expense		(79,010)
Other postemployment benefits		(20,089)
Total changes in net position of governmental activities	\$	<u>588,058</u>

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

**TOWN OF BUTNER, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Ad Valorem taxes	\$ 1,949,469	\$ 1,949,469	\$ 2,040,171	\$ 90,702
Unrestricted intergovernmental revenues	3,100,511	3,105,511	3,296,097	190,586
Restricted intergovernmental revenues	207,386	223,986	220,586	(3,400)
Permits and fees	93,500	94,500	164,509	70,009
Sales and services	94,500	94,500	96,409	1,909
Investment earnings	950	950	1,512	562
Other revenues	5,000	20,000	9,315	(10,685)
<b>Total Revenues</b>	<b>\$ 5,451,316</b>	<b>\$ 5,488,916</b>	<b>\$ 5,828,599</b>	<b>\$ 339,683</b>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 1,469,372	1,872,372	1,624,870	247,502
Public safety	3,082,901	3,130,362	3,046,514	83,848
Environmental protection	16,400	16,400	4,860	11,540
Economic and physical development	165,416	346,016	289,854	56,162
Culture and recreation	264,443	355,527	312,707	42,820
Debt Service:				
Principal retirement	300,000	300,000	300,000	-
Interest and other charges	89,160	89,160	68,720	20,440
<b>Total Expenditures</b>	<b>\$ 5,387,692</b>	<b>\$ 6,109,837</b>	<b>\$ 5,647,525</b>	<b>\$ 462,312</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 63,624</b>	<b>\$ (620,921)</b>	<b>\$ 181,074</b>	<b>\$ 801,995</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of fixed assets	\$ 12,000	\$ 36,000	\$ 38,854	\$ 2,854
Insurance proceeds	-	-	16,860	16,860
Transfers to capital project funds	(80,500)	135,383	215,883	80,500
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (68,500)</b>	<b>\$ 171,383</b>	<b>\$ 271,597</b>	<b>\$ 100,214</b>
Fund Balance Appropriated	\$ 4,876	\$ 449,538	\$ -	\$ (449,538)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 452,671</b>	<b>\$ 452,671</b>
<b>FUND BALANCE</b>				
Beginning balance – July 1			7,317,891	
Ending balance – June 30			<u>\$ 7,770,562</u>	

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2015**

	<b>MAJOR ENTERPRISE FUNDS</b>
	<b>Stormwater Fund</b>
<b>ASSETS</b>	
Current assets:	
Accounts receivable	\$ 34,524
Due from other funds	562,704
Total current assets	\$ 597,228
Noncurrent assets:	
Net pension asset	\$ 5,171
Total assets	\$ 602,399
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions to pension plan	\$ 4,507
Pension accruals	6,524
Total deferred outflows of resources	\$ 11,031
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 6,248
Due to other funds	4,320
Unearned revenue	6,890
Total liabilities	\$ 17,458
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	\$ 12,602
<b>NET POSITION</b>	
Unrestricted	583,370
Total net position	\$ 583,370

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2015**

	<b>Stormwater Fund</b>
<b><u>OPERATING REVENUES</u></b>	
Stormwater fees	\$ 365,275
<b><u>OPERATING EXPENSES</u></b>	
Administration	\$ 88,460
Operating	85,770
Total operating expenses	\$ 174,230
Operating income (loss)	\$ 191,045
Change in net position	\$ 191,045
Total net position, previously reported	391,273
Restatement	1,052
Total net position restated	392,325
Total net position, ending	\$ 583,370

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

**TOWN OF BUTNER, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>MAJOR ENTERPRISE FUNDS</b>
	<b>Stormwater Fund</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from customers	\$ 362,747
Cash paid for goods and services	(78,068)
Cash paid to or on behalf of employees for services	(102,016)
Net cash provided (used) by operating activities	\$ 182,663
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Increase in due from other funds	\$ (146,816)
Decrease in due to other funds	(35,847)
	\$ (182,663)
Net increase (decrease) in cash and cash equivalents	\$ -
Balances, beginning	-
Balances, ending	\$ -
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 191,045
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,418)
Increase (decrease) in accounts payable and accrued liabilities	36
Total adjustments	\$ (8,382)
Net cash provided by operating activities	\$ 182,663

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**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 primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. 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.

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.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

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 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, 2015**

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

The Town reports the following non-major governmental funds:

**Grant Project Special Revenue Funds** – These funds are used to account for grant funds that are restricted for use for a particular purpose. The Greenway Construction Grant Fund, Safe Routes to School Sidewalk Grant Fund, the Lake Holt Tourism Fund, and the CDBG Grant Fund are grant project special revenue funds.

**Capital Project Funds** – This fund is used to account for funds that are restricted for the use for a particular purpose. The Central Sidewalk Project Fund, B Street Ball Field Project Fund, Central Sidewalk Phase II Project Fund, and the Lake Holt Boat Dock Project Fund are capital project funds.

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 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 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 charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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



**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because tax is levied by Granville County and then remitted to a 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 fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board and the board must adopt an interim budget that covers that time until the annual ordinance can be adopted. 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 principle 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

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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 commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Money in the Grant Projects and Capital Projects Funds is restricted by grantors for use on those specific projects.

Town of Butner Restricted Cash

Governmental Activities	
Transportation(Powell Bill)	\$712,289
Grant Projects	413
Capital Projects	<u>26,238</u>
Total Governmental Activities	<u>\$738,940</u>

4. 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.

5. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014. 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.

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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. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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 one item that meets this criterion, contributions made to the pension plan in the 2015 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 future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for the category – prepaid taxes and property taxes receivable.

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.

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9. Compensated Absences

The vacation policy for the Town provides for the accumulation of up to thirty days 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.

Prepaid items – portion of fund balance that is non-spendable since it has been utilized to pay expenses of future periods.

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

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

Restricted for 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 Grant Projects – portion of fund balance that is restricted by revenue source for specific grant project expenditures. Fund balance of (\$12,941) has been restricted for the CDBG Grant Project.

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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 General Government – portion of fund balance that is committed from the general fund by the Town Council for the future establishment of a community center for the citizens of the Town. Fund balance of \$119,244 has been committed for the community center.

Committed for Cultural and Recreational – portion of the fund balance that is committed from the general fund by the Town Council for the establishment of a museum about the history of the Town and Camp Butner. Fund balance of \$76,977 has been committed for the museum and future community center.

Committed for Public Safety – portion of the fund balance committed by the Town Council for LEO Separation Allowance expenditures in the amount of \$150,017.

Committed for Capital Projects – portion of the fund balance committed by the Town Council for capital project expenditures. Fund balance of (\$7,500), (\$44), \$33,615, and \$596, is committed for the Central Sidewalk, B Street Ballfield, Central Sidewalk Phase II, and Lake Holt Boat Dock capital projects, respectively.

Committed for Grant Projects – portion of the fund balance committed by the Town Council for grant project expenditures. Fund balance of \$166, \$100, and (\$12,941) is committed for the Greenway Construction, Safe Routes to School Sidewalk, and CDBG grant projects, respectively

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

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about

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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. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit in Fund Balance or Net Position of Individual Funds**

The following funds showed a deficit in fund balance at June 30, 2015: Central Sidewalk Capital Project Fund, B Street Ball Field Capital Project Fund, and CDBG Grant Project Fund.

The Central Sidewalk Capital Project Fund and B Street Ball Field Capital Project Fund will be closed out in 2016. The CDBG Grant Project Fund will be corrected when additional grant funds are received in 2016.

**III. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's 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 institution used by the Town. The Town complies with the provisions of G.S. 159-30 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Town's deposits had a carrying amount of \$1,417,792 and a bank balance of \$1,529,210. Of the bank balance, \$468,515 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the Town's petty cash fund totaled \$300.

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2. Investments

At June 30, 2015, the Town of Butner had \$6,680,648 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAA by Standard and Poor's. The Town limits investments to the provisions of G.S. 159-30 and restricts purchases to Certificates of Deposit with approved banks, the North Carolina Capital Management Trust, and interest earning checking accounts.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of allowances for doubtful accounts:

General Fund:	<u>June 30, 2015</u>
Accounts Receivable	
Solid Waste Tax	\$ 1,144
Franchise Tax	99,902
Sales tax refund	18,012
Other receivable	19,838
Less: Allowance for Doubtful Accounts	<u>-</u>
Net Accounts Receivable	<u>\$ 138,896</u>
Sales Tax Receivable	
Local Option Sales Tax	\$243,954
Less: Allowance for Doubtful Accounts	<u>-</u>
Net Sales Tax Receivable	<u>\$243,954</u>
Taxes Receivable	
Ad Valorem Tax	\$148,325
Less: Allowance for Doubtful Accounts	<u>-</u>
Net Taxes Receivable	<u>\$148,325</u>

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**4. Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2015 was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b><u>Governmental activities</u></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$14,135,466	\$ 380,130	\$ -	\$ 14,515,596
Construction in progress	<u>4,176,590</u>	<u>169,724</u>	<u>(4,164,610)</u>	<u>181,704</u>
Total capital assets not being depreciated	<u>\$18,312,056</u>	<u>\$ 415,044</u>	<u>\$(4,182,100)</u>	<u>\$14,697,300</u>
<b>Capital Assets being depreciated:</b>				
Improvements	\$ 876,579	3,599,906	-	\$4,476,485
Buildings	7,125,891	443,257	-	7,569,148
Infrastructure	59,337	-	-	59,337
Equipment	447,670	297,923	-	745,593
Computer software	185,129	29,267	-	214,396
Vehicles	<u>1,245,498</u>	<u>147,105</u>	<u>(70,331)</u>	<u>1,322,272</u>
Total capital assets being depreciated	<u>\$9,940,104</u>	<u>\$4,517,458</u>	<u>\$(70,331)</u>	<u>\$ 14,387,231</u>
<b>Less accumulated depreciation for:</b>				
Improvements	\$ 155,006	\$200,553	\$ -	\$355,559
Buildings	881,551	189,229	-	1,070,780
Infrastructure	5,934	2,967	-	8,901
Equipment	268,865	82,356	-	351,221
Computer software	132,676	41,416	-	174,092
Vehicles	<u>394,839</u>	<u>232,086</u>	<u>(27,934)</u>	<u>598,991</u>
Total accumulated depreciation	<u>\$1,818,871</u>	<u>\$748,607</u>	<u>\$(27,934)</u>	<u>\$2,559,544</u>
Total capital assets being depreciated, net	<u>8,101,233</u>			<u>11,827,687</u>
<b>Government activity capital assets, net</b>	<u>\$26,413,290</u>			<u>\$ 26,524,987</u>

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

General government	\$ 505,507
Public Safety	<u>243,100</u>
Total depreciation expense	<u>\$ 748,607</u>



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B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*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](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Butner

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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, 2015, was 7.55% of compensation for law enforcement officers and 7.24% 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 \$186,111 for the year ended June 30, 2015.

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2015, the Town reported an asset of \$213,665 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014, the Town's proportion was 0.036%, which was an increase of 0.026% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$80,969. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 23,347
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	497,407
Changes in proportion and differences between Town contributions and proportionate share of contributions	263,092	-
Town contributions subsequent to the measurement date	186,111	-
Total	\$ 449,203	\$ 520,754

\$186,111 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as

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

**Year ended June 30:**

2016	\$ (62,630)
2017	(62,630)
2018	(62,630)
2019	(63,247)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 725,272	\$ (213,665)	\$ (1,004,219)

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

b. Law Enforcement Officers Special Separation Allowance

1. *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.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	31
Total	32

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies:*

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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 following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. The Town has chosen not to have an actuarial study because the annual pension cost is immaterial.

c. 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

**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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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.* General employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$201,105 which consisted of \$125,479 from the Town and \$75,626 from the general employees.

d. Other Post-employment Benefits

Healthcare Benefits

*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 three 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. The Town will pay the full cost of coverage for these benefits. Also, such retirees can purchase coverage for their dependents at the Town's group rates. 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 three individuals noted above.

The Town pays the full cost of coverage for these benefits through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

*Funding Policy.* The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town Resolution that can be amended by the Town Board. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In the fiscal year ended June 30, 2015 the Town's made zero contributions.

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC).

The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual Required Contribution	\$ 20,083
Interest on net OPEB obligation	6
Adjustment to annual required contribution	<u>-</u>
Annual OPEB Cost (Expense)	20,089
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	20,089
Net OPEB obligation, beginning of year	<u>228,513</u>
Net OPEB obligation, end of year	<u>\$ 248,602</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$20,089	0.00%	\$248,602
2014	\$24,673	0.00%	\$228,513
2013	\$75,448	0.00%	\$203,392
2012	\$65,389	0.00%	\$128,392
2011	\$37,229	0.00%	\$63,003

*Funded Status and Funding Process.* As of June 30, 2015, the actuarial accrued liability for benefits was \$266,212 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan was \$157,337, and the ratio of the unfunded accrued liability to the covered payroll was 169 percent.

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

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The following simplifying assumptions were made:

*Retirement age for active employees* – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65 or the first subsequent year in which the member would qualify for benefits.

*Marital status* – Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Tables for Males and for Females were used.

*Turnover* – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to period the present value of total benefits to be paid.

*Healthcare cost trend rate* – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 9.3 percent initially, reduced to an ultimate rate of 5.6 percent after six years, was used.

*Health insurance premiums* – 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate* – The expected long-term inflation assumption of 3.00 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2007 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

*Payroll growth rate* – The expected long-term payroll growth rate was assumed to equal 1 percent.

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of .05 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was twenty-eight years.

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. The Town has no liability beyond the



**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits in the amount of \$-0-. The Town's required contribution for employees not engaged in law enforcement represented 0.00% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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

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

Deferred charges - issuance costs	\$ 5,704
Contributions to pension plan in current fiscal year	186,111
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>269,616</u>
Total Deferred Outflows	<u>\$461,431</u>

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

Differences between expected and actual experience	\$23,347
Net difference between projected and actual earnings on pension plan investments	<u>497,407</u>
Total Deferred Outflows	<u>\$520,754</u>

**3. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$ 500,000 and \$ 300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$ 150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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 \$50,000.

**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

4. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2015, 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.

5. Long-Term Obligations

a. Installment Purchase

In July 2010, the Town entered into a loan for \$2,000,000 under the Build America Bonds 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.

In August 2011, the Town entered into a loan for \$1,000,000 for the construction of an athletic park. The loan requires principal payments beginning in fiscal year 2013 with an interest rate of 3.27 percent.

Annual debt service payments of the installment purchase as of June 30, 2015, including \$280,560 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 300,000	\$ 76,890
2017	300,000	64,620
2018	300,000	52,350
2019	300,000	27,810
2020-2022	700,000	58,890
Total	<u>\$1,900,000</u>	<u>\$ 280,560</u>

**TOWN OF BUTNER, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**b. Changes in Long-Term Liabilities**

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Installment Purchases	\$ 2,200,000	\$ -	\$ 300,000	\$ 1,900,000	\$ 300,000
Compensated Absences	136,097	76,447	-	212,544	212,544
Other Postemployment Benefits	228,513	20,089	-	248,602	-
Net pension liability (LGERS)	118,128	-	118,128	-	-
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 2,682,738</b>	<b>\$ 96,536</b>	<b>\$ 418,128</b>	<b>\$ 2,361,146</b>	<b>\$ 512,544</b>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 4,842	\$ -	\$ 181	\$ 4,661	\$ 4,661

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**C. Interfund Balances Activity**

Balances due to/from other funds at June 30, 2015 consist of the following:

Due from the General Fund:

<b>Capital Project Funds:</b>	
Greenway Construction Fund	\$ 166
SRTS Sidewalk Fund	100
Central Sidewalk Phase II Fund	10,164
<b>Proprietary Fund:</b>	
Stormwater	<u>562,704</u>
<b>Total due from the General Fund</b>	<b><u>\$ 573,134</u></b>

Due to the General Fund:

<b>Capital Project Funds:</b>	
Central Sidewalk Fund	\$ 7,500
B Street Ball Field Fund	44
Central Sidewalk Phase II Fund	266
<b>Proprietary Fund:</b>	
Stormwater Fund	<u>4,320</u>

Net amount due from the General Fund \$ 12,130

Due to/from activities are used to move unrestricted revenues and restricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**TOWN OF BUTNER, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**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>	\$ 7,770,562
Less:	
Nonspendable: Prepaid items	10
Stabilization by State Statute	1,113,829
Streets – Powell Bill	346,238
General Government	119,244
Culture and Recreation	76,977
Public Safety	150,017
Appropriated fund balance in 2015 budget	-
Remaining Fund Balance	<u>\$5,964,247</u>

**III. 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. Under the terms of the agreement, annual minimum lease payments to be remitted to the Town were \$60,000. 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.

Under the above agreement, SGWASA paid \$60,000 to the Town of Butner for the fiscal year ended June 30, 2015.

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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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, 2015 was \$500,000.

**IV. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The Town has evaluated events and transactions that occurred between June 30, 2015 and November 19, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No significant subsequent events were noted.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF BUTNER, NORTH CAROLINA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)– Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
06/30/2010	\$ -	\$ 134,781	\$ 134,781	0.00%	\$ 155,956	86.4%
06/30/2011	-	219,676	219,676	0.00%	179,411	122.4%
06/30/2012	-	409,793	409,793	0.00%	180,352	227.2%
06/30/2013	-	786,323	786,323	0.00%	187,593	419.2%
06/30/2014	-	292,875	292,875	0.00%	184,976	158.3%
06/30/2015	-	266,212	266,212	0.00%	157,337	169.2%

**TOWN OF BUTNER, NORTH CAROLINA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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Year Ending June 30	Annual Required Contributions	Percentage Contributed
2010	\$ 25,774	0.00%
2011	37,139	0.00%
2012	64,955	0.00%
2013	75,448	0.00%
2014	24,667	0.00%
2015	20,089	0.00%

**Notes to the Required Schedules:**

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

Valuation Date	6/30/2015
Actuarial cost method	Unit Credit Cost Method
Amortization method	Level percent open
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	2.00%
Projected salary increases	1.00%
Medical cost trend	12 - 6%
* Includes inflation at	3.80%



**TOWN OF BUTNER, NORTH CAROLINA  
TOWN OF BUTNERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS\***

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>
Butner's proportion of the net pension liability (asset) (%)	0.03620%	0.00980%
Butner's proportion of the net pension liability (asset) (\$)	\$ (213,665)	\$ 118,128
Butner's covered-employee payroll	\$ 2,522,162	\$ 2,183,759
Butner's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 8.47%)	5.41%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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

**TOWN OF BUTNER, NORTH CAROLINA  
TOWN OF BUTNER'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

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**LOCAL GOVERNMENT EMPLOYEE RETIREMENT SYSTEM**

	2015	2014
Contractually required contribution	\$ 186,111	\$ 156,854
Contributions in relation to the contractually required contribution	186,111	156,854
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Butner's covered-employee payroll	\$ 2,522,162	\$ 2,183,759
Contributions as a percentage of covered-employee payroll	7.38%	7.18%

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**TOWN OF BUTNER, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**With Comparative Totals for the Year Ended June 30, 2014**

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES</b>				
Ad Valorem Taxes				
Current year	\$ 1,937,969	\$ 1,978,353	\$ 40,384	\$ 1,970,861
Prior years	-	47,324	47,324	41,143
Penalties and interest	11,500	14,494	2,994	16,494
Total	<u>\$ 1,949,469</u>	<u>\$ 2,040,171</u>	<u>\$ 90,702</u>	<u>\$ 2,028,498</u>
Unrestricted Intergovernmental Revenues				
ABC profit distribution	\$ 14,000	\$ 36,370	\$ 22,370	\$ 36,474
Local option sales tax	1,272,770	1,375,636	102,866	1,255,958
Franchise tax	409,396	452,684	43,288	416,794
Fire Protection Funding	156,703	177,814	21,111	155,738
DHHS Public Safety Service Contract	711,748	711,748	-	713,746
Contract for SGWASA	500,000	500,000	-	500,000
Solid Waste tax	4,299	4,987	688	4,703
Beer and wine tax	36,595	36,858	263	33,673
Total	<u>\$ 3,105,511</u>	<u>\$ 3,296,097</u>	<u>\$ 190,586</u>	<u>\$ 3,117,086</u>
Restricted Intergovernmental Revenues				
Granville Co. Recreation Funding	\$ 16,600	\$ 36,598	\$ 19,998	\$ 11,156
State grant income	182,386	183,643	1,257	186,698
Local grant income	25,000	345	(24,655)	23,000
Total	<u>\$ 223,986</u>	<u>\$ 220,586</u>	<u>\$ (3,400)</u>	<u>\$ 220,854</u>
Permit and Fees				
Court facilities fees	\$ 500	\$ 1,251	\$ 751	\$ 738
Special use permits	-	-	-	4,980
Business license fees	76,000	116,680	40,680	73,333
Other Fees	18,000	46,578	28,578	16,413
Total	<u>\$ 94,500</u>	<u>\$ 164,509</u>	<u>\$ 70,009</u>	<u>\$ 95,464</u>
Sales and Services				
Rentals	\$ 94,500	\$ 96,409	\$ 1,909	\$ 88,926
Investment Earnings				
General Fund	\$ 800	\$ 1,388	\$ 588	\$ 10,893
Powell Bill interest	150	124	(26)	46
Total	<u>\$ 950</u>	<u>\$ 1,512</u>	<u>\$ 562</u>	<u>\$ 10,939</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**With Comparative Totals for the Year Ended June 30, 2014**

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES-continued</b>				
Other revenues				
Contributions and donations	\$ -		\$ -	\$ 41,219
Miscellaneous	20,000	9,315	(10,685)	443
Total	\$ 20,000	\$ 9,315	\$ (10,685)	\$ 41,662
Total Revenues	\$ 5,488,916	\$ 5,828,599	\$ 339,683	\$ 5,603,429
<b>EXPENDITURES</b>				
General Government				
Governing Body				
Salaries and employee benefits	\$ 40,907	\$ 41,041	\$ (134)	\$ 40,907
Ad valorem collection fee	51,532	49,201	2,331	32,346
Other operating expenditures	53,665	41,988	11,677	49,462
Total Governing Body	\$ 146,104	\$ 132,230	\$ 13,874	\$ 122,715
Executive Department				
Salaries and employee benefits	\$ 292,522	\$ 288,441	\$ 4,081	\$ 280,365
Other operating expenditures	39,400	34,927	4,473	63,970
Total Executive Department	\$ 331,922	\$ 323,368	\$ 8,554	\$ 344,335
Finance Department				
Salaries and employee benefits	\$ 141,584	\$ 135,307	\$ 6,277	\$ 134,555
Other operating expenditures	14,344	11,663	2,681	13,052
Total Finance Department	\$ 155,928	\$ 146,970	\$ 8,958	\$ 147,607
Legal Department				
Salaries and employee benefits	\$ 11,648	\$ 11,650	\$ (2)	\$ 10,800
Other operating expenditures	62,800	48,177	14,623	31,183
Total Legal Department	\$ 74,448	\$ 59,827	\$ 14,621	\$ 41,983
Public Works Facility				
Salaries and employee benefits	\$ 285,113	\$ 287,296	\$ (2,183)	\$ 240,398
Other operating expenditures	73,108	75,603	(2,495)	32,626
Repairs and maintenance	33,170	26,425	6,745	17,461
Capital outlay	151,607	-	151,607	38,457
Total Public Works Facility	\$ 542,998	\$ 389,324	\$ 153,674	\$ 328,942

**TOWN OF BUTNER, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014**

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES cont.</b>				
EMS Building				
Operating expenditures	\$ 3,220	\$ 1,113	\$ 2,107	\$ 1,034
Christmas Decorations				
Other operating expenditures	\$ 6,700	\$ 6,379	\$ 321	\$ 6,218
Non-departmental				
Insurance	\$ 98,124	\$ 73,538	\$ 24,586	\$ 18,695
Landscaping and beautification	2,000	-	2,000	1,497
Capital outlay	52,142	43,359	8,783	7,498
Capital outlay, non-depreciable	385,000	380,130	4,870	992,825
Miscellaneous	17,050	20,663	(3,613)	21,375
Total Non-departmental	\$ 554,316	\$ 517,690	\$ 36,626	\$ 1,041,890
City Hall				
Operating expenditures	\$ 56,736	\$ 47,969	\$ 8,767	\$ 49,943
Total General Government	\$ 1,872,372	\$ 1,624,870	\$ 247,502	\$ 2,084,667
Public Safety				
Salaries and employee benefits	\$ 2,614,801	\$ 2,549,038	\$ 65,763	\$ 2,348,656
Capital outlay	50,000	165,264	(115,264)	202,950
Operating expenditures	465,561	332,212	133,349	395,937
Total Public Safety	\$ 3,130,362	\$ 3,046,514	\$ 83,848	\$ 2,947,543
Environmental Protection				
Operating expenditures	\$ 16,400	\$ 4,860	\$ 11,540	\$ 4,947
Economic and Physical Development				
Salaries and employee benefits	\$ 105,499	\$ 108,806	\$ (3,307)	\$ 107,673
Other operating expenditures	240,517	181,048	59,469	42,541
Total Economic and Physical Dev.	\$ 346,016	\$ 289,854	\$ 56,162	\$ 150,214

**TOWN OF BUTNER, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**With Comparative Totals for the Year Ended June 30, 2014**

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES cont.</b>				
Cultural and Recreation				
Non-departmental				
Operating expenditures	\$ 12,700	\$ 11,641	\$ 1,059	\$ 11,170
Capital outlay	25,000	10,696	14,304	
Total Non-departmental	<u>\$ 37,700</u>	<u>\$ 22,337</u>	<u>\$ 15,363</u>	<u>\$ 11,170</u>
Gazebo and Park				
Operating expenditures	\$ 7,525	\$ 4,681	\$ 2,844	\$ 3,918
Capital outlay	70,000	70,059	(59)	-
Repairs and maintenance	7,059	8,568	(1,509)	587
Total Gazebo and Park	<u>\$ 84,584</u>	<u>\$ 83,308</u>	<u>\$ 1,276</u>	<u>\$ 4,505</u>
Sports Arena				
Operating expenditures	\$ 32,950	\$ 22,685	\$ 10,265	\$ 31,318
Repairs and maintenance	8,000	10,170	(2,170)	2,843
Total Sports Arena	<u>\$ 40,950</u>	<u>\$ 32,855</u>	<u>\$ 8,095</u>	<u>\$ 34,161</u>
Lake Holt				
Operating expenditures	\$ 1,967	\$ 577	\$ 1,390	\$ 504
Repairs and maintenance	5,000	451	4,549	4,224
Total Lake Holt	<u>\$ 6,967</u>	<u>\$ 1,028</u>	<u>\$ 5,939</u>	<u>\$ 4,728</u>
B Street Ball Field				
Salaries and employee benefits	\$ 42,046	\$ 36,853	\$ 5,193	\$ 24,654
Operating expenditures	89,380	75,894	13,486	73,395
Repairs and maintenance	39,600	47,385	(7,785)	22,141
Total B Street Ball Field	<u>\$ 171,026</u>	<u>\$ 160,132</u>	<u>\$ 10,894</u>	<u>\$ 120,190</u>
D Street Ball Field				
Operating expenditures	\$ 4,300	\$ 2,609	\$ 1,691	\$ 1,845
Repairs and maintenance	10,000	10,438	(438)	384
Total D Street Ball Field	<u>\$ 14,300</u>	<u>\$ 13,047</u>	<u>\$ 1,253</u>	<u>\$ 2,229</u>
Total Culture and Recreation	<u>\$ 355,527</u>	<u>\$ 312,707</u>	<u>\$ 42,820</u>	<u>\$ 176,983</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**With Comparative Totals for the Year Ended June 30, 2014**

	<u>2015</u>		<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>2014</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
<b>EXPENDITURES cont.</b>				
Transportation				
Operating expenditures	\$ -		\$ -	\$ 22,388
Total Transportation	\$ -	\$ -	\$ -	\$ 22,388
Debt Service				
Principal retirement	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
Interest and other charges	89,160	68,720	20,440	78,422
Total Debt Service	\$ 389,160	\$ 368,720	\$ 20,440	\$ 378,422
<b>TOTAL EXPENDITURES</b>	<u>\$ 6,109,837</u>	<u>\$ 5,647,525</u>	<u>\$ 462,312</u>	<u>\$ 5,765,164</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (620,921)</u>	<u>\$ 181,074</u>	<u>\$ 801,995</u>	<u>\$ (161,735)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of fixed assets	\$ 36,000	\$ 38,854	\$ 2,854	\$ 20,457
Insurance proceeds	-	16,860	16,860	-
Transfers (to) from capital project funds	135,383	215,883	80,500	(141,000)
Total Other Financing Sources	\$ 171,383	\$ 271,597	\$ 100,214	\$ (120,543)
Fund Balance Appropriated	\$ 449,538	\$ -	\$ (449,538)	\$ -
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>452,671</u>	<u>\$ 452,671</u>	<u>(282,278)</u>
<b>FUND BALANCE:</b>				
Beginning balance – July 1		<u>7,317,891</u>		<u>7,600,169</u>
Ending balance – June 30		<u>\$ 7,770,562</u>		<u>\$ 7,317,891</u>



TOWN OF BUTNER, NORTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Safe Routes		Lake Holt Tourism Grant Fund	Central Sidewalk Capital Project		B Street Ball Field Capital Project		Central Sidewalk Phase II Capital Project		Lake Holt Boat Dock Capital Project		CDBG Grant Fund	Total Non-Major Governmental Funds
	Greenway Construction Fund	To School Sidewalk Grant Fund		Grant Fund	Project	Project	Project	Project	Project	Project	Project		
<b>ASSETS</b>													
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413	\$ 26,651
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Due From Other Funds - General Fund	166	100	-	-	-	-	-	10,164	-	-	-	-	10,430
Total Assets	\$ 166	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,806	\$ -	\$ 596	\$ 413	\$ -	\$ 37,081
<b>FUND BALANCES</b>													
<b>LIABILITIES</b>													
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,854	\$ 14,779
Due To Other Funds - General Fund	-	-	-	7,500	44	44	266	-	-	-	500	-	8,310
Total Liabilities	-	-	-	7,500	44	44	2,191	-	-	-	13,354	-	23,089
<b>FUND BALANCES</b>													
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,941)	\$ (12,941)
Grant Projects	-	-	-	(7,500)	(44)	(44)	33,615	-	-	596	-	-	26,667
Capital Projects	166	100	-	-	-	-	-	-	-	-	-	-	266
Grant Projects	166	100	-	(7,500)	(44)	(44)	33,615	-	-	596	-	-	26,667
Total Fund Balances	\$ 166	\$ 100	\$ -	\$ (7,500)	\$ (44)	\$ (44)	\$ 33,615	\$ -	\$ -	\$ 596	\$ (12,941)	\$ -	\$ 13,992

**TOWN OF BUTNER, NORTH CAROLINA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Greenway Construction Fund	Safe Routes To School Sidewalk Grant Fund	Lake Holt Tourism Grant Fund	Central Sidewalk Capital Project	B Street Ball Field Capital Project	Central Sidewalk Phase II Capital Project	Lake Holt Boat Dock Capital Project	CDBG Grant Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>									
Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,869	\$ 121,869
Investment Earnings	-	-	-	-	11	93	-	-	104
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 93	\$ -	\$ 121,869	\$ 121,973
<b>EXPENDITURES</b>									
Capital Outlay	\$ -	\$ 10,747	\$ -	\$ -	\$ -	\$ 5,509	\$ 29,404	\$ 134,810	\$ 180,470
<b>REVENUES OVER EXPENDITURES</b>	\$ -	\$ (10,747)	\$ -	\$ -	\$ 11	\$ (5,416)	\$ (29,404)	\$ (12,941)	\$ (58,497)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers (to) from other funds:									
General Fund	\$ -	\$ (30,276)	\$ (2,203)	\$ (12,252)	\$ (171,152)	\$ -	\$ -	\$ -	\$ (215,883)
Insurance Proceeds	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	\$ -	\$ (30,276)	\$ (2,203)	\$ (12,252)	\$ (171,152)	\$ -	\$ -	\$ -	\$ (215,883)
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ (41,023)	\$ (2,203)	\$ (12,252)	\$ (171,141)	\$ (5,416)	\$ (29,404)	\$ (12,941)	\$ (274,380)
<b>FUND BALANCE</b>									
Beginning	166	41,123	2,203	4,752	171,097	39,031	30,000	-	288,372
Ending	\$ 166	\$ 100	\$ -	\$ (7,500)	\$ (44)	\$ 33,615	\$ 596	\$ (12,941)	\$ 13,992

**TOWN OF BUTNER, NORTH CAROLINA**  
**SPECIAL REVENUE FUNDS – GRANT PROJECT – GREENWAY CONSTRUCTION**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental:					
Greenway Construction					
CMAQ Grant	\$ 393,600	\$ 205,268	\$ -	\$ 205,268	\$ (188,332)
<b>EXPENDITURES</b>					
Capital Outlay	492,000	264,707	-	264,707	227,293
<b>REVENUES OVER EXPENDITURES</b>	<b>\$ (98,400)</b>	<b>\$ (59,439)</b>	<b>\$ -</b>	<b>\$ (59,439)</b>	<b>\$ 38,961</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) from General Fund	98,400	59,605	-	59,605	(38,795)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 166</b>	<b>\$ -</b>	<b>\$ 166</b>	<b>\$ 166</b>
<b>FUND BALANCE</b>					
Beginning			166		
Ending			<u>\$ 166</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**SPECIAL REVENUE FUNDS – GRANT PROJECT– SAFE ROUTES TO SCHOOL SIDEWALK**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental:					
Safe Routes to School					
Sidewalk Grant	\$ 300,000	\$ 299,602	\$ -	\$ 299,602	\$ (398)
Investment Earnings	-	87	-	87	87
Total Revenues	<u>\$ 300,000</u>	<u>\$ 299,689</u>	<u>\$ -</u>	<u>\$ 299,689</u>	<u>\$ (311)</u>
<b>EXPENDITURES</b>					
Capital Outlay	<u>320,000</u>	<u>338,566</u>	<u>10,747</u>	<u>349,313</u>	<u>(29,313)</u>
<b>REVENUES OVER EXPENDITURES</b>	<b>\$ (20,000)</b>	<b>\$ (38,877)</b>	<b>\$ (10,747)</b>	<b>\$ (49,624)</b>	<b>\$ (29,624)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	<u>20,000</u>	<u>80,000</u>	<u>(30,276)</u>	<u>49,724</u>	<u>29,724</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ 41,123</u></b>	<b><u>\$ (41,023)</u></b>	<b><u>\$ 100</u></b>	<b><u>\$ 100</u></b>
<b>FUND BALANCE</b>					
Beginning			<u>41,123</u>		
Ending			<u>\$ 100</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**SPECIAL REVENUE FUNDS – GRANT PROJECT – LAKE HOLT TOURISM**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental:					
Lake Holt Tourism Project	\$ 2,500	\$ 2,500	\$ -	\$ 2,500	\$ -
<b>EXPENDITURES</b>					
Cultural and Recreational:					
Capital Outlay	2,500	297	-	297	2,203
Total Expenditures	<u>2,500</u>	<u>297</u>	<u>-</u>	<u>297</u>	<u>2,203</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 2,203</u>	<u>\$ -</u>	<u>\$ 2,203</u>	<u>\$ 2,203</u>
<b>OTHER FINANCING SOURCES</b>					
Transfer to the General Fund	-	-	(2,203)	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(2,203)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 2,203</u>	<u>(2,203)</u>	<u>\$ 2,203</u>	<u>\$ 2,203</u>
<b>FUND BALANCE</b>					
Beginning			<u>2,203</u>		
Ending			<u>\$ -</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND- CENTRAL SIDEWALK PROJECT**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental:					
Division of Bicycle and Pedestrian Transportation Grant	\$ 110,000	\$ 110,000	\$ -	\$ 110,000	\$ -
<b>EXPENDITURES</b>					
Capital Outlay	127,600	122,848	-	122,848	4,752
<b>REVENUES OVER EXPENDITURES</b>	<b>\$ (17,600)</b>	<b>\$ (12,848)</b>	<b>\$ -</b>	<b>\$ (12,848)</b>	<b>\$ 4,752</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund – Powell Bill Fund Balance	17,600	17,600	(12,252)	5,348	(12,252)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 4,752</b>	<b>\$ (12,252)</b>	<b>\$ (7,500)</b>	<b>\$ (7,500)</b>
<b>FUND BALANCE</b>					
Beginning			4,752		
Ending			\$ (7,500)		

**TOWN OF BUTNER, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND – B STREET BALLFIELD**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental :					
B Street Ballfield PARTF Grant	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Investment earnings	-	657	11	668	668
Total Revenues	<u>\$ 500,000</u>	<u>\$ 500,657</u>	<u>\$ 11</u>	<u>\$ 500,668</u>	<u>\$ 668</u>
<b>EXPENDITURES</b>					
Debt Service					
Issuance costs	\$ -	\$ 1,900	\$ -	\$ 1,900	\$ (1,900)
Capital outlay	4,087,886	4,104,458	-	4,104,458	(16,572)
Total Expenditures	<u>\$ 4,087,886</u>	<u>\$ 4,106,358</u>	<u>\$ -</u>	<u>\$ 4,106,358</u>	<u>\$ (18,472)</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>\$ (3,587,886)</u>	<u>\$ (3,605,701)</u>	<u>\$ 11</u>	<u>\$ (3,605,690)</u>	<u>\$ (17,804)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	\$ 2,587,886	\$ 2,578,578	\$ (171,152)	\$ 2,407,426	\$ (180,460)
Insurance Proceeds	-	198,220	-	198,220	198,220
Loan Proceeds	1,000,000	1,000,000	-	1,000,000	-
Total Other Financing Sources	<u>\$ 3,587,886</u>	<u>\$ 3,776,798</u>	<u>\$ (171,152)</u>	<u>\$ 3,605,646</u>	<u>\$ 17,760</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 171,097</u>	<u>\$ (171,141)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>
<b>FUND BALANCE</b>					
Beginning			171,097		
Ending			<u>\$ (44)</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND – CENTRAL AVENUE SIDEWALK PHASE II**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental :					
DOT Grant	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
Investment earnings	-	11	93	104	104
Total Revenues	<u>\$ 100,000</u>	<u>\$ 11</u>	<u>\$ 93</u>	<u>\$ 104</u>	<u>\$ (99,896)</u>
<b>EXPENDITURES</b>					
Capital outlay	\$ 151,000	\$ 11,980	\$ 5,509	\$ 17,489	\$ 133,511
<b>REVENUES UNDER EXPENDITURES</b>	\$ (51,000)	\$ (11,969)	\$ (5,416)	\$ (17,385)	\$ 33,615
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (to) from General Fund	51,000	51,000	-	51,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 39,031</u>	<u>(5,416)</u>	<u>\$ 33,615</u>	<u>\$ 33,615</u>
<b>FUND BALANCE</b>					
Beginning			<u>39,031</u>		
Ending			<u>\$ 33,615</u>		



**TOWN OF BUTNER, NORTH CAROLINA**  
**CAPITAL PROJECT-LAKE HOLT BOAT DOCK**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
General government:					
Capital Outlay	<u>30,000</u>	<u>-</u>	<u>29,404</u>	<u>29,404</u>	<u>596</u>
<b>REVENUES UNDER EXPENDITURES</b>	<b>\$ (30,000)</b>	<b>\$ -</b>	<b>\$ (29,404)</b>	<b>\$ (29,404)</b>	<b>\$ 596</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ 30,000</u></b>	<b><u>\$ (29,404)</u></b>	<b><u>\$ 596</u></b>	<b><u>\$ 596</u></b>
<b>FUND BALANCE</b>					
Beginning			<u>30,000</u>		
Ending			<u>\$ 596</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**CDBG GRANT PROJECT**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Restricted Intergovernmental :					
CDBG Grant	\$ 4,200,000	\$ -	\$ 121,869	\$ 121,869	\$ (4,078,131)
Investment earnings	-	-	-	-	-
Total Revenues	<u>\$ 4,200,000</u>	<u>\$ -</u>	<u>\$ 121,869</u>	<u>\$ -</u>	<u>\$ (4,078,131)</u>
<b>EXPENDITURES</b>					
General government:					
Capital Outlay	<u>4,200,000</u>	<u>-</u>	<u>134,810</u>	<u>134,810</u>	<u>4,065,190</u>
<b>REVENUES UNDER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,941)</b>	<b>\$ (134,810)</b>	<b>\$ (12,941)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (12,941)</u></b>	<b><u>\$ (134,810)</u></b>	<b><u>\$ (12,941)</u></b>
<b>FUND BALANCE</b>					
Beginning			<u>-</u>		
Ending			<u>\$ (12,941)</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**STORMWATER FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>CURRENT YEAR</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES:</b>			
Operating revenues:			
Stormwater fees	\$ 325,205	\$ 365,275	\$ 40,070
Investment earnings	-	-	-
Total Revenues	<u>\$ 325,205</u>	<u>\$ 365,275</u>	<u>\$ 40,070</u>
<b>EXPENDITURES</b>			
Administration:			
Salaries and employee benefits	\$ 43,606	\$ 17,886	\$ 25,720
Professional services	109,831	50,610	59,221
Other operating expenditures	33,284	22,693	10,591
Total Expenditures	<u>\$ 186,721</u>	<u>\$ 91,189</u>	<u>\$ 95,532</u>
<b>EXPENDITURES</b>			
Operating:			
Salaries and employee benefits	\$ 78,206	\$ 84,130	\$ (5,924)
Repairs and maintenance	56,532	97	56,435
Other operating expenditures	3,746	1,543	2,203
Total Expenditures	<u>\$ 138,484</u>	<u>\$ 85,770</u>	<u>\$ 52,714</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 188,316</u>	<u>\$ 188,316</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:</b>			
Reconciling items:			
Decrease in accrued vacation pay		181	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		4,507	
Pension expense		(1,959)	
Change in net position		<u>\$ 191,045</u>	

**OTHER SCHEDULES**

**TOWN OF BUTNER, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2015**

<u>YEAR</u>	<u>UNCOLLECTED BALANCE June 30, 2014</u>	<u>ADDITIONS</u>	<u>COLLECTIONS AND CREDITS</u>	<u>UNCOLLECTED BALANCE June 30, 2015</u>
2014-2015	\$ -	\$ 2,005,068	\$ 1,971,284	\$ 33,784
2013-2014	46,937	-	38,565	8,372
2012-2013	13,740	-	8,101	5,639
2011-2012	4,736	-	773	3,963
2010-2011	3,155	-	311	2,844
2009-2010	3,459	-	388	3,071
2008-2009	2,719	-	127	2,592
2007-2008	34,529	-	184	34,345
2006-2007	52,694	-	40	52,654
2005-2006	1,341	-	269	1,072
2004-2005	1,383	-	1,383	-
	<u>\$ 164,693</u>	<u>\$ 2,005,068</u>	<u>\$ 2,021,425</u>	<u>\$ 148,336</u>

**Reconciliation with Revenues:**

Ad Valorem Tax – General Fund	2,040,171
Tax Discounts and Releases	2,035
Tax Penalties and Interest	(14,494)
Refunds	4,003
Taxes Written Off	1,383
Total Collections and Credits	<u>\$ 2,033,098</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES**  
**JUNE 30, 2015**

	City-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	\$ 519,880,571	0.35	\$ 1,819,582	\$ 1,819,582	\$ -
Registered motor vehicles taxed at current year's rate	<u>46,065,127</u>	0.35	<u>161,228</u>	<u>-</u>	<u>161,228</u>
Total Levy	\$ 565,945,698		\$ 1,980,810	\$ 1,819,582	\$ 161,228
Discoveries	\$ 8,298,000	0.35	29,043	29,043	-
Abatements	<u>\$ (1,367,143)</u>	0.35	<u>(4,785)</u>	<u>(4,785)</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 572,876,556</u></u>				
Net Levy			\$ 2,005,068	\$ 1,843,840	\$ 161,228
Less: Uncollected Tax at June 30, 2015			<u>(33,784)</u>	<u>(19,915)</u>	<u>(13,869)</u>
Current Year Taxes Collected			<u>\$ 1,971,284</u>	<u>\$ 1,823,925</u>	<u>\$ 147,359</u>
Current Levy Collection %			<u>98.32%</u>	<u>98.92%</u>	<u>91.40%</u>

**COMPLIANCE SECTION**