



**TOWN OF BUTNER, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the fiscal year ended  
June 30, 2019**

Prepared by:

Town of Butner Finance Department

**TOWN OF BUTNER, NORTH CAROLINA**  
**Table of Contents**  
**June 30, 2019**

---

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Table of Contents**  
**June 30, 2019**

---

<u>Exhibit</u>		<u>Page</u> <u>Number</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
A-1	Other Postemployment Benefits – Schedule of Changes in the Total OPEB Liability and Related Ratios	58
A-2	Local Government Employees' Retirement System – Schedule of the Proportionate Share of the Net Pension Liability (Asset) Schedule of Contributions	59
A-3	Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability Schedule of Total Pension Liability as a Percentage of Covered Payroll	60
<b>INDIVIDUAL FUND STATEMENTS</b>		
B-1	General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual	62-66
B-2	Special Revenue Fund – Grant Project – CDBG Schedule of Revenue, Expenditures, and Changes in Fund Balance—Budget and Actual	67
B-3	Capital Project Fund – Schedule of Revenue, Expenditures, and Changes in Fund Balance—Budget and Actual	68-69
B-8	Stormwater Fund – Schedule of Revenue and Expenditures—Budget and Actual (Non-GAAP)	70
<b>OTHER SCHEDULES</b>		
C-1	Schedule of Ad Valorem Taxes Receivable	72
C-2	Analysis of Current Tax Levy	73

**TOWN OF BUTNER, NORTH CAROLINA**  
**Table of Contents**  
**June 30, 2019**

<u>Table</u>	<u>Page</u> <u>Number</u>
<b>STATISTICAL SECTION</b>	
Introduction	74
Financial Trends:	
1 Net Position by Component	75
2 Changes in Net Position	76-77
3 Governmental Activities Tax Revenues by Source (Accrual Basis)	78
4 Fund Balances of Governmental Funds	79
5 Change in Fund Balance of Governmental Funds	80
6 Governmental Activities Tax Revenues by Source (Modified Accrual Basis)	81
Revenue Capacity:	
7 Assessed Value of Taxable Property	82
8 Property Tax Rates - Direct and Overlapping Governments	83
9 Principal Property Taxpayers	84
10 Property Tax Levies and Collections	85
Debt Capacity	
11 Ratios of Outstanding Debt by Type	86
12 Direct and Overlapping Governmental Activities Debt	87
13 Ratio of General Bonded Debt	88
14 Legal Debt Margin Information	89
Demographic and Economic Information	
15 Demographic and Economic Statistics	90
16 Principal Employers	91
Operating Information	
17 Full-time Equivalent Employees by Function	92
18 Operating Indicators by Function	93
19 Capital Assets Statistics by Function	94
<b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Accounting Standards</i>	96-97
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	98-99
Schedule of Findings and Questioned Costs	100-101
Schedule of Prior Audit Findings	101
Schedule of Expenditures of Federal and State Awards	102

## **INTRODUCTORY SECTION**

# ***Town of Butner***

*P. O. Box 270*

*Butner, NC 27509*

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

[www.butnenc.org](http://www.butnenc.org)

*Terry Turner, Mayor*

*Thomas S. Marrow, Manager*



December 3, 2019

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

State law requires that every general-purpose local government publish within four months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019.

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

William L. Stark and Company, Certified Public Accountants, have issued an opinion, based on their audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Butner, North Carolina as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the financial section of this report.

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

## *Profile of the Government*

The Town of Butner, incorporated in 2007, is located in the north central piedmont area of North Carolina. It currently occupies 6.6 square miles and serves a population of 7,764. The Town of Butner is empowered to levy a property tax on both real property and some personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by voluntary annexation.

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

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

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

### *Local Economy*

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

During the last ten years, unemployment rose from 5.7% in 2005 to as much as 11% in 2009. Currently the unemployment rate is 3.9%, which is back below the pre-recession numbers. Unemployment is expected to remain stable for the near future. Several industries in the area have plans for expansion of their current operations. Butner is in a prime area for industrial development: we are located on Interstate 85 and within an hour of the Research Triangle Park, North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill.

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

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

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

### *Long-term financial planning*

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

### *Major initiatives*

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

### *Acknowledgements*

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

Respectfully submitted,

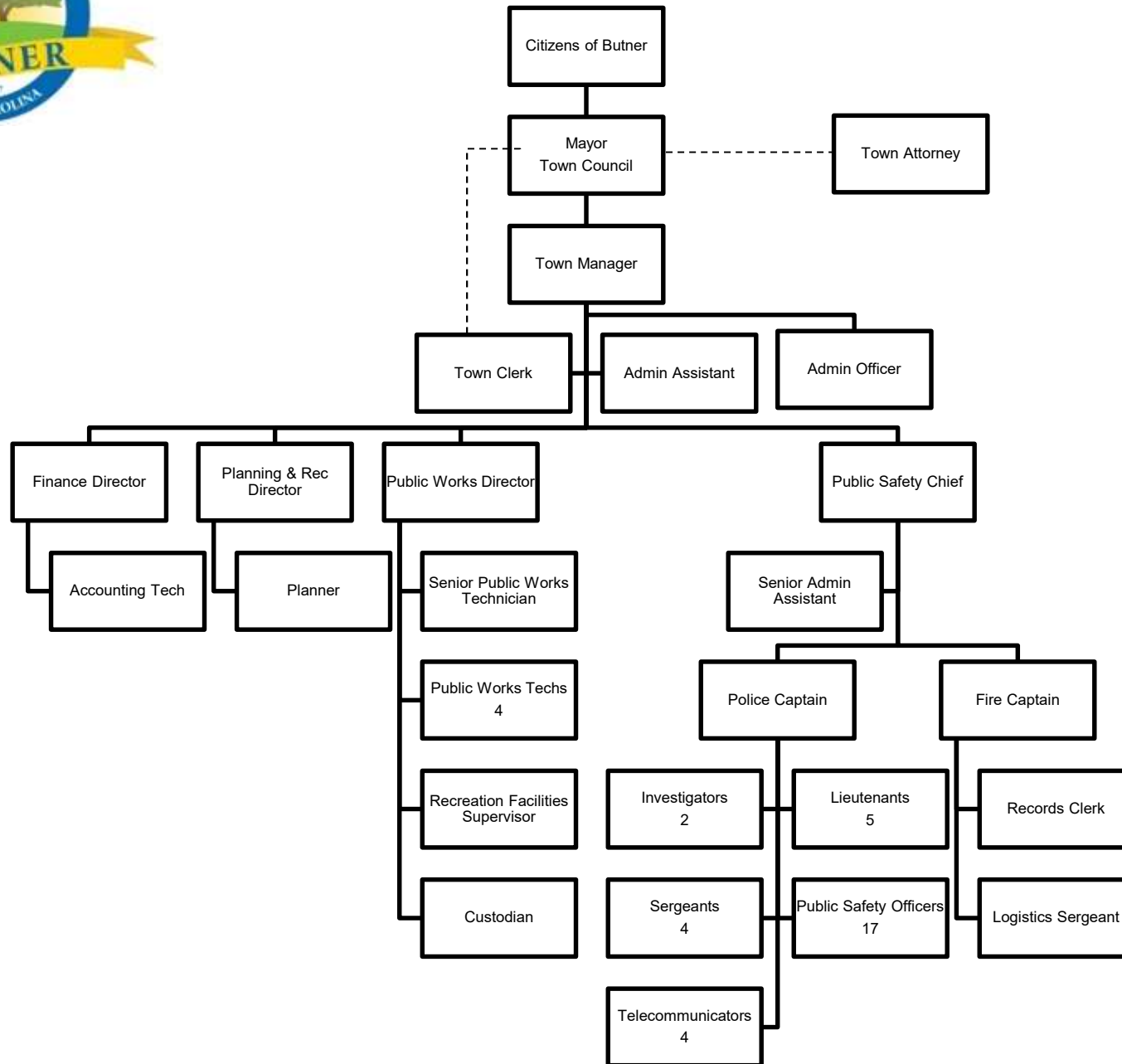
Thomas S. Marrow  
Town Manager

Susan C. Hiscocks  
Finance Director





# Town of Butner Organizational Chart



Town of Butner  
List of Elected and Appointed Officials  
June 30, 2019

Elected Officials

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

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

Appointed Officials

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

Thomas S. Marrow  
James C. Wrenn, Jr.  
Barbara J. Rote  
Susan C. Hiscocks  
Michael A. Ciriello  
Danny R. Roberts  
Reid Daniel

**FINANCIAL SECTION**



**William L. Stark and Company**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Butner Town Council  
Town of Butner, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Butner's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019 on our consideration of the Town of Butner's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Butner's internal control over financial reporting and compliance.

*William L. Stark and Company*

Certified Public Accountants  
Henderson, North Carolina

December 3, 2019

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



## Management's Discussion and Analysis

As management of the Town of Butner (the "Town"), we offer readers of the Town of Butner's financial statements this narrative overview and analysis of the financial activities of the Town of Butner for the fiscal year ended June 30, 2019. 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 \$34,780,026 (*net position*).
- The government's total net position increased by \$616,704, primarily due to diligent cost-saving measures.
- As of the close of the current fiscal year, the Town of Butner's governmental funds reported combined ending fund balances of \$8,545,951 with a net increase of \$21,549 in fund balance. Approximately 18.51% of this total amount, or \$1,582,047, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,699,795, or 78.21% of total general fund expenditures and transfers out for the fiscal year.
- The Town of Butner's total debt increased by \$99,024 (3.45%) during the current fiscal year. The key factors in this increase were an increase of \$527,657 in the net pension liability for the Local Government Employees Retirement System (LGERS); and \$25,926 increase in the net liability for the Law Enforcement Officers Special Separation Allowance (LEOSSA).

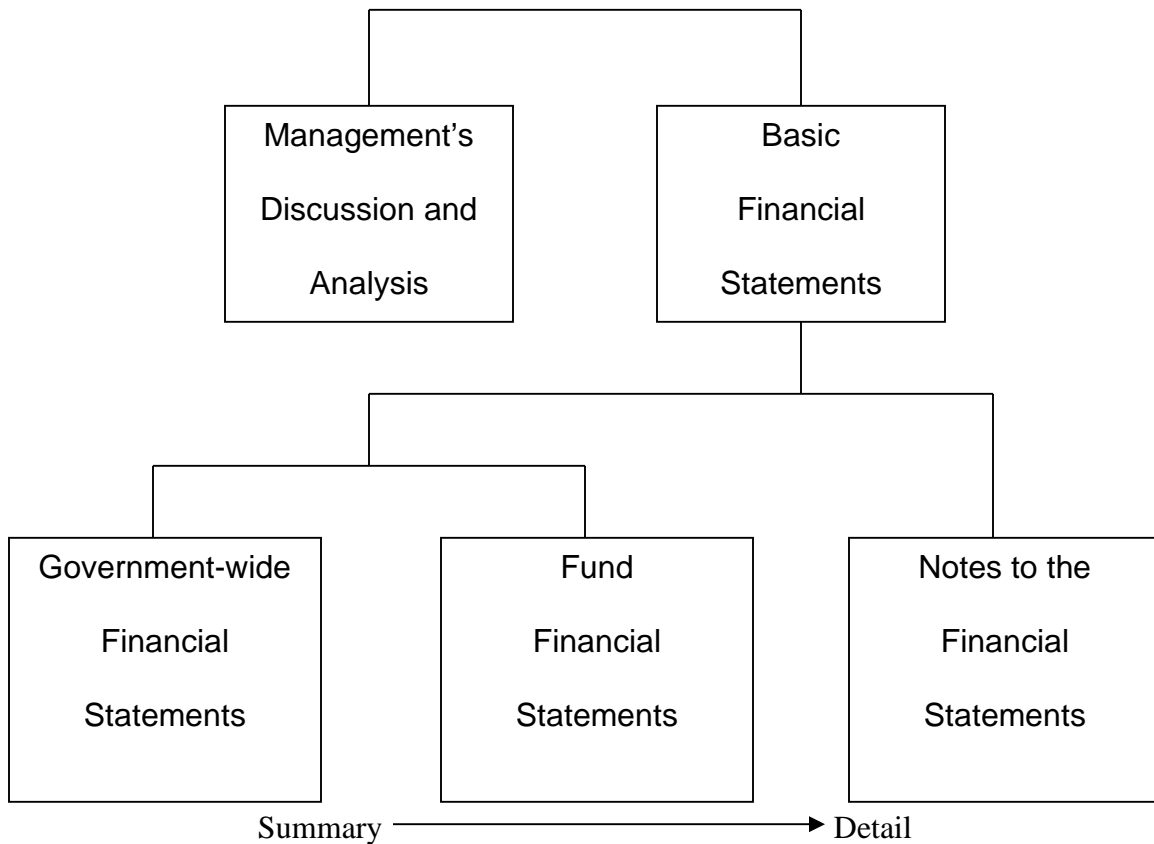
### Overview of the Financial Statements

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



## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The Town of Butner adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Town of Butner has one 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 31 of this report.

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

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

## Government-Wide Financial Analysis

### Town of Butner's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 9,478,471	\$ 8,823,397	\$ 824,277	\$ 631,407	\$ 10,302,748	\$ 9,454,804
Capital assets	26,825,232	27,976,308	485,910	502,666	27,311,142	28,478,974
Deferred outflows of resources	1,026,078	715,645	30,022	14,588	1,056,100	730,233
Total assets and deferred outflows of resources	37,329,781	37,515,350	1,340,209	1,148,661	38,669,990	37,933,778
Long-term liabilities outstanding	2,300,305	2,194,714	38,655	16,175	2,338,960	2,210,889
Other liabilities	1,473,388	861,355	17,808	8,892	1,491,196	870,247
Deferred inflows of resources	58,764	73,142	1,044	1,284	59,808	74,426
Total liabilities and deferred inflows of resources	3,832,457	3,129,211	57,507	26,351	3,889,964	3,155,562
Net position:						
Net investment in capital assets	26,023,677	26,775,110	485,910	502,666	26,509,587	27,277,776
Restricted	1,582,047	991,386	-	-	1,582,047	991,386
Unrestricted	5,891,600	6,619,643	796,792	619,644	6,688,393	7,239,286
Total net position	\$ 33,497,324	\$ 34,386,139	\$ 1,282,702	\$ 1,122,310	\$ 34,780,026	\$ 35,508,448

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 \$34,497,324 as of June 30, 2019. The Town's net position increased by \$616,704 for the fiscal year ended June 30, 2019. However, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Butner uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Butner's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Butner's net position, \$1,582,047, represents resources that are subject to external restrictions on how they may be used. Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.93%. The statewide average in fiscal year 2019 was 98.78%.
- Increased sales tax revenues of approximately \$109,758 due to economic growth in the County.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,069,310	\$ 1,624,690	\$ 381,833	\$ 374,034	\$ 1,451,143	\$ 1,998,724
Operating grants and contributions	779,703	807,686	-	-	779,703	807,686
Capital grants and contributions	1,875,673	237,775	-	-	1,875,673	237,775
General revenues:						
Property taxes	2,315,455	2,162,115	-	-	2,315,455	2,162,115
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	2,390,093	2,274,342	-	-	2,390,093	2,274,342
Unrestricted investment income	166,253	-	13,209	-	179,462	-
Other	32,465	148,535	-	5,975	32,465	154,510
<b>Total revenues</b>	<b>8,628,952</b>	<b>7,255,143</b>	<b>395,042</b>	<b>380,009</b>	<b>9,023,994</b>	<b>7,635,152</b>
Expenses:						
General government	1,457,056	1,325,556	-	-	1,457,056	1,325,556
Public safety	3,887,602	3,910,829	-	-	3,887,602	3,910,829
Transportation	112,206	125,313	-	-	112,206	125,313
Environmental protection	28,115	20,324	-	-	28,115	20,324
Economic and physical development	1,958,188	145,753	-	-	1,958,188	145,753
Cultural and recreation	694,356	680,951	-	-	694,356	680,951
Interest on long-term debt	35,117	45,323	-	-	35,117	45,323
Stormwater	-	-	234,650	230,004	234,650	230,004
<b>Total expenses</b>	<b>8,172,640</b>	<b>6,254,049</b>	<b>234,650</b>	<b>230,004</b>	<b>8,407,290</b>	<b>6,484,053</b>
Increase in net position before transfers	456,312	1,001,094	160,392	150,005	616,704	1,151,099
Transfers	-	-	-	-	-	-
Increase in net position	456,312	1,001,094	160,392	150,005	616,702	1,151,099
Beginning net position	34,386,139	33,385,045	1,122,310	972,305	35,508,449	34,357,350
Prior period adjustment	(1,345,127)	-	-	-	(1,345,127)	-
<b>Net position, June 30</b>	<b>\$ 33,497,324</b>	<b>\$ 34,386,139</b>	<b>\$ 1,282,702</b>	<b>\$ 1,122,310</b>	<b>\$ 34,780,024</b>	<b>\$ 35,508,449</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$456,312, accounting for 73.99% of the total growth in the net position of the Town of Butner. The increase in net position was the result of a concerted effort to control costs and manage expenditures. Town management continued to reduce non-essential expenditures to a minimum and implemented cost saving strategies across Town departments. Certain nonrecurring expenses were either postponed or renegotiated to maintain a healthy net position. Increased efforts to maximize tax collections also

contributed to the favorable net position. Town management acknowledges that 2019 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Key elements of this increase are as follows:

**Business-type activities.** Business-type activities increased the Town of Butner's net position by \$160,392, accounting for 26.01% of the total growth in the government's net position.

### **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 \$5,699,795, while total fund balance reached \$7,989,128. 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 92.88% of general fund expenditures, and total fund balance represents 130.18% of the same amount.

At June 30, 2019, governmental funds reported a combined fund balance of \$8,545,951 with a net increase in fund balance of \$21,549. Included in this change in fund balance is an increase in fund balance in the Capital Projects Fund and the Special Revenue Fund for the CDBG Grant related to the Veteran's Life Center.

**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 received unrestricted intergovernmental funds that became available for distribution in 2019. Although expenditures were compliant with budgetary requirements, the Town did amend the budget in the General Fund in General Government to account for unexpected capital outlay expenditures and payout of accrued vacation time due to retirement.

After the adoption of the budget it was realized the valuation of real and personal property used to determine the anticipated ad valorem tax collections for fiscal year 2018 – 2019 was incorrect. \$174,271 was appropriated from unassigned fund balance to make up for the error.

**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 Stormwater Fund at the end of the fiscal year amounted to \$796,792. The total change in net position for the Stormwater Fund was \$160,392. The change in net position in the Stormwater Fund is a result of the delay in retrofitting stormwater basins within the Town.

### **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, 2019, totals \$27,311,142 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Construction in progress of the Veterans Life Center of \$3,112,128. The subrecipient of the CDBG grant will operate this building when completed. Accordingly, this project is recognized as expense in the CDBG Grant Special Revenue Fund and is not included within the year-end construction-in-progress balance.
- Construction in progress of \$803,151 in governmental-type activities for the East Lyon Station Road Greenway Extension and the renovation of the old fire station located at 701 Central Avenue.
- Completion of additional sidewalks along Central Avenue at a total cost of \$237,036.

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

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,516,596	\$ 14,516,596	\$ -	\$ -	\$ 14,516,596	\$ 14,516,596
Buildings and system	5,708,701	5,936,740	-	-	5,708,701	5,936,740
Improvements other than buildings	4,358,271	4,438,719	485,910	506,666	4,844,181	4,945,385
Equipment and furniture	657,091	679,019	-	-	657,091	679,019
Infrastructure	444,972	470,740	-	-	444,972	470,740
Vehicles and motorized equipment	339,433	303,204	-	-	339,433	303,204
Computer Software	1,463	7,317	-	-	1,463	7,317
Construction in progress	803,152	1,623,973	-	-	803,152	1,623,973
<b>Total</b>	<b>\$ 26,829,679</b>	<b>\$ 27,976,308</b>	<b>\$ 485,910</b>	<b>\$ 506,666</b>	<b>\$ 27,315,589</b>	<b>\$ 28,482,974</b>

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

**Long-term Debt.** As of June 30, 2019, the Town of Butner had no bonded debt. The Town's only outstanding debts are installment purchases totaling \$801,555.



**Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct placement installment purchase	\$ 801,555	\$ 1,201,198	\$ -	\$ -	\$ 801,555	\$ 1,201,198
General obligation bonds	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-
Direct placement bond anticipation notes	-	-	-	-	-	-
Total OPEB liability	373,544	397,501	-	-	373,544	397,501
Net pension liability (LGERS)	1,253,322	748,145	38,655	2,253	1,291,977	750,398
Total pension liability (LEO)	273,439	247,513	-	-	273,439	247,513
Compensated absences	221,841	253,620	3,073	16,175	224,914	269,795
<b>Total</b>	<b>\$ 2,923,701</b>	<b>\$ 2,847,977</b>	<b>\$ 41,728</b>	<b>\$ 18,428</b>	<b>\$ 2,965,429</b>	<b>\$ 2,866,405</b>

**Town of Butner's Outstanding Debt.** The Town of Butner's total debt increased by \$114,656 (4.02%) during the current fiscal year. The key factors in this increase was an increase of \$505,177 in the net pension liability for the Local Government Employees Retirement System (LGERS). Increases were offset by planned debt service principal payments of \$399,643.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Butner is \$50,215,220. The Town has \$0 in bonds authorized but unissued at June 30, 2019.

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

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

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

- Low unemployment. The Granville County unemployment rate of 3.9 is well below the State average.

- New manufacturing jobs. Management's emphasis on economic development continues to attract business. The Town will add approximately 431 new jobs last year in the manufacturing sector with the opening of the Rice Wraps and the expansion of Ontic.

### **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Budgeted expenditures in the General Fund are expected to decrease approximately 16.42% to \$6,875,733. The largest increments are in employee compensation, including compensation and benefits adjustments.

The Town has chosen to appropriate \$72,074 fund balance in the fiscal year 2020 budget. As the Town considers future revenue sources, it has chosen to implement a local vehicle of \$10 per registered vehicle. \$5 of the tax will be used to supplement the General Fund and \$5 of the tax will go to a Special Revenue Fund to fund street improvements. 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.

**Business-type Activities:** The stormwater fee rates in the Town will remain unchanged. General operating expenses will increase by 44.63% to cover increased personnel costs, and other operating expenses.

### **Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 7,791,023	\$ 819,692	\$ 8,610,715
Restricted cash and investments	502,451	8,000	510,451
Accounts receivable	19,582	34,695	54,277
Taxes receivable	56,579	-	56,579
Special assessments receivable	35,733	-	35,733
Accrued interest receivable on taxes	15,941	-	15,941
Due from other governments	1,018,116	936	1,019,052
Internal balances	39,046	(39,046)	-
Total current assets	<u>9,478,471</u>	<u>824,277</u>	<u>10,302,748</u>
Non-current assets			
Capital assets:			
Land and construction in progress	15,319,748	-	15,319,748
Other capital assets, net of depreciation	11,505,484	485,910	11,991,394
Total capital assets	<u>26,825,232</u>	<u>485,910</u>	<u>27,311,142</u>
Total assets	<u>36,303,703</u>	<u>1,310,187</u>	<u>37,613,890</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges – issuance costs	1,944	-	1,944
OPEB deferrals	6,702	-	6,702
Pension deferrals	1,017,432	30,022	1,047,454
Total deferred outflows of resources	<u>1,026,078</u>	<u>30,022</u>	<u>1,056,100</u>

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

TOWN OF BUTNER, NORTH CAROLINA  
Statement of Net Position  
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 822,842	\$ 6,735	\$ 829,577
Accrued interest payable	25,725	-	25,725
Customer deposits	1,425	8,000	9,425
Current portion of long-term liabilities	<u>623,396</u>	<u>3,073</u>	<u>626,469</u>
Total current liabilities	1,473,388	17,808	1,491,196
Long-term liabilities			
Due in more than one year	<u>2,300,305</u>	<u>38,655</u>	<u>2,338,960</u>
Total liabilities	<u>3,773,693</u>	<u>56,463</u>	<u>3,830,156</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>58,764</u>	<u>1,044</u>	<u>59,808</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,023,677	485,910	26,509,587
Restricted for:			
Stabilization by State Statute	1,081,021	-	1,081,021
Transportation (Powell Bill)	501,026	-	501,026
Unrestricted	<u>5,891,600</u>	<u>796,792</u>	<u>6,688,392</u>
Total net position	<u>\$ 33,497,324</u>	<u>\$ 1,282,702</u>	<u>\$ 34,780,026</u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 1,457,056	\$ 68,372	\$ 502,574	\$ -	\$ (886,110)	\$ -	\$ (886,110)
Public safety	3,887,602	868,625	84,324	5,654	(2,928,999)	-	(2,928,999)
Environmental protection	28,115	5,912	-	-	(22,203)	-	(22,203)
Economic and physical development	1,958,188	11,325	-	1,833,365	(113,498)	-	(113,498)
Cultural and recreational	694,356	115,076	-	-	(579,280)	-	(579,280)
Transportation	112,206	-	192,805	36,654	117,253	-	117,253
Interest on long-term debt	35,117	-	-	-	(35,117)	-	(35,117)
Total governmental activities	8,172,640	1,069,310	779,703	1,875,673	(4,447,954)	-	(4,447,954)
Business-type Activities:							
Stormwater	234,650	381,833	-	-	-	147,183	147,183
Total primary government	\$ 8,407,290	\$ 1,451,143	\$ 779,703	\$ 1,875,673	(4,447,954)	147,183	(4,300,771)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					2,315,455	-	2,315,455
Grants and contributions not restricted to specific programs					2,390,093	-	2,390,093
Unrestricted investment earnings					166,253	13,209	179,462
Other revenue					32,465	-	32,465
Total general revenues not including transfers					4,904,266	13,209	4,917,475
Transfers							
Total general revenues and transfers					4,904,266	13,209	4,917,475
Change in net position							
Net position, beginning					34,386,139	1,122,310	35,508,449
Prior period adjustment (Note II.E)					(1,345,127)	-	(1,345,127)
Net position, beginning, restated					33,041,012	1,122,310	34,163,322
Net position, ending					\$ 33,497,324	\$ 1,282,702	\$ 34,780,026

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

**FUND FINANCIAL STATEMENTS**



**TOWN OF BUTNER, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>MAJOR</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>CDBG Grant Fund</b>	<b>Capital Project Fund</b>	
<b>ASSETS</b>				
Cash and investments	\$ 6,509,331	\$ 569,532	\$ 712,160	\$ 7,791,023
Restricted cash and investments	502,451	-	-	502,451
Accounts receivable	19,582	-	-	19,582
Taxes receivable	56,579	-	-	56,579
Special assessments receivable	35,733	-	-	35,733
Due from other governments	494,090	520,693	3,333	1,018,116
Due from other funds	567,349	-	-	567,349
	<u>567,349</u>	<u>-</u>	<u>-</u>	<u>567,349</u>
Total assets	<u>\$ 8,185,115</u>	<u>\$ 1,090,225</u>	<u>\$ 715,493</u>	<u>\$ 9,990,833</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 102,250	\$ 517,197	\$ 203,395	\$ 822,842
Liabilities payable from restricted assets:				
Customer deposits	1,425	-	-	1,425
Due to other funds	-	472,326	55,977	528,303
Total liabilities	<u>103,675</u>	<u>989,523</u>	<u>259,372</u>	<u>1,352,570</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	56,579	-	-	56,579
Special assessments receivable	35,733	-	-	35,733
Total deferred inflows of resources	<u>92,312</u>	<u>-</u>	<u>-</u>	<u>92,312</u>
<b>FUND BALANCES</b>				
Restricted:				
Stabilization by State Statute	1,081,021	-	-	1,081,021
Streets – Powell Bill	501,026	-	-	501,026
Committed:				
Capital projects	49,400	-	456,121	505,521
Grant projects	-	100,702	-	100,702
Public Safety - LEO Special Separation	385,501	-	-	385,501
General government	97,001	-	-	97,001
Cultural and recreational	80,066	-	-	80,066
Assigned:				
Capital projects	23,244	-	-	23,244
Subsequent year's expenditures	72,074	-	-	72,074
Unassigned	5,699,795	-	-	5,699,795
Total fund balances	<u>7,989,128</u>	<u>100,702</u>	<u>456,121</u>	<u>8,545,951</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,185,115</u>	<u>\$ 1,090,225</u>	<u>\$ 715,493</u>	<u>\$ 9,990,833</u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

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

Total Fund Balance, Governmental Funds	\$ 8,545,951
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 32,537,024
Accumulated depreciation	<u>(5,711,792)</u> 26,825,232
Deferred charges reported in governmental activities are not financial resources and therefore are not reported in the funds.	
Loan issuance costs	1,944
Deferred outflows of resources related to pensions are not reported in the funds	
	1,017,432
Deferred outflows of resources related to OPEB are not reported in the funds	
	6,702
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	
Accrued interest on taxes receivable	15,941
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	
Property taxes receivable	56,579
Special assessments receivable	35,733
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Long-term debt	(801,555)
Compensated absences	(221,841)
OPEB liability	(373,544)
Net pension liability - LGERS	(1,253,322)
Total pension liability - LEOSSA	<u>(273,439)</u> (2,923,701)
Other long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(25,725)
Deferred inflows of resources related to pensions are not reported in the funds	
	<u>(58,764)</u>
Net position of governmental funds	<u>\$ 33,497,324</u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>MAJOR</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>CDBG Grant Fund</b>	<b>Capital Project Fund</b>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,303,270	\$ -	\$ -	\$ 2,303,270
Unrestricted intergovernmental	3,847,145	-	-	3,847,145
Restricted intergovernmental	244,299	1,747,703	-	1,992,002
Permits and fees	13,684	-	-	13,684
Sales and services	127,013	-	-	127,013
Investment earnings	168,892	-	7,405	176,297
Other revenue	51,815	120,000	-	171,815
Total revenues	<u>6,756,118</u>	<u>1,867,703</u>	<u>7,405</u>	<u>8,631,226</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,338,792	-	-	1,338,792
Public safety	3,779,659	-	-	3,779,659
Environmental protection	17,674	-	-	17,674
Economic and physical development	180,981	1,767,001	-	1,947,982
Culture and recreation	364,653	-	-	364,653
Transportation	20,258	-	-	20,258
Debt service:				
Principal	399,643	-	-	399,643
Interest and other charges	35,117	-	-	35,117
Capital outlay	-	-	761,341	761,341
Total expenditures	<u>6,136,777</u>	<u>1,767,001</u>	<u>761,341</u>	<u>8,665,119</u>
Excess (deficiency) of revenues over expenditures	<u>619,341</u>	<u>100,702</u>	<u>(753,936)</u>	<u>(33,893)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	25,714	-	-	25,714
Insurance proceeds	29,728	-	-	29,728
Transfers (to) from other funds	(1,150,714)	-	1,150,714	-
Total other financing sources (uses)	<u>(1,095,272)</u>	<u>-</u>	<u>1,150,714</u>	<u>55,442</u>
Net change in fund balance	(475,931)	100,702	396,778	21,549
<b>FUND BALANCES, beginning</b>	<u>8,465,059</u>	<u>-</u>	<u>59,343</u>	<u>8,524,402</u>
<b>FUND BALANCES, ending</b>	<u>\$ 7,989,128</u>	<u>\$ 100,702</u>	<u>\$ 456,121</u>	<u>\$ 8,545,951</u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds \$ 21,549

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	1,037,789	
Depreciation expense for governmental assets	(808,174)	
Cost basis of assets sold	(35,564)	194,051

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 248,634

LEOSSA Benefit payments paid and administrative costs made subsequent to the measurement date are not included on the statement of activities 17,715

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the statement of activities 6,702

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

Change in unavailable revenue for tax revenues	12,846	
Change in accrued interest on taxes receivable	1,561	
Change in unavailable revenue for special assessments	(34,338)	(19,931)

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

Principal payments on long-term debt	399,643	
Amortization expense for debt issuance costs	(940)	
Decrease in accrued interest payable	11,556	410,259

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

Compensated absences	31,779	
Pension expense - LGERS	(429,638)	
Pension expense - LEOSSA	(38,745)	
Other postemployment benefits	13,937	(422,667)

Total adjustments 434,763

Total changes in net position of governmental activities \$ 456,312

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,396,242	\$ 2,221,971	\$ 2,303,270	\$ 81,299
Unrestricted intergovernmental	3,717,556	3,717,556	3,847,145	129,589
Restricted intergovernmental	203,740	203,740	244,299	40,559
Permits and fees	16,900	16,900	13,684	(3,216)
Sales and services	150,300	150,300	127,013	(23,287)
Investment earnings	61,000	122,967	168,892	45,925
Other revenue	67,750	67,750	51,815	(15,935)
Total revenues	<u>6,613,488</u>	<u>6,501,184</u>	<u>6,756,118</u>	<u>254,934</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,498,032	1,525,788	1,338,792	186,996
Public safety	4,408,858	3,932,711	3,779,659	153,052
Environmental protection	25,500	27,000	17,674	9,326
Economic and physical development	255,424	258,504	180,981	77,523
Culture and recreation	440,796	440,796	364,653	76,143
Transportation	218,740	163,166	20,258	142,908
Debt service:				
Principal	399,643	399,643	399,643	-
Interest and other charges	43,943	43,943	35,117	8,826
Total expenditures	<u>7,290,936</u>	<u>6,791,551</u>	<u>6,136,777</u>	<u>654,774</u>
Excess (deficiency) of revenues over expenditures	<u>(677,448)</u>	<u>(290,367)</u>	<u>619,341</u>	<u>909,708</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	6,000	6,000	25,714	19,714
Insurance proceeds	-	26,478	29,728	3,250
Transfers (to) other funds	-	(1,453,801)	(1,150,714)	303,087
Total other financing sources (uses)	<u>6,000</u>	<u>(1,421,323)</u>	<u>(1,095,272)</u>	<u>326,051</u>
Fund balance appropriated	<u>671,448</u>	<u>1,711,690</u>	<u>-</u>	<u>(1,711,690)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(475,931)</u>	<u>\$ (475,931)</u>
<b>FUND BALANCES, beginning</b>			<u>8,465,059</u>	
<b>FUND BALANCES, ending</b>			<u>\$ 7,989,128</u>	

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

**TOWN OF BUTNER, NORTH CAROLNA**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

	<b>Major Enterprise Fund</b>
	<b>Stormwater Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 819,692
Restricted cash and investments	8,000
Accounts receivable	34,695
Due from other governments	936
Total current assets	863,323
Non-current assets	
Capital assets, net of depreciation	485,910
Total assets	1,349,233
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	30,022
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	6,735
Due to other funds	39,046
Customer deposits	8,000
Compensated absences	3,073
Total current liabilities	56,854
Long-term liabilities	
Net pension liability	38,655
Total liabilities	95,509
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	1,044
Total deferred inflows of resources	1,044
<b>NET POSITION</b>	
Net investment in capital assets	485,910
Unrestricted	796,792
Total net position	\$ 1,282,702

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

	<u>Major Enterprise Fund</u>
	<u>Stormwater Fund</u>
<b>OPERATING REVENUES</b>	
Stormwater fees	\$ 381,833
<b>OPERATING EXPENSES</b>	
Administration	97,246
Operating	<u>137,404</u>
Total operating expenditures	<u>234,650</u>
<b>Operating income (loss)</b>	147,183
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>13,209</u>
<b>Change in net position</b>	160,392
<b>Total net position, beginning</b>	<u>1,122,310</u>
<b>Total net position, ending</b>	<u><u>\$ 1,282,702</u></u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Enterprise Fund</b>
	<b>Stormwater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 380,068
Cash paid for goods and services	(78,880)
Cash paid to or on behalf of employees for services	(134,612)
Net cash provided (used) by operating activities	166,576
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Increase in due to other funds	35,444
Net cash provided (used) by noncapital financing activities	35,444
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	13,209
Net cash provided (used) by investing activities	13,209
Net increase (decrease) in cash and cash equivalents	215,229
Balances, beginning	612,463
Balances, ending	\$ 827,692
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 147,183
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	16,756
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(29,096)
(Increase) decrease in due from other governments	16,011
(Increase) decrease in deferred outflows of resources - pension	(15,434)
Increase (decrease) in net pension liability	22,480
Increase (decrease) in deferred inflows of resources - pension	(240)
Increase (decrease) in accounts payable and accrued liabilities	2,096
Increase (decrease) in compensated absences	820
Increase (decrease) in customer deposits	6,000
Total adjustments	19,393
Net cash provided by operating activities	\$ 166,576

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



**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Town of Butner, North Carolina. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State-shared revenues, State grants, and various other taxes and licenses. The primary expenditures are for streets and highways, public safety, and general governmental services. The Town maintains a separate Powell Bill fund for accounting purposes. This fund has been consolidated into the General Fund for reporting purposes.

**CDBG Grant Project Special Revenue Fund** – This fund is used to account for the administration of grant funds that are restricted for the construction of a veteran's shelter.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

The primary funding source for the project is Community Development Block Grant funding. When completed, the veteran's shelter will be operated by the grant subrecipient: Veterans Life Center, a North Carolina nonprofit organization.

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

The Town reports the following major enterprise fund.

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

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

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

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

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

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

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Project Special Revenue Funds and Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any 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 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 NCCMT is a SEC registered money market mutual fund. The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Town of Butner Restricted Cash

Governmental Activities

General Fund

Transportation (Powell Bill)	\$ 501,026
Customer deposits	<u>1,425</u>
	502,451

Business-type Activities

Stormwater Fund – Customer deposits	<u>8,000</u>
-------------------------------------	--------------

Total restricted cash	<u>\$ 510,451</u>
-----------------------	-------------------

4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town of Butner, North Carolina has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Prepaid Expenses

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for all categories of capital assets. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has several items that meet this criterion: deferred charges on debt issuance, and pension related deferrals, including contributions made to the pension plan in the current fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for the category: prepaid taxes, property taxes receivable, and pension deferrals.

8. Long-Term Obligations

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

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

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.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

10. Net Position/Fund Balances

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

**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.

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

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

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

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

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

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

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

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

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

11. Defined Benefit Cost-Share Plans

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

**II. DETAIL NOTES ON ALL FUNDS**

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is



**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town’s agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2019, the Town’s deposits had a carrying amount of \$607,909 and a bank balance of \$732,113. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town’s petty cash fund totaled \$300.

2. Investments

At June 30, 2019, the Town’s investment balances were as follows:

<b>Investments by Type</b>	<b>Valuation Measurement Method</b>	<b>Fair Value at 6/30/2019</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust:				
Government Portfolio	Fair Value Level 1	\$ 5,381,849	N/A	AAA
Term Portfolio	Fair Value Level 1	3,131,106	0.11 years	Unrated

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

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

*Interest Rate Risk and Credit Risk*

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

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2018. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables – Due from Other Governments

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

Governmental activities:

General Fund

Tax and assessment collections	\$ 21,746
Local option sales tax	332,750
Utility tax distribution	108,292
Solid waste tax	1,473
Sales tax refund	26,180
Dept. of Justice grant	<u>3,649</u>
Total: General Fund	<u>494,090</u>

CDBG Grant Fund

CDBG Grant receivable	499,506
Sales tax refund	<u>21,187</u>
Total: CDBG grant fund	<u>520,693</u>

Capital Projects Fund

Sales tax refund	<u>3,333</u>
------------------	--------------

Business-type Activities:

Stormwater Fund

Stormwater fee collections	<u>936</u>
----------------------------	------------

Total due from other governments \$ 1,019,052

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

4. Capital Assets

Capital asset activity for the Town of Butner for the year ended June 30, 2019 was as follows:

	(Restated) Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental Activities</u></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 14,516,596	\$ -	\$ -	\$ 14,516,596
Construction in progress	<u>278,846</u>	<u>761,341</u>	<u>237,035</u>	<u>803,152</u>
Total capital assets not being depreciated	14,795,442	761,341	237,035	15,319,748
<b>Capital assets being depreciated:</b>				
Improvements	5,660,756	237,035	-	5,897,791
Buildings	7,724,931	-	-	7,724,931
Infrastructure	535,125	-	-	535,125
Equipment	1,185,250	78,752	13,255	1,250,747
Computer software	214,396	-	-	214,396
Vehicles	<u>1,575,694</u>	<u>197,696</u>	<u>179,104</u>	<u>1,594,286</u>
Total capital assets being depreciated	16,896,152	373,469	192,359	17,217,276
<b>Less accumulated depreciation for:</b>				
Improvements	1,222,037	321,930	-	1,543,967
Buildings	1,788,191	228,039	-	2,016,230
Infrastructure	64,385	25,768	-	90,153
Equipment	506,231	100,680	13,255	593,656
Computer software	207,079	5,854	-	212,933
Vehicles	<u>1,272,490</u>	<u>125,904</u>	<u>143,541</u>	<u>1,254,853</u>
Total accumulated depreciation	5,060,413	808,174	156,796	5,711,792
Total capital assets being depreciated, net	<u>11,835,739</u>			<u>11,505,484</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 26,631,181</u>			<u>\$ 26,825,232</u>

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

General Government	\$ 130,941
Public Safety	182,222
Cultural & Recreation	364,759
Transportation	<u>130,252</u>
Total depreciation expense	<u>\$ 808,174</u>

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Construction Commitments**

The Town has active construction projects as of June 30, 2019. At year-end, the Town's commitments with contractors are as follows:

Project:	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Capital Project Fund – Training Center	\$ 300,940	\$ 692,906
CDBG Grant Fund – Veterans Life Center	2,148,045	4,363,955

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

i. *Plan Description*

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

ii. *Benefits Provided*

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable 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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

*iii. Contributions*

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Butner employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Butner's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.89% 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 \$256,303 for the year ended June 30, 2019.

*iv. Refunds of Contributions*

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

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

At June 30, 2019, the Town reported a liability of \$1,291,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Town's proportion was 0.05446%, which was an increase of 0.00443% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$444,114. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 199,321	\$ 6,688
Changes of assumptions	342,841	-
Net difference between projected and actual earnings on pension plan investments	177,350	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	27,595	28,225
Town contributions subsequent to the measurement date	256,303	-
Total	\$ 1,003,410	\$ 34,913

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

\$256,303 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 354,177
2021	216,596
2022	36,135
2023	105,286
Thereafter	-
	<u>\$ 712,194</u>

vi. *Actuarial Assumptions.*

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan currently uses mortality tables based on the *RP-2014 Total Data Set for Healthy Annuity Mortality Table* 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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 3.05%. All rates of return and inflation are annualized.

*vii. Discount rate.*

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town’s proportionate share of the net pension liability (asset)	\$ 3,103,442	\$ 1,291,977	\$ (221,710)

*ix. Pension plan fiduciary net position.*

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

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

*i. Plan Description.*

The Town of Butner administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

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, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>35</u>
Total	<u><u>35</u></u>

A separate report was not issued for the plan.

*ii. Summary of Significant Accounting Policies*

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

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

*iii. Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent, including inflation

The discount rate used to measure the TPL is the S&P Municipal Bond 20-year High Grade Rate Index. For the December 31, 2018 measurement date, the discount rate used increased from 3.16 percent to 3.64 percent.

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

*iv. Contributions*

The Town is required by Article 12D of G.S Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the general fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to the plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$32,613 as benefits came due for the reporting period.



**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

At June 30, 2019, the Town reported a total pension liability of \$273,439. The total pension liability was measured as of December 31, 2018, based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$38,745.

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,759	\$ 7,554
Changes of assumptions	17,570	17,341
Net difference between projected and actual earnings on pension plan investments	-	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	17,715	-
Total	\$ 44,044	\$ 24,895

\$17,715 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020.

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

Year ended June 30:		
2020	\$	361
2021		361
2022		361
2023		361
2024		523
Thereafter		(533)
	\$	1,434

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

The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 307,878	\$ 273,439	\$ 242,784

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

vi. *Schedule of Changes in Total Pension Liability*

**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>
Beginning balance	\$ 247,513
Service Cost	45,801
Interest on the total pension liability	7,480
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	10,317
Changes of assumptions or other inputs	(16,040)
Benefit payments	(21,632)
Other changes	-
Ending balance of the total pension liability	\$ 273,439

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

The actuarial assumptions used in the December 31, 2017 valuation are based on the results of an experience study obtained by the North Carolina Local Governmental Employees' Retirement System for the period January 1, 2010 through December 31, 2014, and are in the aggregate reasonably related to the experience under the benefit program and to reasonable expectations of anticipated experience under the program.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 444,114	\$ 38,745	\$ 482,859
Pension Liability	1,291,977	273,439	1,565,416
Proportionate share of the net pension liability	0.05446%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 199,321	\$ 8,759	\$ 208,080
Changes of assumptions	342,841	17,570	360,411
Net difference between projected and actual earnings on plan investments	177,350	-	177,350
Changes in proportion and differences between contributions and proportionate share of contributions	27,595	-	27,595
Benefit payments and administrative costs paid subsequent to the measurement date	256,303	17,715	274,018
 Deferred Inflows of Resources			
Differences between expected and actual experience	6,688	7,554	14,242
Changes of assumptions	-	17,341	17,341
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,595	-	27,595

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

d. Supplemental Retirement Income Plan

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

*Funding Policy.* Article 12E of G.S Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The Town additionally provides 401(k) benefits for its full and permanent part-time general employees at a percentage of salary as designated by the Town Council. General and law enforcement employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$258,397 which consisted of \$154,473 from the Town and \$101,005 from general employees and law enforcement officers.

e. Other Postemployment Benefits: Healthcare Benefit

i. *Plan Description*

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

ii. *Benefits Provided*

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

Membership of the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

General Employees:	
Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>1</u>
Total	<u><u>3</u></u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

iii. *Total OPEB Liability*

The Town's total OPEB liability of \$373,544 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

vi. *Actuarial assumptions and other inputs*

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50% - 7.8%, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates—	
Pre-Medicare	7.5% for 2017, decreasing to an ultimate rate of 5.0% by 2023
Medicare	5.5% for 2017, decreasing to an ultimate rate of 5.0% by 2020

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

v. *Changes in the Total OPEB Liability*

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2018</b>	\$ 397,501
<b>Changes for the year</b>	
Service cost	3,032
Interest	13,823
Changes of benefit terms	-
Differences between expected and actual experience	(5,995)
Changes in assumptions or other inputs	(16,198)
Benefit payments	<u>(18,619)</u>
<b>Net Changes</b>	<u>(23,957)</u>
<b>Balance at June 30, 2019</b>	<u>\$ 373,544</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 426,177	\$ 373,544	\$ 330,477

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 – 4.0 percent) or 1-percentage-point higher (8.5 – 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5 – 4.0%)	Cost Trend Rates (7.5 – 5.0%)	1% Increase (8.5 – 6.0%)
Total OPEB liability	\$ 327,718	\$ 373,544	\$ 428,937

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

For the year ended June 30, 2019, the Town recognized OPEB expense of (\$20,639). At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Benefit payments made subsequent to the measurement date	6,702	-
Total	<u>\$ 6,702</u>	<u>\$ -</u>

\$6,702 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. There were no other amounts reported as deferred inflows of resources related to OPEB as of June 30, 2019.

2. Pension Other Employment Benefits

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

	<u>Statement of Net Position</u>
Government-wide:	
Deferred charges – issuance costs	\$ 1,944
Contributions to LGERS plan in current fiscal year	256,303
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	17,715
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	6,702
Differences between expected and actual experience	208,080
Changes of assumptions	360,411
Net difference between projected and actual earnings	177,350
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>27,595</u>
Total Deferred Outflows	<u>\$ 1,056,100</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Government-wide:		
Changes of assumptions	\$ 17,341	-
Differences between expected and actual experience	14,242	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,225	-
General Fund:		
Property taxes receivable	-	56,579
Special assessments receivable	<u>-</u>	<u>35,733</u>
Total Deferred Inflows	<u>\$ 59,808</u>	<u>\$ 92,312</u>

4. Risk Management

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

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

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

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

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond agreement. The blanket bond agreement covers employee dishonesty up to \$50,000, forgery or alteration up to \$50,000, theft of money inside the premises up to \$10,000 and theft of money outside the premises up to \$10,000.

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

5. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2019, the Town consulted attorneys on various legal matters. In the opinion of the Town's management and the Town's Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

a. Installment Purchase

In July 2010, the Town entered into a direct borrowing installment purchase for \$2,000,000 to finance the construction of a new Town Hall. The loan requires 10 annual principal payments commencing in July 2011 with an interest rate of 4.5 percent. The loan will conclude in 2021 with a final payment of all unpaid principal and interest. The agreement was designed to qualify with the Build America Bonds program, under which the Town is eligible for a credit of 35 percent of the annual interest payment. As a result of federal budget sequestration, the credit received by the Town during the fiscal year ended June 30, 2019 was reduced by 6.6 percent, for an effective interest rate paid of 3.029 percent. The town hall is pledged as collateral for the debt.

In August 2011, the Town entered into a direct borrowing installment purchase for \$1,000,000 to finance the construction of an athletic park. The loan requires 10 principal payments beginning in

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

fiscal year 2013 with an interest rate of 3.27 percent. The athletic park is pledged as collateral for the debt.

In August 2017, the Town entered into a direct borrowing installment purchase for \$300,000 to finance the purchase of a fire truck. The loan requires 4 principal payments beginning in fiscal year 2018 with an interest rate of 1.92%. The firetruck is pledged as collateral for the debt.

Annual debt service payments of the installment purchases as of June 30, 2019, including \$39,697 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 401,555	\$ 23,851
2021	300,000	12,576
2022	100,000	3,270
2023	-	-
2024	-	-
Total	\$ 801,555	\$ 39,697

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Direct Borrowing					
Installment Purchases	\$ 1,201,198	\$ -	\$ 399,643	\$ 801,555	\$ 401,555
Compensated Absences	253,620	-	31,779	221,841	221,841
Other Postemployment Benefits	397,501	-	23,957	373,544	-
Net pension liability- LGERS	748,145	505,177	-	1,253,322	-
Total pension liability- LEOSSA	247,513	25,926	-	273,439	-
Governmental Activity Long-term Liabilities	\$ 2,847,977	\$ 531,103	\$ 455,379	\$ 2,923,701	\$ 623,396
<b>Business-type Activities:</b>					
Compensated Absences	\$ 2,253	\$ 820	\$ -	\$ 3,073	\$ 3,073
Net pension liability- LGERS	16,175	22,480	-	38,655	-
Business-type Activity Long-term Liabilities	\$ 18,428	\$ 23,300	\$ -	\$ 41,728	\$ 2,253

c. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019 consist of the following:

Due to the General Fund:	
From CDBG Grant Special Revenue Fund	\$ 472,326
From Capital Projects Fund	55,977
From Stormwater Proprietary Fund	39,046
Net amount due to the General Fund	\$ 567,349



**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

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

Transfers to/from other funds for the fiscal year ended June 30, 2019 consisted of the following:

From the General Fund to the Capital Project Fund to fund project costs in advance of cost reimbursement requests.	\$ 1,206,691
From the Capital Project Fund to the General Fund to return excess transfers per amended ordinances at the conclusion of capital projects.	<u>(55,977)</u>
Net transfers from (to) General Fund	<u>\$ 1,150,714</u>

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

**D. Fund Balance**

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

<u>Total Fund Balance—General Fund</u>	<u>\$ 7,989,128</u>
Less:	
Stabilization by State Statute	1,081,021
Streets – Powell Bill	501,026
Capital Projects	49,400
Public Safety	385,501
General Government	97,001
Culture and Recreational	80,066
Fund balance assigned for capital projects	23,244
Appropriated fund balance in 2019-2020 budget	<u>72,074</u>
Remaining Fund Balance	<u>\$ 5,699,795</u>

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

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The encumbrances at year-end totaled \$-0- for the General Fund.

**E. Prior Period Adjustment**

The Town has previously recognized the expenditures of its Special Revenue – CDBG Grant Fund as capital outlays on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and as construction in progress on the Governmental Activities Statement of Net Position. This fund is used to account for the administration of grant funds that are restricted for the construction of a veteran's shelter. When completed, the veteran's shelter will be operated by the subrecipient of the CDBG grant: the nonprofit organization Veterans Life Center. Accordingly, during the fiscal year ended June 30, 2019, it was determined that it would be appropriate to recognize the expenditures

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

of this fund as Economic and Physical Development expenditures. An adjustment was made to reduce the opening balance of Governmental Activities construction in progress and net position invested in capital assets each by \$1,345,127. There was no effect to governmental fund balances as a result of this adjustment.

**III. JOINT VENTURES**

The Town and the members of the Town's fire department (an element of Butner Public Safety) each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. The Town does not report revenues or expenditures for payments made by the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2019. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina, 27603.

**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

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

Leased Facilities

Pursuant to an agreement executed between the Town and the South Granville Water and Sewer Authority (SGWASA), effective May 2011, the Town leases office space within the Butner Town Hall to SGWASA under the terms of an operating lease expiring May 31, 2031. Monthly minimum lease payments to be remitted to the Town during the initial lease term are \$5,000. These revenues are accounted for in the General Fund. In addition, under the terms of the agreement, SGWASA will pay to the Town additional rent representing a percentage of the utilities, trash collection/disposal, and HVAC maintenance/repair incurred by the Town with regards to the Butner Town Hall. After the conclusion of the initial term, SGWASA has the option to extend the term for two additional periods of ten years each. The base annual rent during each renewal option term is \$27,600. The total amount paid by SGWASA to the Town of Butner for the fiscal year ended June 30, 2019 was \$67,402.

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

Year end June 30,	
2020	\$ 60,000
2021	60,000
2022	60,000
2023	60,000
2024	60,000
Thereafter	415,000

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

The Town Hall building is approximately 14,000 square feet, and has a total cost of \$2,889,054, and a carrying value of \$2,311,243, net of accumulated depreciation. SGWASA is leasing approximately 3,644 square feet, and additionally is allowed use of the common areas of the building.

Commitments and Contingencies

With Senate Bill 491, of the 2005-06 Legislative Session entitled “AN ACT TO TRANSFER THE ASSETS OF THE BUTNER WATER AND SEWER SYSTEM TO THE SOUTH GRANVILLE WATER AND SEWER AUTHORITY, AND TO PROVIDE THAT BUTNER PUBLIC SAFETY SHALL BE CONSIDERED THE EQUIVALENT OF A MUNICIPAL POLICE DEPARTMENT FOR PURPOSES OF THE LAWS PROVIDING FOR COOPERATION BETWEEN LAW ENFORCEMENT AGENCIES AND ASSISTANCE TO THE STATE LAW ENFORCEMENT AGENCIES”, the General Assembly of North Carolina enacted that South Granville Water and Sewer Authority shall pay to the Department of Health and Human Services a monthly sum to be used by the Department to support the operations of the Butner Reservation. If the majority of the functions of the Butner Reservation are assumed by a municipal corporation (Town of Butner) organized pursuant to the laws of the State of North Carolina, SGWASA shall pay to such municipal corporation (Town of Butner) the sum of forty-one thousand six hundred sixty-six dollars and sixty-seven cents (\$41,666.67) per month for a period of 240 months from the date of said incorporation. The amount received by the Town of Butner for the year ended in June 30, 2019 was \$500,000.

**V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The Town has evaluated events and transactions that occurred between June 30, 2019, and December 3, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

**Notes to Schedule**

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

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

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

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Butner's proportion of the net pension liability (asset) (%)	0.05446%	0.05003%	0.05226%	0.05131%	0.03623%	0.00980%
Butner's proportion of the net pension liability (asset) (\$)	\$ 1,291,977	\$ 764,320	\$ 1,109,132	\$ 230,276	\$ (213,665)	\$ 118,128
Butner's covered-employee payroll	\$ 3,026,852	\$ 2,788,716	\$ 2,775,110	\$ 2,522,162	\$ 2,183,759	\$ 574,263
Butner's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.68%	27.41%	39.97%	9.13%	-9.78%	20.57%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Schedule of Contributions**

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

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

**Schedule of Changes in Total Pension Liability**

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

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

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 273,439	\$ 247,513	\$ 192,127
Covered payroll	2,011,260	1,801,109	1,845,648
Total pension liability as a percentage of covered payroll	13.60%	13.74%	10.41%

**Notes to the Schedules**

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

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

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

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

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**



**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>REVENUES</b>				
Ad valorem taxes				
Current year	\$ 2,217,971	\$ 2,289,707	\$ 71,736	\$ 2,197,362
Prior years	-	6,636	6,636	10,290
Penalties and interest	4,000	6,927	2,927	14,359
Total	<u>2,221,971</u>	<u>2,303,270</u>	<u>81,299</u>	<u>2,222,011</u>
Unrestricted intergovernmental				
ABC profit distribution	38,000	10,136	(27,864)	12,670
Local option sales tax	1,743,954	1,873,195	129,241	1,763,437
Utilities sales distributions	462,567	472,381	9,814	464,105
Fire Protection Funding	154,804	156,450	1,646	156,506
DHHS Public Safety Service Contract	779,190	794,690	15,500	765,697
Contract for SGWASA	500,000	500,000	-	500,000
Solid Waste tax	5,553	5,912	359	5,239
Beer and wine tax	33,488	34,381	893	34,130
Total	<u>3,717,556</u>	<u>3,847,145</u>	<u>129,589</u>	<u>3,701,784</u>
Restricted intergovernmental				
Granville Co. Recreation Funding	25,000	55,885	30,885	75,885
Powell Bill allocation	178,740	182,760	4,020	183,939
State grant income	-	-	-	9,607
Federal grant income	-	5,654	5,654	1,455
Total	<u>203,740</u>	<u>244,299</u>	<u>40,559</u>	<u>270,886</u>
Permits and fees				
Court facilities fees	1,000	1,809	809	1,413
Planning and zoning fees	15,000	11,325	(3,675)	43,810
Other fees	900	550	(350)	700
Total	<u>16,900</u>	<u>13,684</u>	<u>(3,216)</u>	<u>45,923</u>
Sales and services				
Recreation department	84,300	59,611	(24,689)	56,239
SGWASA facility lease	66,000	67,402	1,402	66,937
Total	<u>150,300</u>	<u>127,013</u>	<u>(23,287)</u>	<u>123,176</u>
Investment earnings				
General Fund	121,967	158,847	36,880	103,200
Powell Bill interest	1,000	10,045	9,045	7,266
Total	<u>122,967</u>	<u>168,892</u>	<u>45,925</u>	<u>110,466</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Other revenues				
Contributions and donations	\$ -	\$ 1,150	\$ 1,150	\$ 14,154
Special assessments	27,750	36,654	8,904	161,642
Non-governmental grants	-	2,574	2,574	-
Miscellaneous	40,000	11,437	(28,563)	5,468
Total	67,750	51,815	(15,935)	181,264
Total revenues	6,501,184	6,756,118	254,934	6,655,510
<b>EXPENDITURES</b>				
General Government				
Governing Body				
Salaries and employee benefits	40,961	40,959	2	43,047
Ad valorem collection fee	43,465	38,383	5,082	64,265
Other operating expenditures	78,800	66,959	66,959	36,656
Total Governing Body	163,226	146,301	72,043	143,968
Executive Department				
Salaries and employee benefits	321,492	314,698	6,794	310,312
Repairs and maintenance	1,500	1,398	102	-
Other operating expenditures	65,340	57,717	7,623	46,535
Total Executive Department	388,332	373,813	14,519	356,847
Finance Department				
Salaries and employee benefits	171,795	166,819	4,976	161,900
Other operating expenditures	21,700	14,900	6,800	11,920
Total Finance Department	193,495	181,719	11,776	173,820
Legal Department				
Salaries and employee benefits	11,636	11,636	-	11,634
Other operating expenditures	72,000	36,893	35,107	32,459
Total Legal Department	83,636	48,529	35,107	44,093
Public Works Facility				
Salaries and employee benefits	269,134	262,215	6,919	269,204
Other operating expenditures	41,300	36,137	5,163	32,633
Repairs and maintenance	26,500	22,714	3,786	16,230
Capital outlay	38,305	38,304	1	11,151
Total Public Works Facility	375,239	359,370	15,869	329,218
EMS Building				
Other operating expenditures	2,000	865	1,135	891

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Christmas Decorations				
Other operating expenditures	\$ 26,300	\$ 23,797	\$ 2,503	\$ 5,413
Non-departmental				
Salaries and employee benefits	3,500	1,911	1,589	-
Insurance	113,707	109,266	4,441	79,824
Landscape and beautification	6,000	2,293	3,707	3,478
Capital outlay	-	-	-	9,561
Other operating expenditures	42,253	38,943	3,310	26,131
Miscellaneous	63,000	10,544	52,456	9,177
Total Non-departmental	<u>228,460</u>	<u>162,957</u>	<u>65,503</u>	<u>128,171</u>
Town Hall				
Repairs and maintenance	41,900	30,257	11,643	13,487
Other operating expenditures	20,000	8,697	11,303	30,459
Total Town Hall	<u>61,900</u>	<u>38,954</u>	<u>22,946</u>	<u>43,946</u>
600 Central Avenue				
Other operating expenditures	<u>3,200</u>	<u>2,487</u>	<u>713</u>	<u>2,303</u>
Total General Government	<u>1,525,788</u>	<u>1,338,792</u>	<u>242,114</u>	<u>1,228,670</u>
Public safety				
Salaries and employee benefits	3,263,914	3,162,363	101,551	3,084,105
Other operating expenditures	368,850	346,238	22,612	361,498
Repairs and maintenance	73,000	58,693	14,307	119,105
Capital outlay	226,947	212,365	14,582	588,012
Total Public safety	<u>3,932,711</u>	<u>3,779,659</u>	<u>153,052</u>	<u>4,152,720</u>
Environmental Protection				
Operating expenditures	<u>27,000</u>	<u>17,674</u>	<u>9,326</u>	<u>14,614</u>
Economic and Physical Development				
Salaries and employee benefits	152,630	139,822	12,808	129,721
Other operating expenditures	105,874	41,159	64,715	15,016
Total Economic and Physical Dev.	<u>258,504</u>	<u>180,981</u>	<u>77,523</u>	<u>144,737</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Cultural and Recreation				
Non-departmental				
Salaries and employee benefits	\$ 112,016	\$ 110,473	\$ 1,543	\$ 105,295
Other operating expenditures	3,643	1,830	1,813	1,954
Capital outlay	38,000	34,197	3,803	145,869
Total Non-departmental	<u>153,659</u>	<u>146,500</u>	<u>7,159</u>	<u>253,118</u>
Gazebo Park				
Other operating expenditures	7,300	8,007	(707)	5,645
Repairs and maintenance	5,000	387	4,613	3,679
Total Gazebo Park	<u>12,300</u>	<u>8,394</u>	<u>3,906</u>	<u>9,324</u>
Sports Arena				
Operating expenditures	27,450	21,963	5,487	21,854
Repairs and maintenance	12,000	8,913	3,087	8,068
Total Sports Arena	<u>39,450</u>	<u>30,876</u>	<u>8,574</u>	<u>29,922</u>
Lake Holt				
Other operating expenditures	1,500	2,454	(954)	1,314
Repairs and maintenance	9,000	5,597	3,403	2,694
Total Lake Holt	<u>10,500</u>	<u>8,051</u>	<u>2,449</u>	<u>4,008</u>
Butner Athletic Park				
Salaries and employee benefits	43,207	41,833	1,374	34,321
Other operating expenditures	110,380	80,002	30,378	85,007
Repairs and maintenance	49,000	34,423	14,577	36,457
Capital outlay	-	-	-	97,934
Total Butner Athletic Park	<u>202,587</u>	<u>156,258</u>	<u>46,329</u>	<u>253,719</u>
D Street Ball Field				
Other operating expenditures	3,000	1,644	1,356	1,876
Repairs and maintenance	3,000	934	2,066	784
Total D Street Ball Field	<u>6,000</u>	<u>2,578</u>	<u>3,422</u>	<u>2,660</u>
Community Events				
Operating expenses	16,300	11,996	4,304	36,562
<b>Total Culture and Recreation</b>	<u>440,796</u>	<u>364,653</u>	<u>76,143</u>	<u>589,313</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	<u>2019</u>		<u>2018</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Transportation				
Other operating expenditures	\$ 156,166	\$ 20,258	\$ 135,908	\$ 21,108
Capital outlay	7,000	-	7,000	672,643
Total Transportation	<u>163,166</u>	<u>20,258</u>	<u>142,908</u>	<u>693,751</u>
Debt Service				
Principal retirement	399,643	399,643	-	398,802
Interest and other charges	43,943	35,117	8,826	45,323
Total Debt Service	<u>443,586</u>	<u>434,760</u>	<u>8,826</u>	<u>444,125</u>
Total Expenditures	<u>6,791,551</u>	<u>6,136,777</u>	<u>709,892</u>	<u>7,267,930</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(290,367)</u>	<u>619,341</u>	<u>909,708</u>	<u>(612,420)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from installment purchase	-	-	-	300,000
Proceeds from sale of capital assets	6,000	25,714	19,714	10,608
Insurance proceeds	26,478	29,728	3,250	22,092
Transfers (to) from CDBG Project Fund	(270,000)	-	270,000	-
Transfers (to) from Capital Project Funds	(1,183,801)	(1,150,714)	33,087	(55,000)
Total	<u>(1,421,323)</u>	<u>(1,095,272)</u>	<u>326,051</u>	<u>277,700</u>
Total other financing sources	<u>(1,421,323)</u>	<u>(1,095,272)</u>	<u>326,051</u>	<u>277,700</u>
Fund balance appropriated	<u>1,711,690</u>	<u>-</u>	<u>(1,711,690)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(475,931)</u>	<u>\$ (475,931)</u>	<u>(334,720)</u>
<b>FUND BALANCE – Beginning</b>		<u>8,465,059</u>		<u>8,799,779</u>
<b>FUND BALANCE – Ending</b>		<u>\$ 7,989,128</u>		<u>\$ 8,465,059</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Special Revenue Fund – Grant Project – CDBG Grant**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author- ization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
<b>REVENUES</b>					
Restricted intergovernmental:					
CDBG Grant	\$ 7,857,497	\$ 1,345,127	\$ 1,747,703	\$ 3,092,830	\$ (4,764,667)
Non-federal grant:					
Golden LEAF Foundation	120,000	-	120,000	120,000	-
Total revenues	<u>7,977,497</u>	<u>1,345,127</u>	<u>1,867,703</u>	<u>3,212,830</u>	<u>(4,764,667)</u>
<b>EXPENDITURES</b>					
Economic and physical development:					
Professional Services - Legal	80,000	62,090	13,947	76,037	3,963
Professional Services - Engineering	5,000	-	-	-	5,000
Professional Services - Other	210,000	1,700	81,839	83,539	126,461
Professional Services - Accounting	20,000	-	1,940	1,940	18,060
Postage	2,000	-	-	-	2,000
Legal Advertising	8,000	8,236	-	8,236	(236)
Capital Projects Expenditures	108,400	-	-	-	108,400
General Contractor	6,613,027	450,209	1,674,892	2,125,101	4,487,926
Architect Fee	586,641	519,044	27,035	546,079	40,562
Contract Administration	-	35,920	(35,920)	-	-
Bank Fees	1,600	1,028	158	1,186	414
Other administrative expenses	133,979	58,050	3,110	61,160	72,819
Clearance	208,850	208,850	-	208,850	-
Total expenditures	<u>7,977,497</u>	<u>1,345,127</u>	<u>1,767,001</u>	<u>3,112,128</u>	<u>4,865,369</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	100,702	<u>\$ 100,702</u>	<u>\$ 100,702</u>
<b>FUND BALANCE – Beginning</b>			-		
<b>FUND BALANCE – Ending</b>			<u>\$ 100,702</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author- ization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
<b>REVENUES</b>					
Central Avenue Sidewalk - Phase III Restricted intergovernmental NC Department of Commerce - Downtown Revitalization Grant	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Lyon Station Greenway Extension Restricted intergovernmental CMAQ Grant	197,600	-	-	-	(197,600)
Investment earnings	-	686	7,405	8,091	8,091
Total revenues	247,600	50,686	7,405	58,091	(189,509)
<b>EXPENDITURES</b>					
Central Avenue Sidewalk - Phase II Capital Outlay	96,913	97,021	-	97,021	(108)
Central Avenue Sidewalk - Phase III Capital Outlay	137,684	79,322	60,693	140,015	(2,331)
Lyon Station Greenway Extension Capital Outlay	247,000	-	9,679	9,679	237,321
Training Center Capital Outlay					
Professional Services - Legal	3,000	-	-	-	3,000
General Contractor	990,873	-	657,520	657,520	333,353
Architect Fee	49,500	-	26,326	26,326	23,174
Furnishings	58,200	-	-	-	58,200
Contingency	49,544	-	7,123	7,123	42,421
Subtotal	1,151,117	-	690,969	690,969	460,148
Total expenditures	1,632,714	176,343	761,341	937,684	695,030
<b>Excess of revenues over (under) expenditures</b>	<b>(1,385,114)</b>	<b>(125,657)</b>	<b>(753,936)</b>	<b>(879,593)</b>	<b>505,521</b>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>OTHER FINANCING SOURCES (USES)</b>					
Central Avenue Sidewalk - Phase II Transfers from (to) General Fund	\$ 96,913	\$ 130,000	\$ (33,087)	\$ 96,913	\$ -
Central Avenue Sidewalk - Phase III General Fund	32,110	55,000	(22,890)	32,110	-
General Fund - Powell Bill	55,574	-	55,574	55,574	-
Subtotal	87,684	55,000	32,684	87,684	-
Lyon Station Greenway Extension Transfers from (to) General Fund	49,400	-	-	-	(49,400)
Training Center Transfers from (to) General Fund	1,151,117	-	1,151,117	1,151,117	-
Total other financing sources (uses)	1,385,114	185,000	1,150,714	1,335,714	(49,400)
<b>Excess of revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 59,343</u>	396,778	<u>\$ 456,121</u>	<u>\$ 456,121</u>
<b>FUND BALANCE – Beginning</b>			<u>59,343</u>		
<b>FUND BALANCE – Ending</b>			<u>\$ 456,121</u>		



**TOWN OF BUTNER, NORTH CAROLINA**  
**Stormwater Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	<u>2019</u>		<b>Variance Positive (Negative)</b>	<b>2018 Actual</b>
	<u>Budget</u>	<u>Actual</u>		
<b>REVENUES</b>				
Stormwater fees	\$ 330,750	\$ 381,833	\$ 51,083	\$ 374,034
Investment earnings	7,289	13,209	5,920	5,975
Total revenues	<u>338,039</u>	<u>395,042</u>	<u>57,003</u>	<u>380,009</u>
<b>EXPENDITURES</b>				
Administration:				
Salaries and employee benefits	28,928	26,742	2,186	23,449
Professional services	62,000	48,480	13,520	68,339
Other operating expenditures	23,099	20,523	2,576	19,443
Total administration expenditures	<u>114,027</u>	<u>95,745</u>	<u>18,282</u>	<u>111,231</u>
Operating				
Salaries and employee benefits	126,034	107,870	18,164	66,586
Repairs and maintenance	50,000	6,641	43,359	52,666
Other operating expenditures	47,978	12	47,966	-
Total operating expenditures	<u>224,012</u>	<u>114,523</u>	<u>109,489</u>	<u>119,252</u>
Capital Outlay	-	-	-	479,066
Total expenditures	<u>338,039</u>	<u>210,268</u>	<u>127,771</u>	<u>709,549</u>
<b>Excess of revenues over (under) expenditures</b>	-	184,774	184,774	(329,540)
Fund balance appropriated	-	-	-	-
<b>Excess of revenues and fund balance appropriated over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 184,774</u>	<u>\$ 184,774</u>	<u>\$ (329,540)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Excess of revenues and other financing sources over (under) expenditures		\$ 184,774		\$ (329,540)
Reconciling items:				
Capital outlays		-		479,066
Deprecation expense		(16,756)		-
(Increase) decrease in accrued vacation pay		820		1,398
Deferred outflows of resources for contributions made to pension plan in current fiscal year		7,668		5,142
Pension expense		(14,474)		(6,061)
Total reconciling items		<u>(22,742)</u>		<u>479,545</u>
Change in net position		<u>\$ 162,032</u>		<u>\$ 150,005</u>

**OTHER SCHEDULES**

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2018</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2019</b>
2018-2019	\$ -	\$ 2,342,201	\$ 2,319,468	\$ 22,733
2017-2018	11,263	-	5,287	5,976
2016-2017	6,045	-	1,194	4,851
2015-2016	3,324	-	234	3,090
2014-2015	6,628	-	471	6,157
2013-2014	4,360	-	212	4,148
2012-2013	3,259	-	193	3,066
2011-2012	2,694	-	222	2,472
2010-2011	1,884	-	64	1,820
2009-2010	2,313	-	47	2,266
2008-2009	1,963	-	1,963	-
	<u>\$ 43,733</u>	<u>\$ 2,342,201</u>	<u>\$ 2,329,355</u>	<u>\$ 56,579</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 2,303,270
Reconciling items:	
Interest collected	(4,255)
Collections of previously written off taxes	(4)
Refunds	1,611
Discounts	19,120
Releases	7,686
Taxes written off	<u>1,927</u>
Total collections and credits	<u>\$ 2,329,355</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2019**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 627,690,255	0.365	\$ 2,290,647	\$ 2,081,029	\$ 209,618
Penalties	-		2,669	2,669	-
Total	<u>627,690,255</u>		<u>2,293,316</u>	<u>2,083,698</u>	<u>209,618</u>
Discoveries:					
Current year taxes	14,982,558	0.365	54,687	54,687	-
Prior year taxes	158,961	0.350	556	556	-
Total	<u>15,141,519</u>		<u>55,243</u>	<u>55,243</u>	<u>-</u>
Abatements					
Current year taxes	(1,742,022)	0.365	(6,358)	(6,358)	-
Total property valuation	<u>\$ 641,089,752</u>				
Net levy			2,342,201	2,132,583	209,618
Less Uncollected taxes at June 30, 2019			<u>22,733</u>	<u>22,733</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,319,468</u>	<u>\$ 2,109,850</u>	<u>\$ 209,618</u>
Current levy collection percentage			99.03%	98.93%	100.00%

## STATISTICAL SECTION

---

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	75-81
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	82-85
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	
Debt Capacity	86-89
These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	90-91
These schedules present information to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	92-94
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and	

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 16,356,206	\$ 18,154,840	\$ 19,958,818	\$ 21,292,289	\$ 24,268,264	\$ 24,540,380	\$ 24,805,361	\$ 24,578,387	\$ 25,429,983	\$ 26,023,677
Restricted	598,962	1,469,003	920,837	1,253,196	1,248,881	1,486,718	839,116	1,272,441	991,386	1,582,047
Unrestricted	7,130,080	5,662,599	5,977,572	5,259,198	6,133,100	6,114,066	7,032,529	6,854,840	6,619,643	5,891,600
Total governmental activities net position	<u>24,085,248</u>	<u>25,286,442</u>	<u>26,857,227</u>	<u>27,804,683</u>	<u>31,650,245</u>	<u>32,141,164</u>	<u>32,677,006</u>	<u>32,705,668</u>	<u>33,041,012</u>	<u>33,497,324</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	-	-	-	23,600	502,666	485,910
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	194,753	391,273	583,370	763,856	948,705	619,644	796,792
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,753</u>	<u>391,273</u>	<u>583,370</u>	<u>763,856</u>	<u>972,305</u>	<u>1,122,310</u>	<u>1,282,702</u>
Primary government										
Net investment in capital assets	16,356,206	18,154,840	19,958,818	21,292,289	24,268,264	24,540,380	24,805,361	24,601,987	25,932,649	26,509,587
Restricted	598,962	1,469,003	920,837	1,253,196	1,248,881	1,486,718	839,116	1,272,441	991,386	1,582,047
Unrestricted	7,130,080	5,662,599	5,977,572	5,453,951	6,524,373	6,697,436	7,796,385	7,803,545	7,239,287	6,688,392
Total primary government net position	<u>24,085,248</u>	<u>25,286,442</u>	<u>26,857,227</u>	<u>27,999,436</u>	<u>32,041,518</u>	<u>32,724,534</u>	<u>33,440,862</u>	<u>33,677,973</u>	<u>34,163,322</u>	<u>34,780,026</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities										
General government	\$ 1,356,775	\$ 1,419,448	\$ 1,494,552	\$ 1,460,223	\$ 1,446,897	\$ 1,659,989	\$ 1,378,065	\$ 1,415,122	\$ 1,325,556	\$ 1,457,056
Landscaping and beautification	305	-	-	-	-	-	-	-	-	-
Culture and recreation	58,379	52,447	65,706	125,997	207,853	202,301	723,733	664,814	680,951	694,356
Public safety	1,242,148	1,213,020	1,782,959	1,907,351	3,184,394	3,172,236	3,395,811	3,622,067	3,910,829	3,887,602
Environmental protection	-	38,785	205,978	19,168	4,947	4,860	20,678	34,328	20,324	28,115
Economic and physical development	-	99,092	108,270	109,651	150,102	423,459	292,565	749,632	659,726	1,958,188
Transportation	103,254	38,416	10,563	4,572	22,388	-	144,535	100,132	125,313	112,206
Interest on long-term debt	-	-	58,500	73,952	-	-	-	-	45,323	35,117
Total governmental activities expenses	<u>2,760,861</u>	<u>2,861,208</u>	<u>3,726,528</u>	<u>3,700,914</u>	<u>5,016,581</u>	<u>5,462,845</u>	<u>5,955,387</u>	<u>6,586,095</u>	<u>6,768,022</u>	<u>8,172,640</u>
Business-type activities										
Stormwater	-	-	-	145,912	167,796	174,230	159,677	155,825	230,004	234,650
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,912</u>	<u>167,796</u>	<u>174,230</u>	<u>159,677</u>	<u>155,825</u>	<u>230,004</u>	<u>234,650</u>
Total expenses	<u>2,760,861</u>	<u>2,861,208</u>	<u>3,726,528</u>	<u>3,846,826</u>	<u>5,184,377</u>	<u>5,637,075</u>	<u>6,115,064</u>	<u>6,741,920</u>	<u>6,998,026</u>	<u>8,407,290</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services:										
General government	529,893	2,130	207,217	262,172	58,641	69,319	981,131	975,565	68,456	68,372
Landscaping and beautification	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	15,778	-	-	80,854	99,217	-	-	106,304	115,076
Public safety	-	-	-	-	738	801,815	-	-	837,135	868,625
Environmental protection	-	-	-	-	-	4,987	-	-	5,239	5,912
Economic and physical development	-	4,870	-	-	78,313	127,729	-	-	607,556	11,325
Transportation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-									
General government	-	504,317	500,000	500,000	541,219	500,345	771,216	771,253	525,000	502,574
Landscaping and beautification	-	-	-	-	-	-	-	-	-	-
Culture and recreation	63,694	56,405	-	40,000	-	-	-	-	5,000	-
Public safety	-	-	-	-	869,484	88,998	-	-	86,481	84,324
Environmental protection	-	-	130,599	4,322	4,703	-	-	-	-	-
Transportation	146,777	147,985	175,823	181,080	183,396	183,643	-	-	191,205	192,805
Capital grants and contributions										
General government	-	413,500	-	-	-	-	120,173	591,262	-	-
Landscaping and beautification	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	506,405	57,082	50,000	-	-	-	-	-
Public safety	49,920	-	-	-	3,302	121,869	-	-	6,062	5,654
Economic and physical development	-	-	-	-	-	-	-	-	231,713	1,833,365
Transportation	-	153,100	205,102	-	278,612	-	-	-	-	36,654
Total governmental activities program revenue	<u>790,284</u>	<u>1,298,085</u>	<u>1,725,146</u>	<u>1,044,656</u>	<u>2,149,262</u>	<u>1,997,922</u>	<u>1,872,520</u>	<u>2,338,080</u>	<u>2,670,151</u>	<u>3,724,686</u>
Business-type activities										
Stormwater	-	-	-	340,583	364,316	365,275	340,163	364,274	374,034	381,833
Total business-type activities program revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,583</u>	<u>364,316</u>	<u>365,275</u>	<u>340,163</u>	<u>364,274</u>	<u>374,034</u>	<u>381,833</u>
Total program revenues	<u>790,284</u>	<u>1,298,085</u>	<u>1,725,146</u>	<u>1,385,239</u>	<u>2,513,578</u>	<u>2,363,197</u>	<u>2,212,683</u>	<u>2,702,354</u>	<u>3,044,185</u>	<u>4,106,519</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense) revenue										
Governmental Activities										
General government	(826,882)	(499,501)	(787,335)	(698,051)	(847,037)	(1,090,325)	494,455	922,958	(732,100)	(886,110)
Landscaping and beautification	(305)	-	-	-	-	-	-	-	-	-
Culture and recreation	5,315	19,736	440,699	(28,915)	(76,999)	(103,084)	(723,733)	(664,814)	(569,647)	(579,280)
Public safety	(1,192,228)	(1,213,020)	(1,782,959)	(1,907,351)	(2,310,870)	(2,159,554)	(3,395,811)	(3,622,067)	(2,981,151)	(2,928,999)
Environmental protection	-	(38,785)	(75,379)	(14,846)	(244)	127	(20,678)	(34,328)	(15,085)	(22,203)
Economic development	-	(94,222)	(108,270)	(109,651)	(71,789)	(295,730)	(292,565)	(749,632)	179,543	(113,498)
Transportation	43,523	262,669	370,362	176,508	439,620	183,643	(144,535)	(100,132)	65,892	117,253
Interest on long-term debt	-	-	(58,500)	(73,952)	-	-	-	-	(45,323)	(35,117)
Total governmental activities	<u>(1,970,577)</u>	<u>(1,563,123)</u>	<u>(2,001,382)</u>	<u>(2,656,258)</u>	<u>(2,867,319)</u>	<u>(3,464,923)</u>	<u>(4,082,867)</u>	<u>(4,248,015)</u>	<u>(4,097,871)</u>	<u>(4,447,954)</u>
Business-type activities										
Stormwater	-	-	-	194,671	196,520	191,045	180,486	208,449	144,030	147,183
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,671</u>	<u>196,520</u>	<u>191,045</u>	<u>180,486</u>	<u>208,449</u>	<u>144,030</u>	<u>147,183</u>
Total net (expense) revenue	<u>(1,970,577)</u>	<u>(1,563,123)</u>	<u>(2,001,382)</u>	<u>(2,461,587)</u>	<u>(2,670,799)</u>	<u>(3,273,878)</u>	<u>(3,902,381)</u>	<u>(4,039,566)</u>	<u>(3,953,841)</u>	<u>(4,300,771)</u>
<b>General Revenues, Transfers and Changes in Net Position</b>										
Governmental Activities										
Property taxes	1,310,323	1,353,132	1,964,324	1,932,652	2,041,262	2,004,461	2,046,260	2,099,492	2,162,115	2,315,455
Grants and contributions not restricted to specific programs	-	1,342,165	1,591,122	1,649,993	1,742,899	1,901,548	2,022,008	2,203,479	2,274,342	2,390,093
Other taxes and licenses	1,384,719	-	-	-	-	-	-	-	-	-
Other	-	58,373	12,585	17,831	1,447	5,773	20,696	14,883	44,870	32,465
Investment earnings	14,210	10,647	4,136	3,238	11,004	1,616	17,252	43,550	103,665	166,253
Unrestricted miscellaneous	13,572	-	-	-	-	-	-	-	-	-
Special and extraordinary items	-	-	-	-	2,916,269	-	481,659	24,556	-	-
Total general revenues and transfers	<u>2,722,824</u>	<u>2,764,317</u>	<u>3,572,167</u>	<u>3,603,714</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,584,992</u>	<u>4,904,266</u>
Total governmental activities	<u>2,722,824</u>	<u>2,764,317</u>	<u>3,572,167</u>	<u>3,603,714</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,584,992</u>	<u>4,904,266</u>
Business-type activities										
Stormwater										
Investment earnings	-	-	-	-	-	-	-	-	5,975	13,209
Other	-	-	-	82	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,975</u>	<u>13,209</u>
Total general revenues and transfers	<u>2,722,824</u>	<u>2,764,317</u>	<u>3,572,167</u>	<u>3,603,796</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,590,967</u>	<u>4,917,475</u>
Restatements (1)										
Governmental Activities	-	-	-	-	-	42,444	30,834	(109,283)	(151,777)	-
Business-type activities	-	-	-	-	-	1,052	-	-	-	-
Total restatements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,496</u>	<u>30,834</u>	<u>(109,283)</u>	<u>(151,777)</u>	<u>-</u>
<b>Change in Net Position</b>										
Governmental activities	752,247	1,201,194	1,570,785	947,456	3,845,562	490,919	535,842	28,662	335,344	456,312
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,753</u>	<u>196,520</u>	<u>192,097</u>	<u>180,486</u>	<u>208,449</u>	<u>150,005</u>	<u>160,392</u>
Total primary government	<u>752,247</u>	<u>1,201,194</u>	<u>1,570,785</u>	<u>1,142,209</u>	<u>4,042,082</u>	<u>683,016</u>	<u>716,328</u>	<u>237,111</u>	<u>485,349</u>	<u>616,704</u>

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



TABLE 3

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

<b>Fiscal Year Ended June 30</b>	<b>Property</b>	<b>Local Sales</b>	<b>Franchise</b>	<b>Beer and Wine</b>	<b>Other</b>	<b>Total</b>
2010	\$ 1,310,323	\$ 949,521	\$ 421,827	\$ 9,048	\$ 4,323	\$ 2,273,215
2011	1,353,132	897,425	416,669	28,071	4,317	2,282,945
2012	1,964,324	1,130,668	427,460	32,994	5,199	3,133,185
2013	1,932,652	1,199,372	391,184	30,975	4,322	3,167,321
2014	2,041,262	1,255,958	416,794	33,673	4,991	3,335,884
2015	2,004,461	1,375,636	452,684	36,858	1,987	3,418,942
2016	2,046,260	1,452,434	495,961	34,154	-	3,532,848
2017	2,099,492	1,681,889	466,955	35,250	225	3,816,856
2018	2,165,115	1,763,437	464,105	34,130	5,239	3,967,921
2019	2,315,455	1,873,195	472,381	34,381	-	4,223,031

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ -	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ -	\$ 12,629	\$ -	\$ -
Restricted										
Stabilization by state statute	283,576	946,082	422,281	569,239	420,806	747,778	474,185	744,524	627,322	1,081,021
Streets - Powell Bill	598,962	508,699	484,631	676,836	539,703	712,289	364,931	527,917	364,064	501,026
Committed:										
Capital Projects	-	-	-	5,000	-	-	49,400	49,400	49,400	49,400
General government	-	51,965	51,994	52,018	54,024	119,244	93,464	93,861	94,975	97,001
Cultural and recreational	-	586,258	76,920	76,955	76,963	76,977	77,146	77,474	78,394	80,066
Public Safety - LEO Special Separation Allowance	-	-	-	-	75,001	150,017	225,353	301,368	377,452	385,501
Transportation	-	54,383	-	-	-	-	48,479	-	-	-
Assigned										
Subsequent year's expenditures	178,400	2,096,238	585,000	-	-	153,429	1,383,961	1,106,250	671,448	72,074
Capital projects	-	-	-	-	-	-	-	-	23,244	23,244
Unassigned	6,495,992	2,681,046	4,043,475	5,263,520	6,151,384	5,810,818	5,383,135	5,886,356	6,178,760	5,699,795
Total general fund	<u>7,556,930</u>	<u>6,924,681</u>	<u>5,664,311</u>	<u>6,643,578</u>	<u>7,317,891</u>	<u>7,770,562</u>	<u>8,100,054</u>	<u>8,799,779</u>	<u>8,465,059</u>	<u>7,989,128</u>
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted										
Streets - Powell Bill	-	-	11,722	-	-	-	-	-	-	-
Grant Projects	-	-	2,203	166	2,203	(12,941)	-	-	-	-
Capital Projects	-	-	-	6,955	-	-	-	-	-	-
Committed:										
Capital Projects	(20,388)	116,996	1,173,125	(41,003)	244,880	26,667	33,089	33,200	59,343	100,702
Grant Projects	-	-	10,434	-	41,289	266	4	227	-	456,121
Assigned:	-	-	-	-	-	-	-	-	-	-
Unassigned:	-	-	-	19,660	-	-	-	-	-	-
Total all other governmental funds	<u>(20,388)</u>	<u>116,996</u>	<u>1,197,484</u>	<u>(14,222)</u>	<u>288,372</u>	<u>13,992</u>	<u>33,093</u>	<u>33,427</u>	<u>59,343</u>	<u>556,823</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Ad Valorem taxes	\$ 1,285,748	\$ 1,328,640	\$ 1,929,043	\$ 2,021,134	\$ 2,028,498	\$ 2,040,171	\$ 2,037,659	\$ 2,187,877	\$ 2,222,011	\$ 2,303,270
Other taxes and licenses	949,521	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues	435,198	1,342,165	1,591,122	1,649,993	3,117,086	3,296,097	3,397,379	3,577,896	3,701,784	3,847,145
Restricted intergovernmental revenues	260,391	861,410	1,517,929	784,540	549,466	342,849	365,460	825,775	834,632	1,992,002
Sales and services	531,423	15,778	84,098	89,459	88,926	96,409	87,352	85,100	123,176	127,013
Permits and fees	12,042	7,000	123,119	172,713	95,464	164,509	45,021	52,844	45,923	13,684
Investment earnings	14,210	11,044	4,136	3,238	11,004	1,616	17,253	43,550	110,931	176,297
Other revenue	-	59,671	13,308	7,980	41,662	8,921	14,153	8,354	181,264	171,815
<b>Total Revenues</b>	<b>3,488,533</b>	<b>3,625,708</b>	<b>5,262,755</b>	<b>4,729,057</b>	<b>5,932,106</b>	<b>5,950,572</b>	<b>5,964,277</b>	<b>6,781,396</b>	<b>7,219,721</b>	<b>8,631,226</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	1,444,035	1,168,992	1,118,805	1,024,191	2,084,667	1,624,870	1,204,686	1,230,871	1,228,670	1,338,792
Public safety	1,242,148	1,212,264	1,782,959	1,907,351	2,947,543	3,046,514	3,281,569	3,263,389	4,152,720	3,779,659
Environmental protection	-	38,785	205,978	19,168	4,947	4,860	19,751	24,620	14,614	17,674
Economic and physical development	-	99,092	107,894	108,805	150,214	289,854	182,074	157,607	144,737	1,947,982
Culture and recreation	333,237	52,447	134,307	142,728	176,983	312,707	348,216	362,412	589,313	364,653
Landscaping and beautification	305	-	-	-	-	-	-	-	-	-
Transportation	775,040	241,669	69,900	4,572	22,388	-	534,201	141,387	693,751	20,258
Capital outlay	-	3,303,060	2,762,875	1,385,106	365,303	180,470	186,760	589,116	593,295	761,341
<b>Debt service:</b>										
Issuance cost	-	7,500	1,900	-	-	-	-	-	-	-
Principal	-	-	200,000	300,000	300,000	300,000	300,000	300,000	398,802	399,643
Interest	-	-	58,500	85,350	78,422	68,720	59,370	49,941	45,323	35,117
<b>Total expenditures</b>	<b>3,794,765</b>	<b>6,123,809</b>	<b>6,443,118</b>	<b>4,977,271</b>	<b>6,130,467</b>	<b>5,827,995</b>	<b>6,116,627</b>	<b>6,119,343</b>	<b>7,861,225</b>	<b>8,665,119</b>
Excess of revenues over (under) expenditures	(306,232)	(2,498,101)	(1,180,363)	(248,214)	(198,361)	122,577	(152,350)	662,053	(641,504)	(33,893)
<b>Other financing sources (uses)</b>										
Debt proceeds	-	2,000,000	1,000,000	-	-	-	-	-	300,000	-
Proceeds from sale of capital assets	387,000	3,236	481	15,775	20,457	38,854	4,000	5,762	10,608	25,714
Insurance proceeds	-	-	-	-	198,220	16,860	15,284	7,688	22,092	29,728
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>387,000</b>	<b>2,003,236</b>	<b>1,000,481</b>	<b>15,775</b>	<b>218,677</b>	<b>55,714</b>	<b>19,284</b>	<b>13,450</b>	<b>332,700</b>	<b>55,442</b>
<b>Special and Extraordinary Items</b>										
Acquisition of Butner Public Safety	-	-	-	-	956,591	-	-	-	-	-
Proceeds from sale of timber	-	-	-	-	-	-	114,430	24,556	-	-
Transfers in (State of North Carolina)	-	-	-	-	-	-	367,229	-	-	-
<b>Total special and extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>956,591</b>	<b>-</b>	<b>481,659</b>	<b>24,556</b>	<b>-</b>	<b>-</b>
Net change in fund balance	80,768	(494,865)	(179,882)	(232,439)	976,907	178,291	348,593	700,059	(308,804)	21,549
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	7.56%	12.02%	7.03%	6.98%	6.45%	6.76%	6.51%	5.82%

TABLE 6

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

<b>Fiscal Year Ended June 30</b>	<b>Property</b>	<b>Local Sales</b>	<b>Franchise</b>	<b>Beer and Wine</b>	<b>Other</b>	<b>Total</b>
2010	\$ 1,285,748	\$ 949,521	\$ 421,827	\$ 9,048	\$ 4,323	\$ 2,248,640
2011	1,328,640	897,425	416,669	28,071	4,317	2,258,453
2012	1,929,043	1,130,668	427,460	32,994	5,199	3,097,904
2013	2,021,134	1,199,372	391,184	30,975	4,322	3,255,803
2014	2,028,498	1,255,958	416,794	33,673	4,991	3,323,120
2015	2,040,171	1,375,636	452,684	36,858	1,987	3,454,652
2016	2,011,967	1,452,434	495,961	34,154	-	3,498,555
2017	2,157,423	1,681,889	466,955	35,250	225	3,874,787
2018	2,222,011	1,763,437	464,105	34,130	5,239	4,024,817
2019	2,303,270	1,873,195	472,381	34,381	-	4,210,846

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

<b>Fiscal Year Ended June 30</b>	<b>Property Excluding Motor Vehicles</b>	<b>Motor Vehicles</b>	<b>Plus Discoveries</b>	<b>Less Abatements</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Taxable/Market Value</b>	<b>Assessed Value as a Percentage of Market Value</b>
2010	\$ 483,486,620	\$ 38,394,180	\$ 4,095,840	\$ (6,356,400)	519,620,240	0.250	1,299,051	1,118,483	86.10%
2011	493,981,754	38,918,246	6,351,376	(2,247,379)	537,003,997	0.25	1,342,510	1,155,901	86.10%
2012	500,174,286	40,921,484	24,088,286	(1,314,000)	563,870,056	0.35	1,973,545	1,699,222	86.10%
2013	512,679,645	41,645,961	5,587,480	(772,289)	559,140,797	0.35	1,956,993	1,684,971	86.10%
2014	518,924,855	57,463,753	8,418,431	(476,029)	584,331,010	0.35	2,045,159	1,760,881	86.10%
2015	519,880,571	46,065,127	8,298,000	(1,367,143)	572,876,555	0.35	2,005,068	1,726,363	86.10%
2016	523,384,465	51,855,543	7,634,511	(252,531)	582,621,988	0.35	2,039,177	1,755,731	86.10%
2017	584,944,123	53,964,920	13,167,373	(3,227,115)	648,849,301	0.365	2,368,300	2,039,106	86.10%
2018	545,938,166	53,016,712	12,363,882	(675,704)	610,643,056	0.365	2,228,847	1,961,385	88.00%
2019	568,403,100	59,287,155	15,141,519	(1,742,022)	641,089,752	0.365	2,339,978	2,059,180	88.00%

Source: Granville County Tax Department

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

---

<b>Fiscal Year</b>	<b>Town of Butner</b>	<b>Granville County</b>	<b>Combined Rate Per \$100 of Assessed Valuation</b>
2010	0.250	0.825	1.075
2011	0.250	0.795	1.045
2012	0.350	0.795	1.145
2013	0.350	0.795	1.145
2014	0.350	0.830	1.180
2015	0.350	0.830	1.180
2016	0.365	0.880	1.245
2017	0.365	0.880	1.245
2018	0.365	0.880	1.245
2019	0.365	0.880	1.245

TABLE 9

**TOWN OF BUTNER, NORTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2019  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

	2019			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<b><u>Taxpayer</u></b>						
Altec Industries, Inc.	\$ 19,984,068	1	3.12%	10,110,469	6	1.96%
Safway	19,933,911	2	3.11%			
Delhaize American Distribution	19,315,850	3	3.01%			
Carefusion Manufacturiing LLC	14,438,887	4	2.25%			
Goldsboro Properties LLC	14,031,229	5	2.19%	14,381,391	3	2.79%
NWI Butner Limited Partnership	12,086,458	6	1.89%			
ABP NC Butner LLC	11,104,618	7	1.73%	9,836,242	7	1.91%
Newton Instruments Co. Inc.	10,522,908	8	1.64%	12,183,212	4	2.36%
AWNC, Inc.	9,906,855	9	1.55%			
Ritchie Brother Properties, Inc.	8,471,219	10	1.32%			
Cardinal Health Manufacturing				18,954,756	1	3.68%
Butner Acquisition Co. LLC				18,550,812	2	3.60%
Carolina Sunrock LLC				11,018,567	5	2.14%
C MAC Network Systems, Inc.				8,540,253	8	1.66%
Food Lion LLC DC9				7,436,294	9	1.44%
J M Manufacturing Company, Inc.				6,432,753	10	1.25%
Totals	<u>\$ 139,796,003</u>		21.81%	<u>\$ 111,011,996</u>		21.53%

Source: Granville County Tax Department

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

<b>Tax Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2009	\$ 1,289,283	\$ 1,236,613	95.91%	\$ 50,756	\$ 1,287,369	99.85%
2010	1,299,051	1,251,972	96.38%	44,641	1,296,613	99.81%
2011	1,341,574	1,298,531	96.79%	41,379	1,339,910	99.88%
2012	1,958,941	1,903,000	97.14%	53,778	1,956,778	99.89%
2013	1,956,993	1,907,598	97.48%	42,878	1,950,476	99.67%
2014	2,045,159	1,998,222	97.70%	13,758	2,011,980	98.38%
2015	2,040,819	2,031,468	99.54%	6,261	2,037,729	99.85%
2016	2,207,707	2,194,490	99.40%	8,366	2,202,856	99.78%
2017	2,238,221	2,226,958	99.50%	5,287	2,232,245	99.73%
2018	2,342,201	2,319,468	99.03%		2,319,468	99.03%

Source: Granville County Tax Department



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

<b>Governmental Activities</b>						
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Installment Obligations</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Per Capita</b>	<b>Percentage of Personal Income</b>
2010	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2011	-	-	-	-	-	0.00%
2012	-	2,800,000	-	2,800,000	363.73	1.73%
2013	-	2,500,000	-	2,500,000	323.50	1.58%
2014	-	2,200,000	-	2,200,000	284.68	1.54%
2015	-	1,900,000	-	1,900,000	244.72	1.20%
2016	-	1,600,000	-	1,600,000	208.31	1.01%
2017	-	1,300,000	-	1,300,000	167.14	0.79%
2018	-	1,201,198	-	1,201,198	153.61	0.72%
2019	-	801,555	-	801,555	99.75	0.46%

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

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEPT**  
**AS OF JUNE 30, 2019**  
**(UNAUDITED)**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
Granville County	\$ 85,727,366	13.27%	\$ 11,374,453
Town of Butner direct debt			<u>801,555</u>
Total direct and overlapping debt			<u><u>12,176,008</u></u>

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

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

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

---

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Personal Income</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2010	\$ -	\$ -	\$ -	0.00%	0.00%	0
2011	-	-	-	0.00%	0.00%	0
2012	-	-	-	0.00%	0.00%	0
2013	-	-	-	0.00%	0.00%	0
2014	-	-	-	0.00%	0.00%	0
2015	-	-	-	0.00%	0.00%	0
2016	-	-	-	0.00%	0.00%	0
2017	-	-	-	0.00%	0.00%	0
2018	-	-	-	0.00%	0.00%	0
2019	-	-	-	0.00%	0.00%	0

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

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

	Fiscal year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 41,569,619	\$ 38,960,320	\$ 39,350,254	\$ 39,731,264	\$ 42,346,481	\$ 42,030,124	\$ 42,819,201	\$ 44,987,503	\$ 45,513,994	\$ 49,240,388
Total net debt applicable to limit	-	2,000,000	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	1,023,396
Legal debt margin	<u>\$ 41,569,619</u>	<u>\$ 40,960,320</u>	<u>\$ 42,150,254</u>	<u>\$ 42,231,264</u>	<u>\$ 44,546,481</u>	<u>\$ 43,930,124</u>	<u>\$ 44,419,201</u>	<u>\$ 46,287,503</u>	<u>\$ 46,715,192</u>	<u>\$ 50,263,784</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	5.13%	7.12%	6.29%	5.20%	4.52%	3.74%	2.89%	2.64%	2.08%
<b>Legal Debt Margin Calculation for Fiscal Year 2010</b>										
Assessed value	\$519,620,240	537,003,997	\$561,878,172	\$559,140,797	\$584,331,010	\$572,876,556	\$575,240,008	\$594,843,783	\$598,954,878	\$641,089,752
Add back: exempt real property	-	-	-	-	-	-	-	-	-	-
Total assessed value	<u>519,620,240</u>	<u>537,003,997</u>	<u>561,878,172</u>	<u>559,140,797</u>	<u>584,331,010</u>	<u>572,876,556</u>	<u>575,240,008</u>	<u>594,843,783</u>	<u>598,954,878</u>	<u>641,089,752</u>
Debt limit (8% of total assessed value)	41,569,619	42,960,320	44,950,254	44,731,264	46,746,481	45,830,124	46,019,201	47,587,503	47,916,390	51,287,180
Debt applicable to the limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Installment Obligations	-	2,000,000	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	1,023,396
Lease Financing Agreements - Governmental Activities	-	-	-	-	-	-	-	-	-	-
Lease Financing Agreements - Business-type Activities	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	<u>-</u>	<u>2,000,000</u>	<u>2,800,000</u>	<u>2,500,000</u>	<u>2,200,000</u>	<u>1,900,000</u>	<u>1,600,000</u>	<u>1,300,000</u>	<u>1,201,198</u>	<u>1,023,396</u>
Legal debt margin	<u>\$ 41,569,619</u>	<u>\$ 40,960,320</u>	<u>\$ 42,150,254</u>	<u>\$ 42,231,264</u>	<u>\$ 44,546,481</u>	<u>\$ 43,930,124</u>	<u>\$ 44,419,201</u>	<u>\$ 46,287,503</u>	<u>\$ 46,715,192</u>	<u>\$ 50,263,784</u>

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

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

Source 1: North Carolina Department of the State Demographer

Source 2: United States Bureau of Economic Analysis  
2018 and 2019 based on an estimated 1.75% increase per year based on history.

Source 3: North Carolina Division of Employment Security

Source 4: North Carolina Department of Public Instruction

Source 5: Granville County Schools

\* Based on Granville County Schools as a whole.

<sup>^</sup> In 2014 Falls Lake Academy Charter School opened. The Charter School is included in enrollment for 2014 and later years.

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

<b>2019</b>			<b>2009</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
NC DHHS (Murdoch Center)	1,650	1	NC DHHS	1,659	1
Altec	736	2	Flextronics	350	2
Food Lion Distribution Center	500	3	Altec	350	3
Carolina Sunrock	150	4	Newton Instruments	175	4
Newton Instruments	130	5	PalletOne of North Carolina	175	5
Falls Lake Academy	120	6	Hanes Dye and Finishing	125	6
Granville County Schools	116	7	Carolina Sunrock	125	7
AW North Carolina	100	8	Granville County Schools	120	8
Pallet One	100	8			
Firstmark Aerospace	85	9			
Stay Online	75	10			
	<u>3,762</u>			<u>3,079</u>	

Source: Information from Granville Economic Development Commission

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Function</b>										
General government	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00
Economic Development	1.00	1.00	1.00	1.75	1.75	1.75	1.75	1.75	1.80	1.80
Culture and recreation	0.00	0.00	0.00	1.00	3.75	1.98	1.98	2.00	2.00	2.00
Public safety	0.00	0.00	0.00	0.00	38.00	38.00	38.00	38.00	42.00	42.00
Transportation	6.00	6.00	6.00	6.00	6.00	6.67	6.67	6.00	6.00	6.00
<b>Total</b>	11.00	11.00	11.00	12.75	54.50	53.40	53.40	52.75	56.80	56.80

Source: Town of Butner Finance Department

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Function</b>										
Public Safety ^										
Incident Reports	N/A	N/A	N/A	N/A	664	670	633	492	621	664
Arrests	N/A	N/A	N/A	N/A	272	240	202	237	272	251
Court Papers	N/A	N/A	N/A	N/A	1,031	1,078	1,239	1,339	1,183	1,106
Number of Fire Calls Answered	N/A	N/A	N/A	N/A	339	386	433	404	420	443
Planning/Zoning #										
Number of Zoning Permits Issued	115	74	72	72	54	50	79	91	81	102

Source: Town of Butner Planning Department & Butner Public Safety

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



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Function</b>										
Public Safety										
Public Safety stations	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Highways and streets										
Streets (miles)	14	14	14	14	14	14	16.96	16.96	16.96	16.96
Culture and recreation										
Parks	1	1	2	2	2	2	2	2	2	2
Gyms	1	1	1	1	1	1	1	1	1	1

Source: Town of Butner Finance Department

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

**COMPLIANCE SECTION**



**William L. Stark and Company**  
Certified Public Accountants

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

To the Town Council  
Town of Butner, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Butner's basic financial statements, and have issued our report thereon dated December 3, 2019.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*William L. Stark and Company*

Certified Public Accountants  
Henderson, North Carolina

December 3, 2019



**William L. Stark and Company**  
Certified Public Accountants

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

To the Town Council  
Town of Butner, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Butner's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Butner's major federal programs for the year ended June 30, 2019. The Town of Butner's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## **Opinion on Each Major Federal Program**

In our opinion, the Town of Butner complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

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

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

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

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

*William L. Stark and Company*

Certified Public Accountants  
Henderson, North Carolina

December 3, 2019

**TOWN OF BUTNER, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2019**

---

**Section I. Summary of Auditor's Results**

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?             Yes        X   No

Significant deficiency(s) identified?             Yes        X   None reported

Noncompliance material to financial statements noted?             Yes        X   No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?             Yes        X   No

Significant deficiency(s) identified?             Yes        X   None reported

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

Unmodified

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

Identification of major federal programs:

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

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

\$ 750,000

Auditee qualified as low-risk auditee?             Yes        X   No

**TOWN OF BUTNER, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2019**

---

**Section II.      Financial Statement Findings**

None reported.

**Section III.     Federal Award Findings and Questioned Costs**

None reported.

**Section IV.     State Award Findings and Questioned Costs**

None reported.

**Section V.      Summary of Prior Year Audit Findings**

None reported.



**TOWN OF BUTNER, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2019**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
<b>FEDERAL AWARDS</b>					
<u>U.S. Department of Housing and Urban Development –</u>					
Passed through N.C. Dept. of Commerce:					
Community Development Block Grant, NC Catalyst Program	14.228	13-J-2619	\$ 1,747,703	\$ -	\$ 1,747,703
<u>U.S. Department of Justice</u>					
Bureau of Justice Assistance					
Passed through N.C. Dept. of Public Safety and Public Safety:					
Bulletproof Vest Partnership Program	16.607		5,654	-	-
<b>Total Federal Awards</b>			<u>1,753,357</u>	<u>-</u>	<u>1,747,703</u>
<b>STATE AWARDS</b>					
<u>N.C. Department of Insurance</u>					
State Fire Protection			-	84,324	-
<u>N.C. Department of Transportation</u>					
Powell Bill		38290	-	55,574	-
<b>Total State Awards</b>			<u>-</u>	<u>139,898</u>	<u>-</u>
<b>Total Federal and State Awards</b>			<u>\$ 1,753,357</u>	<u>\$ 139,898</u>	<u>\$ 1,747,703</u>

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

1 Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Butner, under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town of Butner, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Town.

2 Summary of Significant Accounting Policies

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

3 Indirect Cost Rate

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