

**REVIEWED**

*By SLGFD at 2:59 pm, Dec 22, 2021*



**TOWN OF BUTNER, NORTH CAROLINA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the fiscal year ended  
June 30, 2021**

Prepared by:

Town of Butner Finance Department

**TOWN OF BUTNER, NORTH CAROLINA**  
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## **INTRODUCTORY SECTION**

***Town of Butner***  
*P. O. Box 270*  
*Butner, NC 27509*  
*Tel 919-575-3032 Fax 919-575-3034*  
[www.butnernc.org](http://www.butnernc.org)

*Terry Turner, Mayor*

*Thomas S. Marrow, Manager*



November 18, 2021

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, 2021.

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 has been 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, 2021, 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 3.2%, as businesses have aggressively hired workers as they have begun to resume normal operations after many were forced to close or scale back operations during the pandemic. The long term affects of COVID-19 on the local economy is unknown. Several industries in the area have plans for expansion of their current operations. Butner is in a prime area for industrial development: we are located on Interstate 85 and within an hour of the Research Triangle Park, North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill.

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

The Town has acquired a large property in a prime area of town and is seeking input from the public and economic development professionals as to how best develop the property. Plans are also being considered to develop a Town Center to draw in residents and visitors and encourage commerce in the area.

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

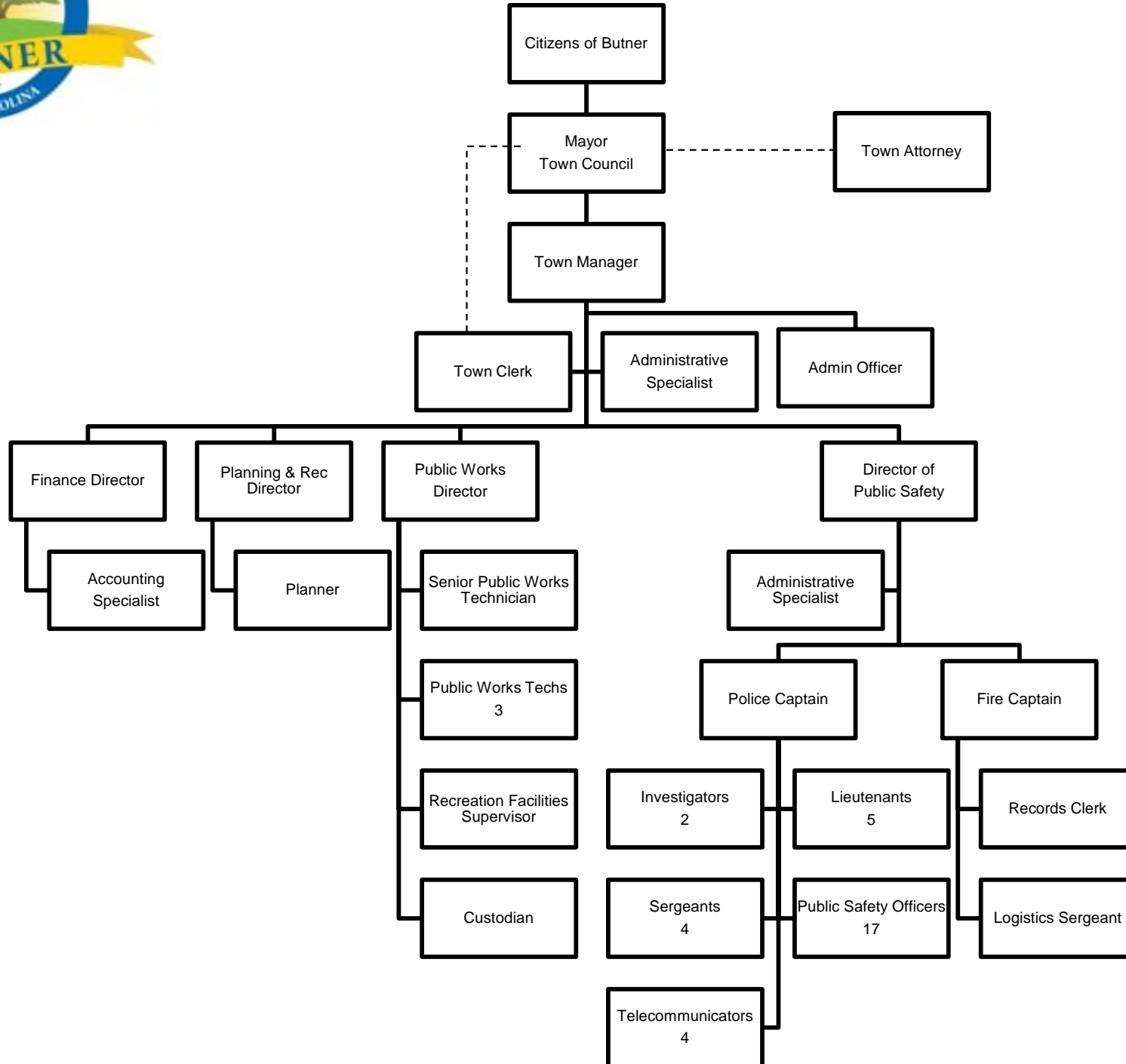


Susan C. Hiscocks  
Finance Director





# Town of Butner Organizational Chart



Town of Butner  
List of Elected and Appointed Officials  
June 30, 2021

Elected Officials

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

Terry Turner  
William J. McKellar  
Michel Branch  
Judy Cheek  
Linda Jordon  
Thomas W. Lane  
Vickie Smoak

Appointed Officials

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

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Butner  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



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

**INDEPENDENT AUDITOR'S REPORT**

To the Butner Town Council  
Town of Butner, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina, as of and for the year ended June 30, 2021, 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, 2021, 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 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 November 18, 2021 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

November 18, 2021

## **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, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

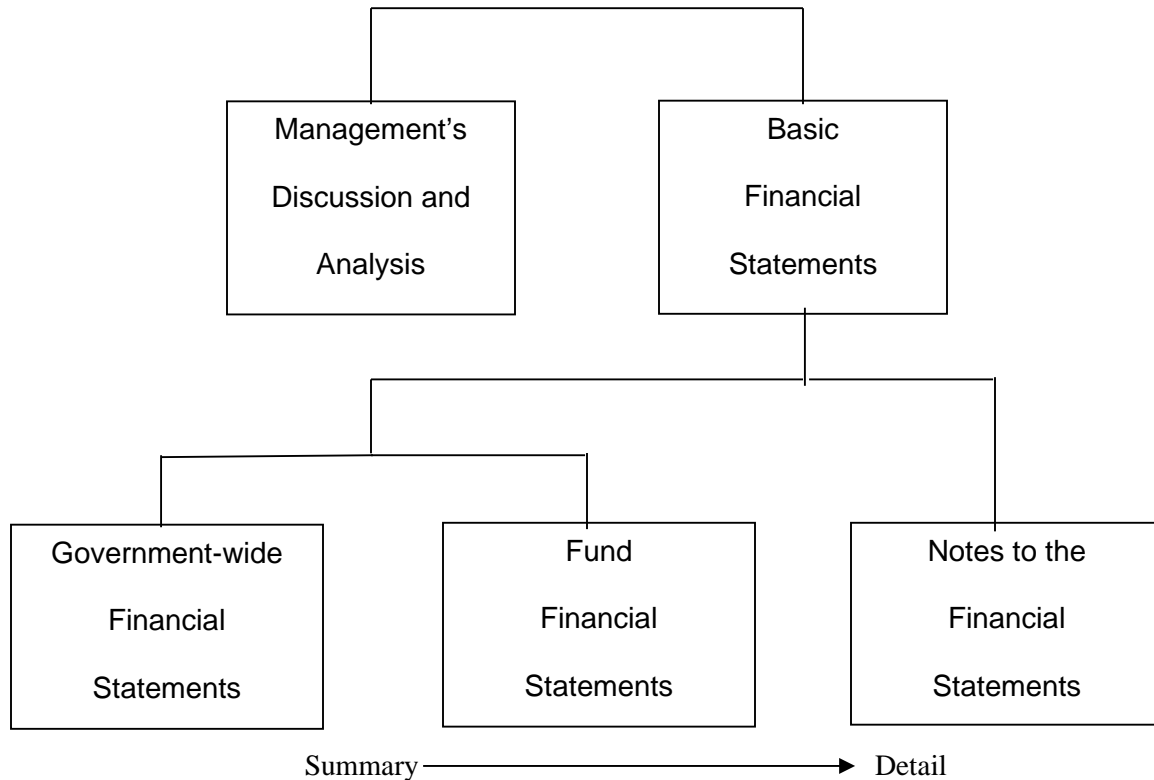
- The assets and deferred outflows of resources of the Town of Butner exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$36,475,789 (*net position*).
- The government's total net position decreased by \$148,458, primarily due to increases in long-term liabilities recognized for the full accrual basis of accounting.
- As of the close of the current fiscal year, the Town of Butner's governmental funds reported combined ending fund balances of \$9,771,661 with a net increase of \$578,592 in fund balance. Approximately 23.07% of this total amount, or \$2,254,021, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,594,711, or 107.06% of total general fund expenditures and transfers out for the fiscal year.
- The Town of Butner's total debt increased by \$735,132 (27.22%) during the current fiscal year. The key factors in this decrease were increases in the net pension liabilities for the Local Government Retirement System (LGRS) and Law Enforcement Officers' Special Separation Allowance (LEOSSA) of \$496,507 and \$432,628, respectively. Increases were offset by planned debt service principal payments of \$300,000.

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

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

## Government-Wide Financial Analysis

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. Currently the Town's only business type-activity is related to stormwater services under the Falls Lake Rules.

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 the funds of Town of Butner can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Butner adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same

format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Town of Butner has one kind of proprietary 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 stormwater activities. 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 10,029,264	\$ 9,914,504	\$ 1,144,031	\$ 965,784	\$ 11,173,295	\$ 10,880,288
Capital assets	26,953,522	27,691,684	452,399	469,155	27,405,921	28,160,839
Total assets	36,982,786	37,606,188	1,596,430	1,434,939	38,579,216	39,041,127
Deferred outflows of resources	1,532,676	1,000,536	26,384	25,622	1,559,060	1,026,158
Long-term liabilities outstanding	3,380,096	2,117,377	55,398	44,111	3,435,494	2,161,488
Other liabilities	164,283	1,188,663	8,005	13,793	172,288	1,202,456
Total liabilities	3,544,379	3,306,040	63,403	57,904	3,607,782	3,363,944
Deferred inflows of resources	53,725	77,265	980	1,829	54,705	79,094
Net position:						
Net investment in capital assets	26,853,586	27,292,688	452,399	469,155	27,305,985	27,761,843
Restricted	2,254,021	1,385,757	-	-	2,254,021	1,385,757
Unrestricted	5,809,751	6,544,974	1,106,032	931,673	6,915,783	7,476,647
Total net position	\$ 34,917,358	\$ 35,223,419	\$ 1,558,431	\$ 1,400,828	\$ 36,475,789	\$ 36,624,247

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Butner exceeded liabilities and deferred inflows by \$36,475,789 as of June 30, 2021. The Town's net position decreased by \$148,458 for the fiscal year ended June 30, 2021. 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, \$2,254,021, represents resources that are subject to external restrictions on how they may be used.

Several 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 98.48%. The statewide average in fiscal year 2020 was 98.96%.
- Increased sales tax revenues of approximately \$287,000 due to residents shopping closer to home and on-line during the pandemic.

## Town of Butner's Changes in Net Position

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,089,536	\$ 1,074,802	\$ 387,293	\$ 372,146	\$ 1,476,829	\$ 1,446,948
Operating grants and contributions	989,892	815,234	-	-	989,892	815,234
Capital grants and contributions	201,115	6,067,782	-	-	201,115	6,067,782
General revenues:						
Property taxes	2,463,021	2,345,910	-	-	2,463,021	2,345,910
Other taxes	34,695	24,055	-	-	34,695	24,055
Grants and contributions not restricted to specific programs	2,774,038	2,491,842	-	-	2,774,038	2,491,842
Other	46,433	157,361	177	10,853	46,610	168,214
Total revenues	<u>7,598,730</u>	<u>12,976,986</u>	<u>387,470</u>	<u>382,999</u>	<u>7,986,200</u>	<u>13,359,985</u>
Expenses:						
General government	1,768,721	1,484,034	-	-	1,768,721	1,484,034
Public safety	4,452,833	4,109,691	-	-	4,452,833	4,109,691
Transportation	37,046	140,678	-	-	37,046	140,678
Environmental protection	807,342	38,596	-	-	807,342	38,596
Economic and physical development	686,043	4,824,140	-	-	686,043	4,824,140
Cultural and recreation	140,256	629,900	-	-	140,256	629,900
Interest on long-term debt	12,550	23,852	-	-	12,550	23,852
Stormwater	-	-	229,867	264,873	229,867	264,873
Total expenses	<u>7,904,791</u>	<u>11,250,891</u>	<u>229,867</u>	<u>264,873</u>	<u>8,134,658</u>	<u>11,515,764</u>
Increase in net position before transfers	(306,061)	1,726,095	157,603	118,126	(148,458)	1,844,221
Transfers	-	-	-	-	-	-
Increase in net position	(306,061)	1,726,095	157,603	118,126	(148,458)	1,844,221
Net position, beginning	35,223,419	33,497,324	1,400,828	1,282,702	36,624,247	34,780,026
Net position, June 30	<u>\$ 34,917,358</u>	<u>\$ 35,223,419</u>	<u>\$ 1,558,431</u>	<u>\$ 1,400,828</u>	<u>\$ 36,475,789</u>	<u>\$ 36,624,247</u>

**Governmental activities.** Governmental activities reduced the Town's net position by \$306,061, while business-type activities increased net position by \$157,603. The decrease in net position within the governmental activities was driven by full accrual basis recognition of depreciation expense and increases in the Town's net pension liabilities for the Local Government Retirement System (LGERS) and the Law Enforcement Officers' Special Separation Allowance (LEOSSA). Town management continued to reduce non-essential programs to a minimum and implemented cost saving strategies across Town departments. Certain nonrecurring expenses were postponed or renegotiated to maintain a healthy net position. Management believes healthy investment in the Town will result in additional revenues, adding to the Town's net position by investing in capital assets which were largely funded by cultural, recreational, and economic development grant revenues. Increased efforts by the Granville County Tax Administrator to maximize tax collections also contributed to the favorable net position. Though

many of the Town's residents were hit hard by the recession, tax revenue remained steady. Town management acknowledges that 2021 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

**Business-type activities.** Business-type activities increased the Town of Butner's net position by \$157,603. A key element of this increase was due to the delay in retrofitting stormwater retention systems located within the Town.

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

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

**Governmental Funds.** The focus of the Town of Butner's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Butner's financing requirements.

The general fund is the chief operating fund of the Town of Butner. At the end of the current fiscal year, Town of Butner's fund balance available in the General Fund was \$8,164,186, while total fund balance reached \$9,623,635. 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 132.53% of general fund expenditures, and total fund balance represents 156.23% of the same amount.

At June 30, 2021, governmental funds reported a combined fund balance of \$9,771,661 with a net increase in fund balance of \$578,592. Factors that resulted in net increases in fund balance included the following:

- Sales tax revenues in the General Fund increased by approximately \$287,000 due to residents shopping closer to home and on-line during the pandemic.
- Public Safety expenditures in the General Fund were below budgeted totals by approximately \$360,000, in part as a result of the unavailability of policy vehicles and ammunition during the fiscal year. This also resulted in increases in open budget encumbrances at year-end, representing the majority of the approximately \$115,000 in General Fund encumbrances at June 30, 2021.
- The General Fund recognized approximately \$176,000 in Powell Bill street funding, however no significant street expenditures were incurred during the fiscal year. The Town plans a major sidewalk project that will utilize Powell Bill funding for the June 30, 2022 fiscal year.

The most significant factor that reduced governmental fund balances was the decrease of approximately \$430,000 in the CDBG Grant Project Fund. This project was for the most part completed during the fiscal year ended June 30, 2021, however the close-out and public hearing did not occur until the following fiscal year.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to

recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

There were several reasons the Town revised its budget throughout the year. The Town received several grants mid fiscal year. 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 to update the Land Development Ordinance.

**Proprietary Funds.** The Town of Butner's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Stormwater Fund at the end of the fiscal year amounted to \$1,106,032. The total change in net position for the Stormwater Fund was a \$157,603 increase. The change in net position in the Stormwater Fund is a result of delays to retrofitting existing stormwater retention devices.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Butner's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$27,405,921 (net of accumulated depreciation). These assets include buildings, and roads, land, machinery and equipment, park facilities, and vehicles.

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

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 15,225,956	\$ 15,225,956	\$ -	\$ -	\$ 15,225,956	\$ 15,225,956
Buildings and system	6,568,763	5,726,004	-	-	6,568,763	5,726,004
Improvements other than buildings	3,845,602	4,182,687	452,399	469,155	4,298,001	4,651,842
Equipment and furniture	635,035	589,974	-	-	635,035	589,974
Infrastructure	393,436	419,204	-	-	393,436	419,204
Vehicles and motorized equipment	284,730	278,104	-	-	284,730	278,104
Construction in progress	-	1,269,755	-	-	-	1,269,755
Total	\$ 26,953,522	\$ 27,691,684	\$ 452,399	\$ 469,155	\$ 27,405,921	\$ 28,160,839



Major capital asset transactions during the year include the following:

- Completion of construction projects in governmental-type activities, including \$1,099,969 for restoration of an old fire station into a training center and \$11,301 of capitalized exercise equipment within the training center.
- Purchase of audio/visual equipment for the council conference room, totaling \$52,168.
- Purchase of console equipment for Butner Public Safety, totaling \$74,450.
- Purchase of two vehicles of Butner Public Safety and one vehicle for the Town Public Works Department, totaling \$108,720.

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, 2021, the Town of Butner had no bonded debt. The Town's only outstanding debts are installment purchases totaling \$100,000. This debt is backed by the full faith and credit of the Town.

### Outstanding Debt

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct placement installment purchase	\$ 100,000	\$ 400,000	\$ -	\$ -	\$ 100,000	\$ 400,000
Total OPEB liability	245,891	199,846	-	-	245,891	199,846
Net pension liability (LGERS)	1,861,281	1,364,774	49,432	44,109	1,910,713	1,408,883
Total pension liability (LEO)	885,385	452,757	-	-	885,385	452,757
Compensated absences	287,539	235,132	5,966	3,744	293,505	238,876
Total	\$ 3,380,096	\$ 2,652,509	\$ 55,398	\$ 47,853	\$ 3,435,494	\$ 2,700,362

Town of Butner's Outstanding Debt. The Town of Butner's total debt increased by \$735,132 (27.22%) during the current fiscal year. The key factors in this increase were the increases in LGERS net pension liability of \$496,507 and LEOSA net pension liability of \$432,628, offset by planned debt service principal payments of \$300,000.

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 \$53,896,506. The Town has no bonds authorized but unissued at June 30, 2021.

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.

- Practically all businesses and industries in Town are having difficulty hiring workers due to the high amount unemployment compensation that is available because of the COVID-19 pandemic.
- Several industries have done major expansions in addition to a few new businesses will be opening in late 2021.
- COVID-19 pandemic. Uncertainty over the affect of COVID-19 on unemployment and the ability of citizens to pay property taxes.
- The ability of the Town to receive local sales tax on on-line purchases.
- Planning for development of a Town Center to draw new restaurants and retail establishments and create a new area to allow for outdoor activities to encourage leisure activities in a safe an open space.

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities:** Because of the uncertainty of how the economy would be affected by the COVID-19 pandemic, the Town chose to be very conservative with the budget for the fiscal year ending June 30, 2022. Other than the fees we received from the State of North Carolina to provide fire and police services at the facilities owned by the Department of Health and Human Services, all revenues were budgeted as either no change or a reduction. Because capital outlay was kept to a minimum in FY 2020-2021, there will be a large amount of capital outlay in FY 2021-2022. IN addition to two new vehicles for Public Safety, we will do additional upgrades to the audio-visual system in the Council Meeting Room at Town Hall, install an evidence shed at Public Safety, purchase a K-9, do major repairs to the concrete apron at Public Safety, and install an electronic monument sign at Gazebo Park.

Budgeted expenditures in the General Fund are expected to increase approximately 7.75% to \$7,246,033. In addition to the increase in capital outlay and normal operating expenses, there will be increases in employee compensation, including compensation and benefits adjustments.

The Town has appropriated \$425,343 of fund balance from the General Fund in the fiscal year 2022 budget. Management chose to budget revenues conservatively due to the uncertain economic time we are currently facing. As the Town has determined there will be no increase in the property tax rate for the upcoming fiscal year. Many residents are currently facing layoff and the loss of jobs, and an increase in property taxes would place an undue burden on them.

**Business-type Activities:** The stormwater fees in the Town will remain unchanged. General operating expenses will increase by 17.8% to cover regular operating expenses. The total budget will increase by \$242,212 or 64.1%. \$232,012 of Fund Balance was appropriated as part of the FY 2021-2022 budget.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Butner, P. O. Box 270, Butner, NC 27509. One can also call (919)-575-3032, 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, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 8,475,950	\$ 1,080,817	\$ 9,556,767
Restricted cash and investments	795,172	3,000	798,172
Accounts receivable	16,108	58,884	74,992
Taxes receivable	72,970	-	72,970
Special assessments receivable	3,065	-	3,065
Accrued interest receivable on taxes	18,301	-	18,301
Due from other governments	647,731	1,297	649,028
Internal balances	(33)	33	-
Total current assets	10,029,264	1,144,031	11,173,295
Non-current assets			
Capital assets:			
Land and construction in progress	15,225,956	-	15,225,956
Other capital assets, net of depreciation	11,727,566	452,399	12,179,965
Total capital assets	26,953,522	452,399	27,405,921
Total assets	36,982,786	1,596,430	38,579,216
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges – issuance costs	64	-	64
OPEB deferrals	3,027	-	3,027
Pension deferrals	1,529,585	26,384	1,555,969
Total deferred outflows of resources	1,532,676	26,384	1,559,060

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 160,915	\$ 5,005	\$ 165,920
Accrued interest payable	2,768	-	2,768
Customer deposits	600	3,000	3,600
Current portion of long-term liabilities	<u>387,539</u>	<u>5,966</u>	<u>393,505</u>
Total current liabilities	551,822	13,971	565,793
Long-term liabilities			
Due in more than one year	<u>2,992,557</u>	<u>49,432</u>	<u>3,041,989</u>
Total liabilities	<u>3,544,379</u>	<u>63,403</u>	<u>3,607,782</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid revenues	1,752	-	1,752
Pension deferrals	<u>51,973</u>	<u>980</u>	<u>52,953</u>
Total deferred inflows of resources	<u>53,725</u>	<u>980</u>	<u>54,705</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,853,586	452,399	27,305,985
Restricted for:			
Stabilization by State Statute	1,459,449	-	1,459,449
Transportation (Powell Bill)	707,082	-	707,082
Development Grant Projects	87,490	-	87,490
Unrestricted	<u>5,809,751</u>	<u>1,106,032</u>	<u>6,915,783</u>
Total net position	<u>\$ 34,917,358</u>	<u>\$ 1,558,431</u>	<u>\$ 36,475,789</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, 2021**

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	\$ 1,768,721	\$ 81,688	\$ 510,423	\$ -	\$ (1,176,610)	\$ -	\$ (1,176,610)
Public safety	4,452,833	908,602	297,484	-	(3,246,747)	-	(3,246,747)
Environmental protection	37,046	6,054	-	-	(30,992)	-	(30,992)
Economic and physical development	807,342	4,105	-	192,100	(611,137)	-	(611,137)
Cultural and recreational	686,043	54,575	6,116	-	(625,352)	-	(625,352)
Transportation	140,256	34,512	175,869	9,015	79,140	-	79,140
Interest on long-term debt	12,550	-	-	-	(12,550)	-	(12,550)
Total governmental activities	7,904,791	1,089,536	989,892	201,115	(5,624,248)	-	(5,624,248)
Business-type Activities:							
Stormwater	229,867	387,293	-	-	-	157,426	157,426
Total primary government	\$ 8,134,658	\$ 1,476,829	\$ 989,892	\$ 201,115	(5,624,248)	157,426	(5,466,822)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					2,463,021	-	2,463,021
Other taxes					34,695	-	34,695
Grants and contributions not restricted to specific programs					2,774,038	-	2,774,038
Unrestricted investment earnings					1,877	177	2,054
Other revenue					44,556	-	44,556
Total general revenues not including transfers					5,318,187	177	5,318,364
Transfers							
Total general revenues and transfers					5,318,187	177	5,318,364
Change in net position							
					(306,061)	157,603	(148,458)
Net position, beginning					35,223,419	1,400,828	36,624,247
Net position, ending					\$ 34,917,358	\$ 1,558,431	\$ 36,475,789

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, 2021**

	<u>MAJOR</u>		
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 8,316,800	\$ 159,150	\$ 8,475,950
Restricted cash and investments	707,682	87,490	795,172
Accounts receivable	16,108	-	16,108
Taxes receivable	72,970	-	72,970
Special assessments receivable	3,065	-	3,065
Due from other governments	642,710	5,021	647,731
Due from other funds	158,601	55,375	213,976
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 9,917,936</u>	<u>\$ 307,036</u>	<u>\$ 10,224,972</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 160,506	\$ 409	\$ 160,915
Liabilities payable from restricted assets:			
Customer deposits	600	-	600
Due to other funds	55,408	158,601	214,009
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>216,514</u>	<u>159,010</u>	<u>375,524</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	72,970	-	72,970
Special assessments receivable	3,065	-	3,065
Prepaid taxes	1,752	-	1,752
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>77,787</u>	<u>-</u>	<u>77,787</u>
<b>FUND BALANCES</b>			
Restricted:			
Stabilization by State Statute	1,459,449	-	1,459,449
Streets – Powell Bill	707,082	-	707,082
Development Grant Projects	-	87,490	87,490
Committed:			
Capital projects	-	2,135	2,135
Public Safety - LEO Special Separation	325,311	-	325,311
General government	98,292	-	98,292
Cultural and recreational	81,131	-	81,131
Transportation	-	58,401	58,401
Assigned:			
Capital projects	23,244	-	23,244
Subsequent year's expenditures	334,415	-	334,415
Unassigned	6,594,711	-	6,594,711
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>9,623,635</u>	<u>148,026</u>	<u>9,771,661</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,917,936</u>	<u>\$ 307,036</u>	<u>\$ 10,224,972</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, 2021**

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

Total Fund Balance, Governmental Funds	\$	9,771,661
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	34,201,401
Accumulated depreciation	<u>(7,247,879)</u>	26,953,522
Deferred charges reported in governmental activities are not financial resources and therefore are not reported in the funds.		
Loan issuance costs		64
Deferred outflows of resources related to pensions are not reported in the funds		1,529,585
Deferred outflows of resources related to OPEB are not reported in the funds		3,027
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		18,301
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Property taxes receivable		72,970
Special assessments receivable		3,065
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Long-term debt	(100,000)	
Compensated absences	(287,539)	
OPEB liability	(245,891)	
Net pension liability - LGERS	(1,861,281)	
Total pension liability - LEOSSA	<u>(885,385)</u>	(3,380,096)
Other long term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable		(2,768)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(51,973)</u>
Net position of governmental funds	\$	<u>34,917,358</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, 2021**

	<u>MAJOR</u>		
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,441,867	\$ -	\$ 2,441,867
Other taxes and licenses	34,695	34,512	69,207
Unrestricted intergovernmental	4,267,821	-	4,267,821
Restricted intergovernmental	212,177	417,197	629,374
Permits and fees	18,668	-	18,668
Sales and services	97,273	-	97,273
Investment earnings	1,873	4	1,877
Other revenue	48,518	-	48,518
Total revenues	<u>7,122,892</u>	<u>451,713</u>	<u>7,574,605</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,584,062	3,798	1,587,860
Public safety	3,809,093	210,068	4,019,161
Environmental protection	20,551	-	20,551
Economic and physical development	165,884	530,994	696,878
Culture and recreation	266,844	3,034	269,878
Transportation	1,075	-	1,075
Debt service:			
Principal	300,000	-	300,000
Interest and other charges	12,550	-	12,550
Total expenditures	<u>6,160,059</u>	<u>747,894</u>	<u>6,907,953</u>
Excess (deficiency) of revenues over expenditures	<u>962,833</u>	<u>(296,181)</u>	<u>666,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	3	-	3
Insurance proceeds	11,937	-	11,937
Return of excess non-federal contribution	-	(100,000)	(100,000)
Transfers (to) from other funds	31,679	(31,679)	-
Total other financing sources (uses)	<u>43,619</u>	<u>(131,679)</u>	<u>(88,060)</u>
Net change in fund balance	1,006,452	(427,860)	578,592
<b>FUND BALANCES, beginning</b>	<u>8,617,183</u>	<u>575,886</u>	<u>9,193,069</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 9,623,635</u></u>	<u><u>\$ 148,026</u></u>	<u><u>\$ 9,771,661</u></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, 2021**

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

Net changes in fund balances - total governmental funds	\$	578,592
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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	225,941	
Close-out of non-capitalized projects	(139,877)	
Depreciation expense for governmental assets	(823,460)	
Cost basis of assets sold	<u>(771)</u>	(738,167)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		352,102
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LEOSSA Benefit payments paid and administrative costs made subsequent to the measurement date are not included on the statement of activities		31,176
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the statement of activities		3,027
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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	19,277	
Change in accrued interest on taxes receivable	1,877	
Change in unavailable revenue for special assessments	<u>(8,199)</u>	12,955

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	300,000	
Amortization expense for debt issuance costs	(940)	
Decrease in accrued interest payable	<u>11,399</u>	310,459

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	(52,406)	
Pension expense - LGERS	(628,214)	
Pension expense - LEOSSA	(126,702)	
Other postemployment benefits	<u>(48,883)</u>	<u>(856,205)</u>

Total adjustments		<u>(884,653)</u>
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Total changes in net position of governmental activities	\$	<u>(306,061)</u>
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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, 2021**

	<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	\$ 2,268,777	\$ 2,268,777	\$ 2,441,867	\$ 173,090
Other taxes and licenses	30,744	30,744	34,695	3,951
Unrestricted intergovernmental	3,865,379	3,865,379	4,267,821	402,442
Restricted intergovernmental	218,374	226,743	212,177	(14,566)
Permits and fees	93,650	24,850	18,668	(6,182)
Sales and services	24,850	93,650	97,273	3,623
Investment earnings	24,000	24,000	1,873	(22,127)
Other revenue	56,600	56,600	48,518	(8,082)
Total revenues	6,582,374	6,590,743	7,122,892	532,149
<b>EXPENDITURES</b>				
Current:				
General government	1,743,538	1,895,275	1,584,062	311,213
Public safety	4,140,691	4,172,234	3,809,093	363,141
Environmental protection	22,000	25,000	20,551	4,449
Economic and physical development	219,979	259,954	165,884	94,070
Culture and recreation	326,296	330,637	266,844	63,793
Transportation	183,489	183,489	1,075	182,414
Debt service:				
Principal	300,000	300,000	300,000	-
Interest and other charges	15,540	15,540	12,550	2,990
Total expenditures	6,951,533	7,182,129	6,160,059	1,022,070
Excess (deficiency) of revenues over expenditures	(369,159)	(591,386)	962,833	1,554,219
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	3	3
Insurance proceeds	-	-	11,937	11,937
Transfers (to) other funds	-	-	31,679	31,679
Total other financing sources (uses)	-	-	43,619	43,619
Fund balance appropriated	369,159	591,386	-	(591,386)
Net change in fund balance	\$ -	\$ -	1,006,452	\$ 1,006,452
<b>FUND BALANCES, beginning</b>			8,617,183	
<b>FUND BALANCES, ending</b>			<u>\$ 9,623,635</u>	

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

**TOWN OF BUTNER, NORTH CAROLNA**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<u><b>Major Enterprise Fund</b></u>
	<u><b>Stormwater Fund</b></u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 1,080,817
Restricted cash and investments	3,000
Accounts receivable	58,884
Due from other governments	1,297
Due from other funds	33
Total current assets	<u>1,144,031</u>
Non-current assets	
Capital assets, net of depreciation	<u>452,399</u>
Total assets	<u>1,596,430</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	<u>26,384</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	5,005
Customer deposits	3,000
Compensated absences	5,966
Total current liabilities	<u>13,971</u>
Long-term liabilities	
Net pension liability	<u>49,432</u>
Total liabilities	<u>63,403</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>980</u>
Total deferred inflows of resources	<u>980</u>
<b>NET POSITION</b>	
Net investment in capital assets	452,399
Unrestricted	<u>1,106,032</u>
Total net position	<u><u>\$ 1,558,431</u></u>

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, 2021**

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	<u><b>Major Enterprise Fund</b></u>
	<u><b>Stormwater Fund</b></u>
<b>OPERATING REVENUES</b>	
Stormwater fees	\$ 387,293
<b>OPERATING EXPENSES</b>	
Administration	99,852
Operating	<u>130,015</u>
Total operating expenditures	<u>229,867</u>
<b>Operating income (loss)</b>	157,426
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>177</u>
<b>Change in net position</b>	157,603
<b>Total net position, beginning</b>	<u>1,400,828</u>
<b>Total net position, ending</b>	<u><u>\$ 1,558,431</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, 2021**

	<u><b>Major Enterprise Fund</b></u>
	<u><b>Stormwater Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 371,231
Cash paid for goods and services	(82,470)
Cash paid to or on behalf of employees for services	(128,142)
Net cash provided (used) by operating activities	<u>160,619</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
(Increase) in due from other funds	(33)
Net cash provided (used) by noncapital financing activities	<u>(33)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	177
Net cash provided (used) by investing activities	<u>177</u>
Net increase (decrease) in cash and cash equivalents	160,763
Balances, beginning	923,054
Balances, ending	<u>\$ 1,083,817</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 157,426
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	(16,402)
(Increase) decrease in due from other governments	(1,049)
(Increase) decrease in deferred outflows of resources - pension	(762)
Increase (decrease) in net pension liability	5,321
Increase (decrease) in deferred inflows of resources - pension	(849)
Increase (decrease) in accounts payable and accrued liabilities	1,956
Increase (decrease) in compensated absences	2,222
Increase (decrease) in customer deposits	(4,000)
Total adjustments	<u>3,193</u>
Net cash provided by operating activities	<u><u>\$ 160,619</u></u>

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, 2021**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

The Town reports the following major governmental funds:

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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The Town reports the following non-major governmental funds.

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

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

**Grant Project for Coronavirus Relief Funds** – This fund was used to account for the proceeds of CARES Act funding received by the Town to be used for qualifying expenditures related to the COVID-19 pandemic. The funding was comprised of Federal funds provided to the Town under an agreement with Granville County. This project was completed and the fund was closed effective June 3, 2021.

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

The Town reports the following major enterprise fund.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town enterprise funds are fees charged to property owners and permit fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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*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 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, and are prepared by fund, function, and department. Management may make transfers of appropriations within a department. Amendments are required for any revisions that alter total expenditures of any department. All amendments must be approved by the governing board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Assets, Liabilities, and Fund Equity**

**1. Deposits and Investments**

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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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 Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-y) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Town of Butner Restricted Cash

Governmental Activities

General Fund

Transportation (Powell Bill)	\$ 707,082
Customer deposits	600

CDBG Grant Fund – Unexpended contributions	<u>87,490</u>
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Total Governmental Activities	795,172
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Business-type Activities

Stormwater Fund – Customer deposits	<u>3,000</u>
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Total restricted cash	<u>\$ 798,172</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 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, 2020. 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.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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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.

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

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

7. Deferred outflows/inflows of resources

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

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

8. Long-Term Obligations

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

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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9. Compensated Absences

The vacation policy for the Town provides for the accumulation of up to 240 hours of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time is estimated in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

10. Net Position/Fund Balances

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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



**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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

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

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

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

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

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

Transportation – portion of the fund balance that is committed to be used for road improvements on streets not supported by NC DOT funding.

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

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

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

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

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

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

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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11. Defined Benefit Cost-Share Plans

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

**II. DETAIL NOTES ON ALL FUNDS**

A. Assets

1. Deposits

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

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

At June 30, 2020, the Town's deposits had a carrying amount of \$440,849 and a bank balance of \$483,586. The Town's bank balances were not in excess of coverage by federal depository insurance. At June 30, 2021, the Town's petty cash fund totaled \$300.

2. Investments

At June 30, 2021, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value at 6/30/2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust:				
Government Portfolio	Fair Value Level 1	\$ 9,913,790	N/A	AAAm

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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

*Interest Rate Risk and Credit Risk*

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

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

The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

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	\$ 42,158
Local option sales tax	399,731
Utility tax distribution	103,242
Solid waste tax	1,501
Sales tax refund	25,751
DHHS fire services receivable	54,974
FEMA COVID Grant	<u>15,353</u>
Total: General Fund	<u>642,710</u>

CDBG Grant Fund

Sales tax refund	<u>1,995</u>
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Street Improvements Fund

Vehicle fee collections	<u>3,026</u>
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Business-type Activities:

Stormwater Fund

Stormwater fee collections	<u>1,297</u>
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Total due from other governments	<u>\$ 649,028</u>
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**TOWN OF BUTNER, NORTH CAROLINA**  
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4. Capital Assets

Capital asset activity for the Town of Butner for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental Activities</u></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 15,225,956	\$ -	\$ -	\$ 15,225,956
Construction in progress	<u>1,269,755</u>	<u>-</u>	<u>1,269,755</u>	<u>-</u>
Total capital assets not being depreciated	16,495,711	-	1,269,755	15,225,956
<b>Capital assets being depreciated:</b>				
Improvements	6,055,757	-	-	6,055,757
Buildings	7,973,729	1,099,969	-	9,073,698
Infrastructure	535,125	-	-	535,125
Equipment	1,283,230	147,134	49,674	1,380,690
Computer software	214,396	-	-	214,396
Vehicles	<u>1,607,059</u>	<u>108,720</u>	<u>-</u>	<u>1,715,779</u>
Total capital assets being depreciated	17,669,296	1,406,435	49,673	18,975,445
<b>Less accumulated depreciation for:</b>				
Improvements	1,873,070	337,085	-	2,210,155
Buildings	2,247,725	257,210	-	2,504,935
Infrastructure	115,921	25,768	-	141,689
Equipment	693,256	101,303	48,904	745,655
Computer software	214,396	-	-	214,396
Vehicles	<u>1,328,955</u>	<u>102,094</u>	<u>-</u>	<u>1,431,049</u>
Total accumulated depreciation	<u>6,473,323</u>	823,460	48,904	<u>7,247,879</u>
Total capital assets being depreciated, net	<u>11,195,973</u>			<u>11,727,566</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 27,691,684</u>			<u>\$ 26,953,522</u>

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

General Government	\$ 131,316
Public Safety	199,043
Environmental Protection	471
Cultural & Recreation	322,348
Transportation	<u>170,282</u>
Total depreciation expense	<u>\$ 823,460</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>33,511</u>	<u>16,755</u>	<u>-</u>	<u>50,267</u>
<b>Business-type activity capital assets, net</b>	<u>\$ 469,155</u>			<u>\$ 452,399</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
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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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 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.

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*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, 2021, was 10.27% of compensation for law enforcement officers and 10.84% 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 \$361,453 for the year ended June 30, 2021.

*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, 2021, the Town reported a liability of \$1,910,711 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.05347%, which was an increase of 0.00188% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$641,274. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 241,289	\$ -
Changes of assumptions	142,194	-
Net difference between projected and actual earnings on pension plan investments	268,881	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,019	37,896
Town contributions subsequent to the measurement date	361,453	-
Total	<u>\$ 1,019,836</u>	<u>\$ 37,896</u>

\$361,453 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, 2022.

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**Notes to the Financial Statements**  
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Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 169,427
2023	237,452
2024	134,035
2025	79,573
2026	-
Thereafter	-
	<u>\$ 620,487</u>

vi. *Actuarial Assumptions.*

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	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 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*vii. Discount rate.*

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 3,876,624	\$ 1,910,711	\$ 276,899

*ix. Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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



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officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

For the reporting date of June 30, 2021, the Separation allowance has an actuarial valuation date of December 31, 2019 and a measurement date of December 31, 2020.

All full-time sworn law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>34</u>
Total	<u><u>38</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2020 measurement date, the discount rate used decreased from 3.26 percent to 1.93 percent.

All mortality rates use Pub-2010 amount-weighted tables, projected from 2010 to the valuation date using generational improvement with Scale MP-2019.

*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

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Allowance are financed through investment earnings. The Town paid \$65,320 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$885,385. The total pension liability was measured as of December 31, 2020, based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$126,702.

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 293,713	\$ 4,354
Changes of assumptions	211,244	10,703
Net difference between projected and actual earnings on pension plan investments	-	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	31,176	-
Total	<u>\$ 536,133</u>	<u>\$ 15,057</u>

\$31,176 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, 2022.

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

Year ended June 30:	
2022	\$ 93,192
2023	93,192
2024	93,354
2025	92,298
2026	74,852
Thereafter	43,012
	<u>\$ 489,900</u>

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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 975,917	\$ 885,385	\$ 804,307

**TOWN OF BUTNER, NORTH CAROLINA**  
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vi. *Schedule of Changes in Total Pension Liability*

**Law Enforcement Officers' Special Separation Allowance**

	<u><b>2021</b></u>
Beginning balance	\$ 452,757
Service Cost	54,020
Interest on the total pension liability	13,634
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	210,576
Changes of assumptions or other inputs	223,462
Benefit payments	(69,064)
Other changes	-
Ending balance of the total pension liability	<u><u>\$ 885,385</u></u>

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, 2019 valuation are based on the results of an experience study obtained by the North Carolina Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019, 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><b>LGERS</b></u>	<u><b>LEOSSA</b></u>	<u><b>Total</b></u>
Pension Expense	\$ 641,274	\$ 126,702	\$ 767,976
Pension Liability	1,910,711	885,385	2,796,096
Proportionate share of the net pension liability	0.05347%	n/a	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 241,289	\$ 293,713	\$ 535,002
Changes of assumptions	142,194	211,244	353,438
Net difference between projected and actual earnings on plan investments	268,881	-	268,881
Changes in proportion and differences between contributions and proportionate share of contributions	6,019	-	6,019
Benefit payments and administrative costs paid subsequent to the measurement date	361,453	31,453	392,629
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	-	4,354	4,354
Changes of assumptions	-	10,703	10,703
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	37,896	-	37,896

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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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021 were \$294,933 which consisted of \$169,723 from the Town and \$125,210 from general employees and law enforcement officers.

e. Other Postemployment Benefits: Healthcare Benefit

i. *Plan Description*

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

ii. *Benefits Provided*

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

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

General Employees:

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

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iii. *Total OPEB Liability*

The Town's total OPEB liability of \$245,891 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

vi. *Actuarial assumptions and other inputs*

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

Inflation	2.50 percent
Salary increases	3.50% - 7.75%, including inflation
Discount rate—	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare cost trend rates—	
Pre-Medicare	7.0% for 2019, decreasing to an ultimate rate of 4.5% by 2026
Medicare	5.0% for 2019, decreasing to an ultimate rate of 4.5% by 2021

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

v. *Changes in the Total OPEB Liability*

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	\$ 199,846
<b>Changes for the year</b>	
Service cost	3,109
Interest	7,054
Changes of benefit terms	-
Differences between expected and actual experience	(2,518)
Changes in assumptions or other inputs	41,238
Benefit payments	<u>(2,838)</u>
<b>Net Changes</b>	<u>46,045</u>
<b>Balance at June 30, 2021</b>	<u><u>\$ 245,891</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

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

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

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

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 285,739	\$ 245,891	\$ 213,064

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

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

	1% Decrease (6.0 – 3.5%)	Cost Trend Rates (7.0 – 4.5%)	1% Increase (8.0 – 5.5%)
Total OPEB liability	\$ 209,632	\$ 245,891	\$ 289,755

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$48,883. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Benefit payments made subsequent to the measurement date	3,027	-
Total	<u>\$ 3,027</u>	<u>\$ -</u>

\$3,027 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, 2022. There were no other amounts reported as deferred inflows of resources related to OPEB as of June 30, 2021.

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, 2021**

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	\$ 64
Contributions to LGERS plan in current fiscal year	361,453
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	31,176
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	3,027
Differences between expected and actual experience	535,002
Changes of assumptions	353,438
Net difference between projected and actual earnings	268,881
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>6,019</u>
Total Deferred Outflows	<u>\$ 1,559,060</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:		
Differences between expected and actual experience	\$ 4,354	\$ -
Changes of assumptions	10,703	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,896	-
General Fund:		
Prepaid property taxes	1,752	1,752
Property taxes receivable	-	72,970
Special assessments receivable	<u>-</u>	<u>3,065</u>
Total Deferred Inflows	<u>\$ 54,705</u>	<u>\$ 77,787</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, 2021**

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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, 2021, 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. This loan concluded 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, 2021 was reduced by 6.2 percent, for an effective interest rate paid of 3.018 percent. The town hall was pledged as collateral for the debt.



**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

Annual debt service payments for the installment purchases as of June 30, 2021 including \$3,270 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 100,000	\$ 3,270
2023	-	-
2024	-	-
2025	-	-
2026	-	-
Total	<u>\$ 100,000</u>	<u>\$ 3,270</u>

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

Changes in the government's long-term liabilities for the year ended June 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities:					
Direct Borrowing					
Installment Purchases	\$ 400,000	\$ -	\$ 300,000	\$ 100,000	\$ 100,000
Compensated Absences	235,132	346,907	294,500	287,539	287,539
Other Postemployment Benefits	199,846	46,045		245,891	-
Net pension liability-LGERS	1,364,774	496,507	-	1,861,281	-
Total pension liability-LEOSSA	<u>452,757</u>	<u>432,628</u>	<u>-</u>	<u>885,385</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 2,652,509</u>	<u>\$ 1,323,087</u>	<u>\$ 594,500</u>	<u>\$ 3,380,096</u>	<u>\$ 387,539</u>
Business-type Activities:					
Compensated Absences	\$ 3,744	\$ 7,554	\$ 5,332	\$ 5,966	\$ 5,966
Net pension liability-LGERS	<u>44,109</u>	<u>5,321</u>	<u>-</u>	<u>49,430</u>	<u>-</u>
Business-type Activity Long-term Liabilities	<u>\$ 47,853</u>	<u>\$ 12,875</u>	<u>\$ 5,332</u>	<u>\$ 55,396</u>	<u>\$ 5,966</u>

The liabilities for pensions, other postemployment benefits (OPEB), and compensated absences in governmental activities have typically been liquidated by the General Fund. In the coming years, these liabilities are expected to continue to be liquidated by the General Fund.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021 consist of the following:

Due to the General Fund from CDBG Grant Special Revenue Fund	\$ 158,601
Due (from) the General Fund to the Street Improvements Special Revenue Fund	(55,375)
Due (from) the General Fund to the Stormwater Fund	<u>(33)</u>
Net amount due to the General Fund	\$ <u>103,193</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds for the fiscal year ended June 30, 2021 consisted of the following:

From the Capital Project Fund to the General Fund to return unused General Fund transfers at conclusion of capital project expenditures.	\$ 31,679
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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>\$ 9,623,635</u>
Less:	
Stabilization by State Statute	1,459,449
Streets – Powell Bill	707,082
Public Safety	325,311
General Government	98,292
Culture and Recreational	81,131
Fund balance assigned for capital projects	23,244
Appropriated fund balance in 2021-2022 budget	<u>334,415</u>
Remaining Fund Balance	\$ <u>6,594,711</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 \$115,049 for the General Fund.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**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, 2021. 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, 2021 was \$67,368.

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

Year end June 30,		
2022	\$	60,000
2023		60,000
2024		60,000
2025		60,000
2026		60,000
Thereafter		295,000

The Town Hall building is approximately 14,000 square feet, and has a total cost of \$2,889,054, and a carrying value of \$2,166,790, net of accumulated depreciation. SGWASA is leasing approximately 3,644 square feet, and additionally is allowed use of the common areas of the building.

**TOWN OF BUTNER, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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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, 2021 was \$500,000.

**V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The Town has evaluated events and transactions that occurred between June 30, 2021, and November 18, 2021, 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**  
**Last Four Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 3,109	\$ 2,828	\$ 3,032	\$ 3,490
Interest on the total pension liability	7,054	14,188	13,823	12,940
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(2,518)	(169,984)	(5,995)	(14,237)
Changes of assumptions or other inputs	41,238	(2,949)	(16,198)	(30,166)
Benefit payments	(2,838)	(17,781)	(18,619)	(8,773)
Net change in total OPEB liability	46,045	(173,698)	(23,957)	(36,746)
Total OPEB liability - Beginning	199,846	373,544	397,501	434,247
Total OPEB liability - Ending	\$ 245,891	\$ 199,846	\$ 373,544	\$ 397,501
Covered payroll	167,361	156,509	148,134	142,634
Total pension liability as a percentage of covered payroll	146.92%	127.69%	252.17%	278.69%

**Notes to Schedule**

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

<b>Fiscal year</b>	<b>Rate</b>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

<b>Schedule of the Proportionate Share of Net Pension Liability (Asset)</b>								
	<b>2021</b>	<b>2020</b>	<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) (%)	0.05347%	0.05159%	0.05446%	0.05003%	0.05226%	0.05131%	0.03623%	0.00980%
Butner's proportion of the net pension liability (asset) (\$)	\$ 1,910,711	\$ 1,408,883	\$ 1,291,977	\$ 764,320	\$ 1,109,132	\$ 230,276	\$ (213,665)	\$ 118,128
Butner's covered payroll	\$ 3,236,269	\$ 3,097,943	\$ 3,026,852	\$ 2,788,716	\$ 2,775,110	\$ 2,522,162	\$ 2,183,759	\$ 574,263
Butner's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.04%	45.48%	42.68%	27.41%	39.97%	9.13%	-9.78%	20.57%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	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.

<b>Schedule of Contributions</b>								
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 361,453	\$ 306,183	\$ 256,303	\$ 242,964	\$ 217,218	\$ 195,410	\$ 186,111	\$ 156,854
Contributions in relation to the contractually required contribution	361,453	306,183	256,303	242,964	217,218	195,410	186,111	156,854
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Butner's covered payroll	\$ 3,403,220	\$ 3,236,269	\$ 3,097,943	\$ 3,026,852	\$ 2,788,716	\$ 2,775,110	\$ 2,522,162	\$ 2,183,759
Contributions as a percentage of covered payroll	10.62%	9.46%	8.27%	8.03%	7.79%	7.04%	7.38%	7.18%

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

<b>Schedule of Changes in Total Pension Liability</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning Balance	\$ 452,757	\$ 273,439	\$ 247,513	\$ 192,127	\$ 158,195
Service Cost	54,020	44,130	45,801	33,710	34,696
Interest on the total pension liability	13,634	9,052	7,480	7,416	5,648
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	210,576	159,278	10,317	(10,754)	-
Changes of assumptions or other inputs	223,462	16,363	(16,040)	25,014	(6,412)
Benefit payments	(69,064)	(49,505)	(21,632)	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 885,385</u>	<u>\$ 452,757</u>	<u>\$ 273,439</u>	<u>\$ 247,513</u>	<u>\$ 192,127</u>

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

<b>Schedule of Total Pension Liability as a Percentage of Covered Payroll</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 885,385	\$ 452,757	\$ 273,439	\$ 247,513	\$ 192,127
Covered payroll	2,046,168	1,978,878	2,011,260	1,801,109	1,845,648
Total pension liability as a percentage of covered payroll	43.27%	22.88%	13.60%	13.74%	10.41%

**Notes to the Schedules**

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

December 31, 2020 Measurement Date: The Municipal Bond Index Rate decrease from 3.26% to 1.93%.

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

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

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

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



**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	<b>2021</b>			<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>REVENUES</b>				
Ad valorem taxes				
Current year	\$ 2,265,177	\$ 2,406,365	\$ 141,188	\$ 2,318,743
Prior years	-	16,641	16,641	20,231
Penalties and interest	3,600	18,861	15,261	9,339
Total	<u>2,268,777</u>	<u>2,441,867</u>	<u>173,090</u>	<u>2,348,313</u>
Other taxes and licenses				
Motor vehicle tax	<u>30,744</u>	<u>34,695</u>	<u>3,951</u>	<u>24,055</u>
Unrestricted intergovernmental				
ABC profit distribution	17,740	22,806	5,066	23,440
Local option sales tax	1,831,581	2,266,336	434,755	1,979,291
Utilities sales distributions	473,181	451,115	(22,066)	454,548
Fire Protection Funding	156,324	157,105	781	156,952
DHHS Public Safety Service Contract	846,220	830,625	(15,595)	811,189
Contract for SGWASA	500,000	500,000	-	500,000
Solid Waste tax	5,780	6,054	274	6,081
Beer and wine tax	34,553	33,780	(773)	34,563
Total	<u>3,865,379</u>	<u>4,267,821</u>	<u>402,442</u>	<u>3,966,064</u>
Restricted intergovernmental				
Granville County recreation funding	25,885	25,885	-	25,885
Granville County grant funding	18,369	10,423	(7,946)	34,730
Powell Bill allocation	182,489	175,869	(6,620)	182,489
Federal grant income	-	-	-	17,446
Total	<u>226,743</u>	<u>212,177</u>	<u>(14,566)</u>	<u>260,550</u>
Permits and fees				
Court facilities fees	2,000	1,458	(542)	2,621
Planning and zoning fees	12,500	4,105	(8,395)	10,649
Alarm fees	10,000	12,725	2,725	14,700
Other fees	350	380	30	580
Total	<u>24,850</u>	<u>18,668</u>	<u>(6,182)</u>	<u>28,550</u>
Sales and services				
Recreation department	27,650	29,080	1,430	36,633
SGWASA facility lease	66,000	68,193	2,193	68,285
Total	<u>93,650</u>	<u>97,273</u>	<u>3,623</u>	<u>104,918</u>
Investment earnings				
General Fund	23,000	1,760	(21,240)	94,474
Powell Bill interest	1,000	113	(887)	7,635
Total	<u>24,000</u>	<u>1,873</u>	<u>(22,127)</u>	<u>102,109</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	<b>2021</b>			<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
Other revenues				
Special assessments	\$ 6,500	\$ 9,015	\$ 2,515	\$ 23,681
Non-governmental grants	-	6,116	6,116	-
Refunds of prior year expenditures	100	31,015	30,915	-
Miscellaneous	50,000	2,372	(47,628)	6,988
Total	56,600	48,518	(8,082)	30,669
Total revenues	6,590,743	7,122,892	532,149	6,865,228
<b>EXPENDITURES</b>				
General Government				
Governing Body				
Salaries and employee benefits	60,568	58,533	2,035	51,212
Ad valorem collection fee	41,400	43,563	(2,163)	41,069
Other operating expenditures	80,231	63,228	17,003	79,508
Total Governing Body	182,199	165,324	16,875	171,789
Executive Department				
Salaries and employee benefits	463,023	459,203	3,820	428,661
Repairs and maintenance	2,000	1,249	751	6,320
Other operating expenditures	49,209	20,503	28,706	53,870
Total Executive Department	514,232	480,955	33,277	488,851
Finance Department				
Salaries and employee benefits	202,544	199,369	3,175	188,290
Other operating expenditures	15,050	4,856	10,194	18,311
Total Finance Department	217,594	204,225	13,369	206,601
Legal Department				
Salaries and employee benefits	11,636	11,636	-	11,638
Other operating expenditures	55,000	21,568	33,432	33,190
Total Legal Department	66,636	33,204	33,432	44,828
Public Works Facility				
Salaries and employee benefits	302,069	284,508	17,561	268,144
Other operating expenditures	89,000	43,942	45,058	45,601
Repairs and maintenance	31,979	24,537	7,442	15,838
Capital outlay	34,000	32,040	1,960	-
Total Public Works Facility	457,048	385,027	72,021	329,583
EMS Building				
Other operating expenditures	1,400	752	648	889

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Christmas Decorations				
Professional fees	\$ -	\$ -	\$ -	\$ 173
Other operating expenditures	6,775	5,898	877	7,333
Total Christmas Decorations	6,775	5,898	877	7,506
Non-departmental				
Salaries and employee benefits	1,500	1,780	(280)	1,902
Information technology	120,000	82,819	37,181	-
Insurance	127,500	102,346	25,154	105,339
Landscape and beautification	2,500	785	1,715	854
Capital outlay	45,343	45,221	122	16,371
Other operating expenditures	41,636	18,483	23,153	46,807
Miscellaneous	32,000	-	32,000	1,870
Total Non-departmental	370,479	251,434	119,045	173,143
Town Hall				
Repairs and maintenance	28,940	20,550	8,390	8,228
Other operating expenditures	32,900	28,739	4,161	34,803
Total Town Hall	61,840	49,289	12,551	43,031
600 Central Avenue				
Other operating expenditures	3,000	2,677	323	2,392
Umstead Correctional Property				
Repairs and maintenance	-	1,920	(1,920)	1,280
Other operating expenditures	14,072	3,357	10,715	15,614
Total Umstead Correctional Property	14,072	5,277	8,795	16,894
Total General Government	1,895,275	1,584,062	311,213	1,485,507
Public safety				
Fire and Police				
Salaries and employee benefits	3,508,141	3,277,994	230,147	3,299,508
Other operating expenditures	371,048	331,668	39,380	312,551
Repairs and maintenance	85,599	48,596	37,003	71,792
Capital outlay	196,846	142,672	54,174	70,101
Total Fire and Police	4,161,634	3,800,930	360,704	3,753,952
BPS Training Center				
Repairs and maintenance	3,000	3,101	(101)	1,419
Other operating expenditures	7,600	5,062	2,538	587
Total BPS Training Center	10,600	8,163	2,437	2,006
Total Public safety	4,172,234	3,809,093	363,141	3,755,958

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Environmental Protection				
Recycling Center operations	\$ 21,500	\$ 19,201	\$ 2,299	\$ 17,812
Forestry and Nursery operations	3,500	1,350	2,150	2,650
Total Environmental Protection	25,000	20,551	4,449	20,462
Economic and Physical Development				
Planning and Zoning				
Salaries and employee benefits	154,879	133,245	21,634	107,391
Other operating expenditures	55,075	32,639	22,436	17,094
Total Planning and Zoning	209,954	165,884	44,070	124,485
Economic development				
Contracts, grants and subsidies	50,000	-	50,000	-
Total Economic and Physical Development	259,954	165,884	94,070	124,485
Cultural and Recreation				
Non-departmental				
Salaries and employee benefits	-	-	-	310
Capital outlay	-	-	-	8,964
Total Non-departmental	-	-	-	9,274
Gazebo Park				
Other operating expenditures	7,200	4,800	2,400	5,434
Repairs and maintenance	3,000	1,185	1,815	3,173
Total Gazebo Park	10,200	5,985	4,215	8,607
Sports Arena				
Operating expenditures	26,000	18,218	7,782	19,716
Repairs and maintenance	12,841	7,407	5,434	6,566
Total Sports Arena	38,841	25,625	13,216	26,282
Lake Holt				
Other operating expenditures	2,000	2,136	(136)	1,710
Repairs and maintenance	4,000	1,225	2,775	2,076
Total Lake Holt	6,000	3,361	2,639	3,786
Butner Athletic Park				
Salaries and employee benefits	154,846	143,170	11,676	141,452
Other operating expenditures	73,350	62,650	10,700	67,781
Repairs and maintenance	26,000	23,990	2,010	21,875
Capital outlay	-	-	-	4,486
Total Butner Athletic Park	254,196	229,810	24,386	235,594

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
D Street Ball Field				
Other operating expenditures	\$ 2,800	\$ 1,622	\$ 1,178	\$ 1,918
Repairs and maintenance	1,000	9	991	706
Total D Street Ball Field	3,800	1,631	2,169	2,624
Community Events				
Operating expenses	17,600	432	17,168	2,793
Total Culture and Recreation	330,637	266,844	63,793	288,960
Transportation				
Repairs and maintenance	33,489	1,075	32,414	1,010
Capital outlay	150,000	-	150,000	157,966
Total Transportation	183,489	1,075	182,414	158,976
Debt Service				
Principal retirement	300,000	300,000	-	401,555
Interest and other charges	15,540	12,550	2,990	23,852
Total Debt Service	315,540	312,550	2,990	425,407
Total Expenditures	7,182,129	6,160,059	1,022,070	6,259,755
<b>Excess of revenues over (under) expenditures</b>	<b>(591,386)</b>	<b>962,833</b>	<b>1,554,219</b>	<b>605,473</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	3	3	9,147
Insurance proceeds	-	11,937	11,937	33,435
Transfers (to) from Capital Project Funds	-	31,679	31,679	(20,000)
Total	-	43,619	43,619	22,582
Total other financing sources	-	43,619	43,619	22,582
Fund balance appropriated	591,386	-	(591,386)	-
Net change in fund balance	\$ -	1,006,452	\$ 1,006,452	628,055
<b>FUND BALANCE – Beginning</b>		<b>8,617,183</b>		<b>7,989,128</b>
<b>FUND BALANCE – Ending</b>		<b>\$ 9,623,635</b>		<b>\$ 8,617,183</b>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	<u>Special Revenue Funds</u>				<b>Total Nonmajor Governmental Funds</b>
	<b>CDBG Grant</b>	<b>Street Improvements</b>	<b>Grant Project for Coronavirus Relief Funds</b>	<b>Capital Project Fund</b>	
<b>ASSETS</b>					
Cash and investments	\$ 156,606	\$ -	\$ -	\$ 2,544	\$ 159,150
Restricted cash and investments	87,490	-	-	-	87,490
Accounts receivable	-	-	-	-	-
Due from other governments	1,995	3,026	-	-	5,021
Due from other funds	-	55,375	-	-	55,375
	<u>-</u>	<u>55,375</u>	<u>-</u>	<u>-</u>	<u>55,375</u>
Total assets	<u>\$ 246,091</u>	<u>\$ 58,401</u>	<u>\$ -</u>	<u>\$ 2,544</u>	<u>\$ 307,036</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 409	\$ 409
Due to other funds	158,601	-	-	-	158,601
Total liabilities	<u>158,601</u>	<u>-</u>	<u>-</u>	<u>409</u>	<u>159,010</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes receivable	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Prepaid taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted:					
Development Grant Projects	87,490	-	-	-	87,490
Committed:					
Capital projects	-	-	-	2,135	2,135
Transportation	-	58,401	-	-	58,401
Total fund balances	<u>87,490</u>	<u>58,401</u>	<u>-</u>	<u>2,135</u>	<u>148,026</u>
Total liabilities and fund balances	<u>\$ 246,091</u>	<u>\$ 58,401</u>	<u>\$ -</u>	<u>\$ 2,544</u>	<u>\$ 307,036</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>CDBG Grant</b>	<b>Street Improvements</b>	<b>Grant Project for Coronavirus Relief Funds</b>	<b>Capital Project Fund</b>	
<b>REVENUES</b>					
Other taxes and licenses	\$ -	\$ 34,512	\$ -	\$ -	\$ 34,512
Restricted intergovernmental	200,299	-	216,898	-	417,197
Non-federal grants and contributions	-	-	-	-	-
Investment earnings	-	-	2	2	4
Total revenues	<u>200,299</u>	<u>34,512</u>	<u>216,900</u>	<u>2</u>	<u>451,713</u>
<b>EXPENDITURES</b>					
General government	-	-	3,798	-	3,798
Public safety	-	-	210,068	-	210,068
Economic and physical development	530,994	-	-	-	530,994
Culture and recreation	-	-	3,034	-	3,034
Total expenditures	<u>530,994</u>	<u>-</u>	<u>216,900</u>	<u>-</u>	<u>747,894</u>
Excess (deficiency) of revenues over expenditures	<u>(330,695)</u>	<u>34,512</u>	<u>-</u>	<u>2</u>	<u>(296,181)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Return of excess non-federal contribution	(100,000)	-	-	-	(100,000)
Transfers (to) from General Fund	-	-	-	(31,679)	(31,679)
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(31,679)</u>	<u>(131,679)</u>
Net change in fund balance	(430,695)	34,512	-	(31,677)	(427,860)
<b>FUND BALANCES, beginning</b>	<u>518,185</u>	<u>23,889</u>	<u>-</u>	<u>33,812</u>	<u>575,886</u>
<b>FUND BALANCES, ending</b>	<u>\$ 87,490</u>	<u>\$ 58,401</u>	<u>\$ -</u>	<u>\$ 2,135</u>	<u>\$ 148,026</u>



**TOWN OF BUTNER, NORTH CAROLINA**  
**Non-Major 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, 2021**

	<b>Project Author- ization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>					
Restricted intergovernmental:					
CDBG Grant	\$ 7,857,497	\$ 7,656,199	\$ 200,299	\$ 7,856,498	\$ (999)
Non-federal grants and contributions:					
Golden LEAF Foundation	120,000	120,000	-	120,000	-
Veterans Life Council of NC	544,951	544,951	(100,000)	444,951	(100,000)
Total revenues	<u>8,522,448</u>	<u>8,321,150</u>	<u>100,299</u>	<u>8,421,449</u>	<u>(100,999)</u>
<b>EXPENDITURES</b>					
Economic and physical development:					
Professional Services - Legal	80,000	77,583	321	77,904	2,096
Professional Services - Engineering	5,000	6,560	-	6,560	(1,560)
Professional Services - Other	210,000	201,192	10,509	211,701	(1,701)
Professional Services - Accounting	20,000	4,115	4,600	8,715	11,285
Postage	2,000	-	-	-	2,000
Legal Advertising	8,000	8,236	-	8,236	(236)
Capital Projects Expenditures	108,400	-	8,469	8,469	99,931
General Contractor	7,112,259	6,649,507	483,528	7,133,035	(20,776)
Architect Fee	586,641	584,076	-	584,076	2,565
Bank Fees	1,600	1,186	-	1,186	414
Other administrative expenses	133,979	61,160	23,567	84,727	49,252
Clearance	208,850	208,850	-	208,850	-
Contingency	45,719	500	-	500	45,219
Total expenditures	<u>8,522,448</u>	<u>7,802,965</u>	<u>530,994</u>	<u>8,333,959</u>	<u>188,489</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 518,185</u>	<u>(430,695)</u>	<u>\$ 87,490</u>	<u>\$ 87,490</u>
<b>FUND BALANCE – Beginning</b>			<u>518,185</u>		
<b>FUND BALANCE – Ending</b>			<u>\$ 87,490</u>		

**TOWN OF BUTNER, NORTH CAROLINA**  
**Non-Major Special Revenue Fund – Street Improvements**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>REVENUES</b>				
Other taxes and licenses				
Motor vehicle tax	\$ 30,575	\$ 34,512	\$ 3,937	\$ 23,889
<b>EXPENDITURES</b>				
Transportation				
Street Improvement Expenses	30,575	-	30,575	-
<b>Excess of revenues over (under) expenditures</b>	-	34,512	34,512	23,889
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	34,512	\$ 34,512	23,889
<b>FUND BALANCE – Beginning</b>		23,889		-
<b>FUND BALANCE – Ending</b>		\$ 58,401		\$ 23,889

**TOWN OF BUTNER, NORTH CAROLINA**  
**Non-Major Special Revenue Fund – Grant Project for Coronavirus Relief Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>REVENUES</b>				
Restricted intergovernmental:				
Coronavirus Relief Fund (CRF)	\$ 216,898	\$ 216,898	\$ -	\$ -
Investment earnings	-	2	2	-
Total revenues	<u>216,898</u>	<u>216,900</u>	<u>2</u>	<u>-</u>
<b>EXPENDITURES</b>				
General Government	3,798	3,798	-	-
Public Safety	210,066	210,068	(2)	-
Culture and Recreation	<u>3,034</u>	<u>3,034</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>216,898</u>	<u>216,900</u>	<u>(2)</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>FUND BALANCE – Beginning</b>		<u>-</u>		<u>-</u>
<b>FUND BALANCE – Ending</b>		<u>\$ -</u>		<u>\$ -</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Non-Major 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, 2021**

	Project Author- ization	Actual				Variance Positive (Negative)
		Prior Years	Current Year	Closed	Total to Date	
<b>REVENUES</b>						
Investment earnings	\$ -	\$ 11,333	\$ 2	\$ (9,200)	\$ 2,135	\$ 2,135
<b>EXPENDITURES</b>						
Lyon Station Greenway Extension						
Capital Outlay	-	13,480	-	(13,480)	-	-
Training Center						
Capital Outlay						
Professional Services - Legal	-	-	-	-	-	-
General Contractor	-	1,039,951	-	(1,039,951)	-	-
Architect Fee	-	26,326	-	(26,326)	-	-
Furnishings	-	58,322	-	(58,322)	-	-
Contingency	-	10,559	-	(10,559)	-	-
Subtotal	-	1,135,158	-	(1,135,158)	-	-
Total expenditures	-	1,148,638	-	(1,148,638)	-	-
Excess of revenues over (under) expenditures	-	(1,137,305)	2	1,139,438	2,135	2,135
<b>OTHER FINANCING SOURCES (USES)</b>						
Lyon Station Greenway Extension						
Transfers from (to) General Fund	-	20,000	(6,657)	(13,343)	-	-
Training Center						
Transfers from (to) General Fund	-	1,151,117	(25,022)	(1,126,095)	-	-
Total other financing sources (uses)	-	1,171,117	(31,679)	(1,139,438)	-	-
Excess of revenues and other financing sources over (under) expenditures	\$ -	\$ 33,812	(31,677)	\$ -	\$ 2,135	\$ 2,135
FUND BALANCE – Beginning			33,812			
FUND BALANCE – Ending			\$ 2,135			

**TOWN OF BUTNER, NORTH CAROLINA**  
**Stormwater Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021, with Comparative Totals for the Fiscal Year ended June 30, 2020**

	<b>2021</b>		<b>Variance</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>Actual</b>
<b>REVENUES</b>				
Stormwater fees	\$ 374,856	\$ 387,293	\$ 12,437	\$ 372,146
Investment earnings	3,000	177	(2,823)	10,853
Total revenues	<u>377,856</u>	<u>387,470</u>	<u>9,614</u>	<u>382,999</u>
<b>EXPENDITURES</b>				
Administration:				
Salaries and employee benefits	38,895	53,529	(14,634)	47,988
Professional services	65,000	40,597	24,403	41,247
Legal services	10,000	12,397	(2,397)	677
Other operating expenditures	28,206	21,312	6,894	21,690
Total administration expenditures	<u>142,101</u>	<u>127,835</u>	<u>14,266</u>	<u>111,602</u>
Operating				
Salaries and employee benefits	75,370	74,613	757	100,408
Repairs and maintenance	135,740	4,231	131,509	24,783
Other operating expenditures	24,645	500	24,145	12
Total operating expenditures	<u>235,755</u>	<u>79,344</u>	<u>156,411</u>	<u>125,203</u>
Total expenditures	<u>377,856</u>	<u>207,179</u>	<u>170,677</u>	<u>236,805</u>
<b>Excess of revenues over (under) expenditures</b>	-	180,291	180,291	146,194
Fund balance appropriated	-	-	-	-
<b>Excess of revenues and fund balance appropriated over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 180,291</u>	<u>\$ 180,291</u>	<u>\$ 146,194</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Excess of revenues and other financing sources over (under) expenditures		\$ 180,291		\$ 146,194
Reconciling items:				
Deprecation expense		(16,756)		(16,756)
(Increase) decrease in accrued vacation pay		(2,222)		(671)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		9,351		9,586
Pension expense		<u>(13,061)</u>		<u>(20,227)</u>
Total reconciling items		<u>(22,688)</u>		<u>(28,068)</u>
Change in net position		<u>\$ 157,603</u>		<u>\$ 118,126</u>

## **OTHER SCHEDULES**

**TOWN OF BUTNER, NORTH CAROLINA**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 2,477,561	\$ 2,439,847	\$ 37,714
2019-2020	19,248	-	11,841	7,407
2018-2019	5,704	-	2,079	3,625
2017-2018	4,300	-	1,027	3,273
2016-2017	4,536	-	659	3,877
2015-2016	2,757	-	241	2,516
2014-2015	6,373	-	455	5,918
2013-2014	3,912	-	257	3,655
2012-2013	2,735	-	11	2,724
2011-2012	2,386	-	9	2,377
2010-2011	1,743	-	1,743	-
	<u>\$ 53,694</u>	<u>\$ 2,477,561</u>	<u>\$ 2,458,169</u>	<u>\$ 73,086</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 2,441,867
Reconciling items:	
Interest collected	(9,227)
Collections of previously written off taxes	(110)
Refunds	2,110
Discounts	19,723
Releases	2,127
Taxes written off	<u>1,679</u>
Total collections and credits	<u>\$ 2,458,169</u>

**TOWN OF BUTNER, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

				<b>Total Levy</b>	
	<b>Town - Wide</b>			<b>Property excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
	<b>Property Valuation</b>	<b>Rate</b>	<b>Total Levy</b>		
Original levy:					
Property taxed at current year's rate	\$ 648,162,673	0.365	\$ 2,365,431	\$ 2,110,028	\$ 255,403
Penalties	-		14,333	14,333	-
Total	<u>648,162,673</u>		<u>2,379,764</u>	<u>2,124,361</u>	<u>255,403</u>
Discoveries:					
Current year taxes	26,978,633	0.365	98,472	98,472	-
Prior year taxes	344,661	0.365	1,259	1,259	-
Prior year taxes	4,709	0.350	16	16	-
Total	<u>27,328,003</u>		<u>99,747</u>	<u>99,747</u>	<u>-</u>
Abatements					
Current year taxes	<u>(534,348)</u>	0.365	<u>(1,950)</u>	<u>(1,950)</u>	<u>-</u>
Total property valuation	<u>\$ 674,956,328</u>				
Net levy			2,477,561	2,222,158	255,403
Less Uncollected taxes at June 30, 2021			<u>37,714</u>	<u>37,714</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,439,847</u>	<u>\$ 2,184,444</u>	<u>\$ 255,403</u>
Current levy collection percentage			98.48%	98.30%	100.00%



## STATISTICAL SECTION

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This part of the Town's annual comprehensive 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	78-84
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	85-88
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	
Debt Capacity	89-92
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	93-94
These schedules present information to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	95-97
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	

TABLE 1

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 19,958,818	\$ 21,292,289	\$ 24,268,264	\$ 24,540,380	\$ 24,805,361	\$ 24,578,387	\$ 25,429,983	\$ 26,023,677	\$ 27,292,688	\$ 26,853,586
Restricted	920,837	1,253,196	1,248,881	1,486,718	839,116	1,272,441	991,386	1,582,047	1,385,757	2,254,021
Unrestricted	5,977,572	5,259,198	6,133,100	6,114,066	7,032,529	6,854,840	6,619,643	5,891,600	6,544,974	5,809,751
Total governmental activities net position	<u>26,857,227</u>	<u>27,804,683</u>	<u>31,650,245</u>	<u>32,141,164</u>	<u>32,677,006</u>	<u>32,705,668</u>	<u>33,041,012</u>	<u>33,497,324</u>	<u>35,223,419</u>	<u>34,917,358</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	-	23,600	502,666	485,910	469,155	452,399
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	194,753	391,273	583,370	763,856	948,705	619,644	796,792	931,673	1,106,032
Total business-type activities net position	<u>-</u>	<u>194,753</u>	<u>391,273</u>	<u>583,370</u>	<u>763,856</u>	<u>972,305</u>	<u>1,122,310</u>	<u>1,282,702</u>	<u>1,400,828</u>	<u>1,558,431</u>
Primary government										
Net investment in capital assets	19,958,818	21,292,289	24,268,264	24,540,380	24,805,361	24,601,987	25,932,649	26,509,587	27,761,843	27,305,985
Restricted	920,837	1,253,196	1,248,881	1,486,718	839,116	1,272,441	991,386	1,582,047	1,385,757	2,254,021
Unrestricted	5,977,572	5,453,951	6,524,373	6,697,436	7,796,385	7,803,545	7,239,287	6,688,392	7,476,647	6,915,783
Total primary government net position	<u>26,857,227</u>	<u>27,999,436</u>	<u>32,041,518</u>	<u>32,724,534</u>	<u>33,440,862</u>	<u>33,677,973</u>	<u>34,163,322</u>	<u>34,780,026</u>	<u>36,624,247</u>	<u>36,475,789</u>

TABLE 2

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental Activities										
General government	\$ 1,494,552	\$ 1,460,223	\$ 1,446,897	\$ 1,659,989	\$ 1,378,065	\$ 1,415,122	\$ 1,325,556	\$ 1,457,056	\$ 1,484,034	\$ 1,768,721
Culture and recreation	65,706	125,997	207,853	202,301	723,733	664,814	680,951	694,356	629,900	686,043
Public safety	1,782,959	1,907,351	3,184,394	3,172,236	3,395,811	3,622,067	3,910,829	3,887,602	4,109,691	4,452,833
Environmental protection	205,978	19,168	4,947	4,860	20,678	34,328	20,324	28,115	38,596	37,046
Economic and physical development	108,270	109,651	150,102	423,459	292,565	749,632	659,726	1,958,188	4,824,140	807,342
Transportation	10,563	4,572	22,388	-	144,535	100,132	125,313	112,206	140,678	140,256
Interest on long-term debt	58,500	73,952	-	-	-	-	45,323	35,117	23,852	12,550
Total governmental activities expenses	<u>3,726,528</u>	<u>3,700,914</u>	<u>5,016,581</u>	<u>5,462,845</u>	<u>5,955,387</u>	<u>6,586,095</u>	<u>6,768,022</u>	<u>8,172,640</u>	<u>11,250,891</u>	<u>7,904,791</u>
Business-type activities										
Stormwater	-	145,912	167,796	174,230	159,677	155,825	230,004	234,650	264,873	229,867
Total business-type activities	<u>-</u>	<u>145,912</u>	<u>167,796</u>	<u>174,230</u>	<u>159,677</u>	<u>155,825</u>	<u>230,004</u>	<u>234,650</u>	<u>264,873</u>	<u>229,867</u>
Total expenses	<u>3,726,528</u>	<u>3,846,826</u>	<u>5,184,377</u>	<u>5,637,075</u>	<u>6,115,064</u>	<u>6,741,920</u>	<u>6,998,026</u>	<u>8,407,290</u>	<u>11,515,764</u>	<u>8,134,658</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services:										
General government	207,217	262,172	58,641	69,319	981,131	975,565	68,456	68,372	84,015	81,688
Culture and recreation	-	-	80,854	99,217	-	-	106,304	115,076	62,068	54,575
Public safety	-	-	738	801,815	-	-	837,135	868,625	888,100	908,602
Environmental protection	-	-	-	4,987	-	-	5,239	5,912	6,081	6,054
Economic and physical development	-	-	78,313	127,729	-	-	607,556	11,325	10,649	4,105
Transportation	-	-	-	-	-	-	-	-	23,889	34,512
Operating grants and contributions										
General government	500,000	500,000	541,219	500,345	771,216	771,253	525,000	502,574	534,730	510,423
Culture and recreation	-	40,000	-	-	-	-	5,000	-	-	6,116
Public safety	-	-	869,484	88,998	-	-	86,481	84,324	98,015	297,484
Environmental protection	130,599	4,322	4,703	-	-	-	-	-	-	-
Transportation	175,823	181,080	183,396	183,643	-	-	191,205	192,805	182,489	175,869
Capital grants and contributions										
General government	-	-	-	-	120,173	591,262	-	-	958,158	-
Culture and recreation	506,405	57,082	50,000	-	-	-	-	-	-	-
Public safety	-	-	3,302	121,869	-	-	6,062	5,654	2,093	192,100
Economic and physical development	-	-	-	-	-	-	231,713	1,833,365	5,083,850	-
Transportation	205,102	-	278,612	-	-	-	-	36,654	23,681	9,015
Total governmental activities program revenue	<u>1,725,146</u>	<u>1,044,656</u>	<u>2,149,262</u>	<u>1,997,922</u>	<u>1,872,520</u>	<u>2,338,080</u>	<u>2,670,151</u>	<u>3,724,686</u>	<u>7,957,818</u>	<u>2,280,543</u>
Business-type activities										
Stormwater	-	340,583	364,316	365,275	340,163	364,274	374,034	381,833	372,146	387,293
Total business-type activities program revenue	<u>-</u>	<u>340,583</u>	<u>364,316</u>	<u>365,275</u>	<u>340,163</u>	<u>364,274</u>	<u>374,034</u>	<u>381,833</u>	<u>372,146</u>	<u>387,293</u>
Total program revenues	<u>1,725,146</u>	<u>1,385,239</u>	<u>2,513,578</u>	<u>2,363,197</u>	<u>2,212,683</u>	<u>2,702,354</u>	<u>3,044,185</u>	<u>4,106,519</u>	<u>8,329,964</u>	<u>2,667,836</u>

TABLE 2, CONTINUED

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense) revenue										
Governmental Activities										
General government	(787,335)	(698,051)	(847,037)	(1,090,325)	494,455	922,958	(732,100)	(886,110)	92,869	(1,176,610)
Culture and recreation	440,699	(28,915)	(76,999)	(103,084)	(723,733)	(664,814)	(569,647)	(579,280)	(567,832)	(625,352)
Public safety	(1,782,959)	(1,907,351)	(2,310,870)	(2,159,554)	(3,395,811)	(3,622,067)	(2,981,151)	(2,928,999)	(3,121,483)	(3,054,647)
Environmental protection	(75,379)	(14,846)	(244)	127	(20,678)	(34,328)	(15,085)	(22,203)	(32,515)	(30,992)
Economic development	(108,270)	(109,651)	(71,789)	(295,730)	(292,565)	(749,632)	179,543	(113,498)	270,359	(803,237)
Transportation	370,362	176,508	439,620	183,643	(144,535)	(100,132)	65,892	117,253	89,381	79,140
Interest on long-term debt	(58,500)	(73,952)	-	-	-	-	(45,323)	(35,117)	(23,852)	(12,550)
Total governmental activities	<u>(2,001,382)</u>	<u>(2,656,258)</u>	<u>(2,867,319)</u>	<u>(3,464,923)</u>	<u>(4,082,867)</u>	<u>(4,248,015)</u>	<u>(4,097,871)</u>	<u>(4,447,954)</u>	<u>(3,293,073)</u>	<u>(5,624,248)</u>
Business-type activities										
Stormwater	-	194,671	196,520	191,045	180,486	208,449	144,030	147,183	107,273	157,426
Total business-type activities	<u>-</u>	<u>194,671</u>	<u>196,520</u>	<u>191,045</u>	<u>180,486</u>	<u>208,449</u>	<u>144,030</u>	<u>147,183</u>	<u>107,273</u>	<u>157,426</u>
Total net (expense) revenue	<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>	<u>(3,185,800)</u>	<u>(5,466,822)</u>
<b>General Revenues, Transfers and Changes in Net Position</b>										
Governmental Activities										
Property taxes	1,964,324	1,932,652	2,041,262	2,004,461	2,046,260	2,099,492	2,162,115	2,315,455	2,345,910	2,463,021
Grants and contributions not restricted to specific programs	1,591,122	1,649,993	1,742,899	1,901,548	2,022,008	2,203,479	2,274,342	2,390,093	2,491,842	2,774,038
Other taxes and licenses	-	-	-	-	-	-	-	-	24,055	34,695
Other	12,585	17,831	1,447	5,773	20,696	14,883	44,870	32,465	49,570	44,556
Investment earnings	4,136	3,238	11,004	1,616	17,252	43,550	103,665	166,253	107,791	1,877
Special and extraordinary items	-	-	2,916,269	-	481,659	24,556	-	-	-	-
Total general revenues and transfers	<u>3,572,167</u>	<u>3,603,714</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,584,992</u>	<u>4,904,266</u>	<u>5,019,168</u>	<u>5,318,187</u>
Total governmental activities	<u>3,572,167</u>	<u>3,603,714</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,584,992</u>	<u>4,904,266</u>	<u>5,019,168</u>	<u>5,318,187</u>
Business-type activities										
Stormwater										
Investment earnings	-	-	-	-	-	-	5,975	13,209	10,853	177
Other	-	82	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,975</u>	<u>13,209</u>	<u>10,853</u>	<u>177</u>
Total general revenues and transfers	<u>3,572,167</u>	<u>3,603,796</u>	<u>6,712,881</u>	<u>3,913,398</u>	<u>4,587,875</u>	<u>4,385,960</u>	<u>4,590,967</u>	<u>4,917,475</u>	<u>5,030,021</u>	<u>5,318,364</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>43,496</u>	<u>30,834</u>	<u>(109,283)</u>	<u>(151,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>										
Governmental activities	1,570,785	947,456	3,845,562	490,919	535,842	28,662	335,344	456,312	1,726,095	(306,061)
Business-type activities	-	194,753	196,520	192,097	180,486	208,449	150,005	160,392	118,126	157,603
Total primary government	<u>1,570,785</u>	<u>1,142,209</u>	<u>4,042,082</u>	<u>683,016</u>	<u>716,328</u>	<u>237,111</u>	<u>485,349</u>	<u>616,704</u>	<u>1,844,221</u>	<u>(148,458)</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>
2012	\$ 1,964,324	\$ 1,130,668	\$ 427,460	\$ 32,994	\$ 5,199	\$ 3,560,645
2013	1,932,652	1,199,372	391,184	30,975	4,322	3,558,505
2014	2,041,262	1,255,958	416,794	33,673	4,991	3,752,678
2015	2,004,461	1,375,636	452,684	36,858	1,987	3,871,626
2016	2,046,260	1,452,434	495,961	34,154	-	4,028,809
2017	2,099,492	1,681,889	466,955	35,250	225	4,283,811
2018	2,165,115	1,763,437	464,105	34,130	5,239	4,432,026
2019	2,315,455	1,873,195	472,381	34,381	5,912	4,701,324
2020	2,345,910	1,979,291	454,548	34,563	30,136	4,844,448
2021	2,463,021	2,266,336	451,115	33,780	40,749	5,255,001

TABLE 4

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 10	\$ 10	\$ 10	\$ 10	\$ -	\$ 12,629	\$ -	\$ -	\$ -	\$ -
Restricted										
Stabilization by state statute	422,281	569,239	420,806	747,778	474,185	744,524	627,322	1,081,021	853,583	1,459,449
Streets - Powell Bill	484,631	676,836	539,703	712,289	364,931	527,917	364,064	501,026	532,174	707,082
Committed:										
Capital Projects	-	5,000	-	-	49,400	49,400	49,400	49,400	29,400	-
General government	51,994	52,018	54,024	119,244	93,464	93,861	94,975	97,001	98,273	98,292
Cultural and recreational	76,920	76,955	76,963	76,977	77,146	77,474	78,394	80,066	81,115	81,131
Public Safety - LEO Special Separation Allowance	-	-	75,001	150,017	225,353	301,368	377,452	385,501	390,556	325,311
Transportation	-	-	-	-	48,479	-	-	-	-	-
Assigned										
Subsequent year's expenditures	585,000	-	-	153,429	1,383,961	1,106,250	671,448	72,074	369,159	334,415
Capital projects	-	-	-	-	-	-	23,244	23,244	23,244	23,244
Unassigned	4,043,475	5,263,520	6,151,384	5,810,818	5,383,135	5,886,356	6,178,760	5,699,795	6,239,679	6,594,711
Total general fund	<u>5,664,311</u>	<u>6,643,578</u>	<u>7,317,891</u>	<u>7,770,562</u>	<u>8,100,054</u>	<u>8,799,779</u>	<u>8,465,059</u>	<u>7,989,128</u>	<u>8,617,183</u>	<u>9,623,635</u>
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted										
Streets - Powell Bill	11,722	-	-	-	-	-	-	-	-	-
Grant Projects	2,203	166	2,203	(12,941)	-	-	-	-	-	87,490
Capital Projects	-	6,955	-	-	-	-	-	-	-	-
Committed:										
Capital Projects	1,173,125	(41,003)	244,880	26,667	33,089	33,200	59,343	100,702	33,812	2,135
Grant Projects	10,434	-	41,289	266	4	227	-	456,121	518,185	-
Transportation	-	-	-	-	-	-	-	-	23,889	58,401
Assigned:	-	-	-	-	-	-	-	-	-	-
Unassigned:	-	19,660	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>1,197,484</u>	<u>(14,222)</u>	<u>288,372</u>	<u>13,992</u>	<u>33,093</u>	<u>33,427</u>	<u>59,343</u>	<u>556,823</u>	<u>575,886</u>	<u>148,026</u>

TABLE 5

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Ad Valorem taxes	\$ 1,929,043	\$ 2,021,134	\$ 2,028,498	\$ 2,040,171	\$ 2,037,659	\$ 2,187,877	\$ 2,222,011	\$ 2,303,270	\$ 2,348,313	\$ 2,441,867
Other taxes and licenses	-	-	-	-	-	-	-	-	47,944	69,207
Unrestricted intergovernmental revenues	1,591,122	1,649,993	3,117,086	3,296,097	3,397,379	3,577,896	3,701,784	3,847,145	3,966,064	4,267,821
Restricted intergovernmental revenues	1,517,929	784,540	549,466	342,849	365,460	825,775	834,632	1,992,002	4,823,919	629,374
Sales and services	84,098	89,459	88,926	96,409	87,352	85,100	123,176	127,013	104,918	97,273
Permits and fees	123,119	172,713	95,464	164,509	45,021	52,844	45,923	13,684	28,550	18,668
Investment earnings	4,136	3,238	11,004	1,616	17,253	43,550	110,931	176,297	107,790	1,877
Other revenue	13,308	7,980	41,662	8,921	14,153	8,354	181,264	171,815	575,620	48,518
Total Revenues	5,262,755	4,729,057	5,932,106	5,950,572	5,964,277	6,781,396	7,219,721	8,631,226	12,003,118	7,574,605
<b>Expenditures</b>										
Current:										
General government	1,118,805	1,024,191	2,084,667	1,624,870	1,204,686	1,230,871	1,228,670	1,338,792	1,485,507	1,587,860
Public safety	1,782,959	1,907,351	2,947,543	3,046,514	3,281,569	3,263,389	4,152,720	3,779,659	3,755,958	4,019,161
Environmental protection	205,978	19,168	4,947	4,860	19,751	24,620	14,614	17,674	20,462	20,551
Economic and physical development	107,894	108,805	150,214	289,854	182,074	157,607	144,737	1,947,982	4,815,322	696,878
Culture and recreation	134,307	142,728	176,983	312,707	348,216	362,412	589,313	364,653	288,960	269,878
Transportation	69,900	4,572	22,388	-	534,201	141,387	693,751	20,258	158,976	1,075
Capital outlay	2,762,875	1,385,106	365,303	180,470	186,760	589,116	593,295	761,341	447,990	-
Debt service:										
Issuance cost	1,900	-	-	-	-	-	-	-	-	-
Principal	200,000	300,000	300,000	300,000	300,000	300,000	398,802	399,643	401,555	300,000
Interest	58,500	85,350	78,422	68,720	59,370	49,941	45,323	35,117	23,852	12,550
Total expenditures	6,443,118	4,977,271	6,130,467	5,827,995	6,116,627	6,119,343	7,861,225	8,665,119	11,398,582	6,907,953
Excess of revenues over (under) expenditures	(1,180,363)	(248,214)	(198,361)	122,577	(152,350)	662,053	(641,504)	(33,893)	604,536	666,652
<b>Other financing sources (uses)</b>										
Debt proceeds	1,000,000	-	-	-	-	-	300,000	-	-	-
Proceeds from sale of capital assets	481	15,775	20,457	38,854	4,000	5,762	10,608	25,714	9,147	3
Insurance proceeds	-	-	198,220	16,860	15,284	7,688	22,092	29,728	33,435	11,937
Return of excess non-federal contribution	-	-	-	-	-	-	-	-	-	(100,000)
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,000,481	15,775	218,677	55,714	19,284	13,450	332,700	55,442	42,582	(88,060)
<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	-	-	-	-	-
Total special and extraordinary items	-	-	956,591	-	481,659	24,556	-	-	-	-
Net change in fund balance	(179,882)	(232,439)	976,907	178,291	348,593	700,059	(308,804)	21,549	647,118	578,592
Debt service as a percentage of noncapital expenditures	7.56%	12.02%	7.03%	6.98%	6.45%	6.76%	6.51%	5.82%	4.04%	4.74%

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>
2012	\$ 1,929,043	\$ 1,130,668	\$ 427,460	\$ 32,994	\$ 5,199	\$ 3,525,364
2013	2,021,134	1,199,372	391,184	30,975	4,322	3,646,987
2014	2,028,498	1,255,958	416,794	33,673	4,991	3,739,914
2015	2,040,171	1,375,636	452,684	36,858	1,987	3,907,336
2016	2,011,967	1,452,434	495,961	34,154	-	3,994,516
2017	2,157,423	1,681,889	466,955	35,250	225	4,341,742
2018	2,222,011	1,763,437	464,105	34,130	5,239	4,488,922
2019	2,303,270	1,873,195	472,381	34,381	5,912	4,689,139
2020	2,348,313	1,979,291	454,548	34,563	30,136	4,846,851
2021	2,441,867	2,266,336	451,115	33,780	40,749	5,233,847



TABLE 7

**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>
2012	\$ 500,174,286	\$ 40,921,484	\$ 24,088,286	\$ (1,314,000)	563,870,056	0.350	1,973,545	1,699,222	86.10%
2013	512,679,645	41,645,961	5,587,480	(772,289)	559,140,797	0.350	1,956,993	1,684,971	86.10%
2014	518,924,855	57,463,753	8,418,431	(476,029)	584,331,010	0.350	2,045,159	1,760,881	86.10%
2015	519,880,571	46,065,127	8,298,000	(1,367,143)	572,876,555	0.350	2,005,068	1,726,363	86.10%
2016	523,384,465	51,855,543	7,634,511	(252,531)	582,621,988	0.350	2,039,177	1,755,731	86.10%
2017	584,944,123	53,964,920	13,167,373	(3,227,115)	648,849,301	0.365	2,368,300	2,039,106	86.10%
2018	545,938,166	53,016,712	12,363,882	(675,704)	610,643,056	0.365	2,228,847	1,961,385	88.00%
2019	568,403,100	59,287,155	15,141,519	(1,742,022)	641,089,752	0.365	2,339,978	2,059,180	88.00%
2020	568,589,506	58,638,975	19,776,021	(425,271)	646,579,231	0.365	2,360,014	2,076,812	88.00%
2021	578,624,070	69,538,603	27,328,003	(534,348)	674,956,328	0.365	2,463,591	2,463,591	100.00%

Source: Granville County Tax Department

TABLE 8

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

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<b>Fiscal Year</b>	<b>Town of Butner</b>	<b>Granville County</b>	<b>Combined Rate Per \$100 of Assessed Valuation</b>
2012	0.350	0.795	1.145
2013	0.350	0.795	1.145
2014	0.350	0.830	1.180
2015	0.350	0.830	1.180
2016	0.365	0.830	1.195
2017	0.365	0.880	1.245
2018	0.365	0.880	1.245
2019	0.365	0.840	1.205
2020	0.365	0.840	1.205
2021	0.365	0.840	1.205

TABLE 9

**TOWN OF BUTNER, NORTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2021  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

		Tax Year 2020			Tax Year 2010		
		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>							
Safway, LLC	^	\$ 28,304,531	1	4.20%			
Altec Industries, Inc.		26,574,386	2	3.94%	\$ 8,368,640	8	1.56%
Delhaize American Distribution	#	19,315,850	3	2.86%			
Goldsboro Properties, LLC		14,031,229	4	2.08%	13,921,660	3	2.59%
NWI Butner Limited Partnership		12,450,414	5	1.85%			
BIP Butner, LLC	@	11,104,648	6	1.65%			
Newton Instrument Co., Inc.		10,724,955	7	1.59%	12,536,342	4	2.33%
ADUSA Distribution, LLC DC9	*	9,997,841	8	1.48%			
Ritchie Bros. Properties, Inc.		8,225,687	9	1.22%			
ADUSA Transportation, LLC DC9		7,513,197	10	1.11%			
Carefusion Manufacturing, LLC					19,822,527	1	3.69%
Butner Acquisition Co., LLC	#				19,598,899	2	3.65%
Carolina Sunrock, LLC	^				11,532,916	5	2.15%
ABP NC Butner, LLC	@				10,524,183	6	1.96%
Maysteel Real Property, LLC					8,833,160	7	1.64%
Food Lion LLC DC9	*				7,733,155	9	1.44%
Stag IV Creedmoor, LLC					7,726,757	10	1.44%
Totals		\$ 148,242,738			\$ 120,598,239		

Source: Granville County Tax Department

^ Previously listed as Carolina Sunrock, LLC

@ Previously listed as ABP NC Butner, LLC

\* Previously listed as Food Lion LLC DC9

# Previously listed as Butner Acquisition Company., LLC

TABLE 10

**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>
2011	\$ 1,341,574	\$ 1,298,531	96.79%	\$ 41,474	\$ 1,340,005	99.88%
2012	1,958,941	1,903,000	97.14%	54,120	1,957,120	99.91%
2013	1,956,993	1,907,598	97.48%	43,371	1,950,969	99.69%
2014	2,045,159	1,998,222	97.70%	13,997	2,012,219	98.39%
2015	2,040,819	2,031,468	99.54%	6,835	2,038,303	99.88%
2016	2,207,707	2,194,490	99.40%	9,340	2,203,830	99.82%
2017	2,238,221	2,226,958	99.50%	7,990	2,234,948	99.85%
2018	2,342,201	2,319,468	99.03%	19,108	2,338,576	99.85%
2019	2,360,344	2,341,096	99.18%	11,841	2,352,937	99.69%
2020	2,477,561	2,439,847	98.48%		2,439,847	98.48%

Source: Granville County Tax Department

TABLE 11

**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>
2012	\$ -	\$ 2,800,000	\$ -	\$ 2,800,000	\$ 363.73	1.73%
2013	-	2,500,000	-	2,500,000	323.50	1.58%
2014	-	2,200,000	-	2,200,000	284.68	1.54%
2015	-	1,900,000	-	1,900,000	244.72	1.20%
2016	-	1,600,000	-	1,600,000	208.31	1.01%
2017	-	1,300,000	-	1,300,000	167.14	0.79%
2018	-	1,201,198	-	1,201,198	153.61	0.72%
2019	-	801,555	-	801,555	99.75	0.46%
2020	-	400,000	-	400,000	49.46	0.21%
2021	-	100,000	-	100,000	11.91	0.05%

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.

TABLE 12

**TOWN OF BUTNER, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2021**  
**(UNAUDITED)**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
Granville County	\$ 100,203,270	13.83%	\$ 13,861,727
Town of Butner direct debt			<u>100,000</u>
Total direct and overlapping debt			<u><u>13,961,727</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.

TABLE 13

**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>
2012	\$ -	\$ -	\$ -	0.00%	0.00%	0
2013	-	-	-	0.00%	0.00%	0
2014	-	-	-	0.00%	0.00%	0
2015	-	-	-	0.00%	0.00%	0
2016	-	-	-	0.00%	0.00%	0
2017	-	-	-	0.00%	0.00%	0
2018	-	-	-	0.00%	0.00%	0
2019	-	-	-	0.00%	0.00%	0
2020	-	-	-	0.00%	0.00%	0
2021	-	-	-	0.00%	0.00%	0

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

TABLE 14

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

	Fiscal year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 39,350,254	\$ 39,731,264	\$ 42,346,481	\$ 42,030,124	\$ 42,819,201	\$ 44,987,503	\$ 45,513,994	\$ 49,684,070	\$ 50,926,338	\$ 53,796,506
Total net debt applicable to limit	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	801,555	400,000	100,000
Legal debt margin	<u>\$ 42,150,254</u>	<u>\$ 42,231,264</u>	<u>\$ 44,546,481</u>	<u>\$ 43,930,124</u>	<u>\$ 44,419,201</u>	<u>\$ 46,287,503</u>	<u>\$ 46,715,192</u>	<u>\$ 50,485,625</u>	<u>\$ 51,326,338</u>	<u>\$ 53,896,506</u>
Total net debt applicable to the limit as a percentage of debt limit	7.12%	6.29%	5.20%	4.52%	3.74%	2.89%	2.64%	1.61%	0.79%	0.19%
Legal Debt Margin Calculation for Fiscal Year 2010										
Assessed value	\$561,878,172	\$559,140,797	\$584,331,010	\$572,876,556	\$575,240,008	\$594,843,783	\$598,954,878	\$641,089,752	\$646,579,231	\$674,956,328
Add back: exempt real property	-	-	-	-	-	-	-	-	-	-
Total assessed value	561,878,172	559,140,797	584,331,010	572,876,556	575,240,008	594,843,783	598,954,878	641,089,752	646,579,231	674,956,328
Debt limit (8% of total assessed value)	44,950,254	44,731,264	46,746,481	45,830,124	46,019,201	47,587,503	47,916,390	51,287,180	51,726,338	53,996,506
Debt applicable to the limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Installment Obligations	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	801,555	400,000	100,000
Lease Financing Agreements - Governmental Activities	-	-	-	-	-	-	-	-	-	-
Lease Financing Agreements - Business-type Activities	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	2,800,000	2,500,000	2,200,000	1,900,000	1,600,000	1,300,000	1,201,198	801,555	400,000	100,000
Legal debt margin	<u>\$ 42,150,254</u>	<u>\$ 42,231,264</u>	<u>\$ 44,546,481</u>	<u>\$ 43,930,124</u>	<u>\$ 44,419,201</u>	<u>\$ 46,287,503</u>	<u>\$ 46,715,192</u>	<u>\$ 50,485,625</u>	<u>\$ 51,326,338</u>	<u>\$ 53,896,506</u>



TABLE 15

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

	(1)	(2)		(4)	(4)	(5)	(3)
<b>Fiscal Year</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Personal Income</b>	<b>Percent High School Graduate</b>	<b>Percent Bachelor's Degree or Higher *</b>	<b>School Enrollment<sup>^</sup></b>	<b>Unemployment Rate</b>
2012	7,698	\$ 20,970	\$ 161,427,060	76.2	14.0	989	10.10%
2013	7,728	20,530	158,655,840	77.1	15.0	924	9.80%
2014	7,728	18,495	142,929,360	79.0	15.0	963	6.80%
2015	7,764	20,347	157,974,108	83.8	17.7	1,321	4.90%
2016	7,681	20,670	158,766,270	83.2	17.7	1,424	5.10%
2017	7,778	21,029	163,563,562	84.3	17.6	1,551	3.60%
2018	7,820	21,397	167,324,599	81.1	19.4	1,700	3.30%
2019	8,036	21,771	174,955,413	82.5	19.4	2,010	3.20%
2020	8,088	23,014	186,137,232	77.8	18.0	1,995	6.20%
2021	8,397	23,767	199,571,499	75.9	15.5	2,005	3.60%

Source 1: North Carolina Department of the State Demographer

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

Source 3: North Carolina Division of Employment Security

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

Source 5: Granville County Schools

\* Based on Granville County Schools as a whole.

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

TABLE 16

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

<b>2021</b>			<b>2011</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
Food Lion Distribution Center	1,500	2	Flextronics	350	2
Altec	1,000	3	Altec	350	3
Nugget	350	4	Food Lion Distribution	300	4
Carolina Sunrock	133	5	Newton Instruments	175	5
Newton Instruments	130	6	PalletOne of North Carolina	175	6
Falls Lake Academy	120	7	Hanes Dye and Finishing	125	7
Granville County Schools	114	8	Carolina Sunrock	125	7
AW North Carolina	100	9	Granville County Schools	120	9
Pallet One	100	9			
Firstmark Aerospace	85	10			
Stay Online	75	11			
	<u>5,357</u>			<u>3,379</u>	

Source: Information from Granville Economic Development Commission

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function</b>										
General government	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	8.00	8.00
Economic Development	1.00	1.75	1.75	1.75	1.75	1.75	1.80	1.80	2.00	2.00
Culture and recreation	0.00	1.00	3.75	1.98	1.98	2.00	2.00	2.00	2.00	2.00
Public safety	0.00	0.00	38.00	38.00	38.00	38.00	42.00	42.00	42.50	42.50
Transportation	6.00	6.00	6.00	6.67	6.67	6.00	6.00	6.00	5.00	5.00
Total	11.00	12.75	54.50	53.40	53.40	52.75	56.80	56.80	59.50	59.50

Source: Town of Butner Finance Department

TABLE 18

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function</b>										
Public Safety ^										
Incident Reports	N/A	N/A	664	670	633	492	621	664	556	785
Arrests	N/A	N/A	272	240	202	237	272	251	318	314
Court Papers	N/A	N/A	1,031	1,078	1,239	1,339	1,183	1,106	712	849
Number of Fire Calls Answered	N/A	N/A	339	386	433	404	420	443	443	437
Planning/Zoning #										
Number of Zoning Permits Issued	72	72	54	50	79	91	81	102	100	100

Source: Town of Butner Planning Department & Butner Public Safety

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

TABLE 19

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function</b>										
Public Safety										
Public Safety stations	N/A	N/A	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	14	14	14	14	16.96	16.96	16.96	16.96	17	17
Culture and recreation										
Parks	2	2	2	2	2	2	2	2	2	2
Gyms	1	1	1	1	1	1	1	1	2	2

Source: Town of Butner Finance Department

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

## **COMPLIANCE SECTION**



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

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

To the Town Council  
Town of Butner, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Butner, North Carolina, as of and for the year ended June 30, 2021, 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 November 18, 2021.

**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

November 18, 2021