TOWN OF BISCOE, NORTH CAROLINA

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2019

TOWN OF BISCOE, NORTH CAROLINA

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TOWN OF BISCOE, NORTH CAROLINA

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TOWN OF BISCOE, NORTH CAROLINA

MEMBERS OF BOARD OF COMMISSIONERS

ELECTED OFFICIALS

James E. Blake .....Mayor

Jerry Smith .....Mayor Pro-Tem

John Beard.....Commissioner

Eugene Anderson .....Commissioner

Kay Cagle-Kinch.....Commissioner

Vacant Seat.....Commissioner

APPOINTED OFFICIALS

Brandon Holland .....Town Manager

Laura Morton.....Town Clerk

TOWN STAFF

Laura Jordan.....Deputy Town Clerk

Sam Stewart.....Public Works Director

T. Shane Armstrong .....Interim Police Chief

Sam Stewart.....Fire Chief

cannon&company L.L.P.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Biscoe
Biscoe, 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 Biscoe, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

Opinions

In our opinion, 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 Biscoe, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 8 through 16, the local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 54 and 55 and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 56 and 57, respectively, 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 considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Biscoe's basic financial statements. The introductory information, combining and individual non-major fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Cannon & Company, L.L.P.

October 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

110 West Main Street
Post Office Box 1228
Biscoe, North Carolina 27209
Phone (910) 428-4112
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"

Management's Discussion and Analysis

As management of the Town of Biscoe (the "Town"), we offer readers of the Town of Biscoe's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

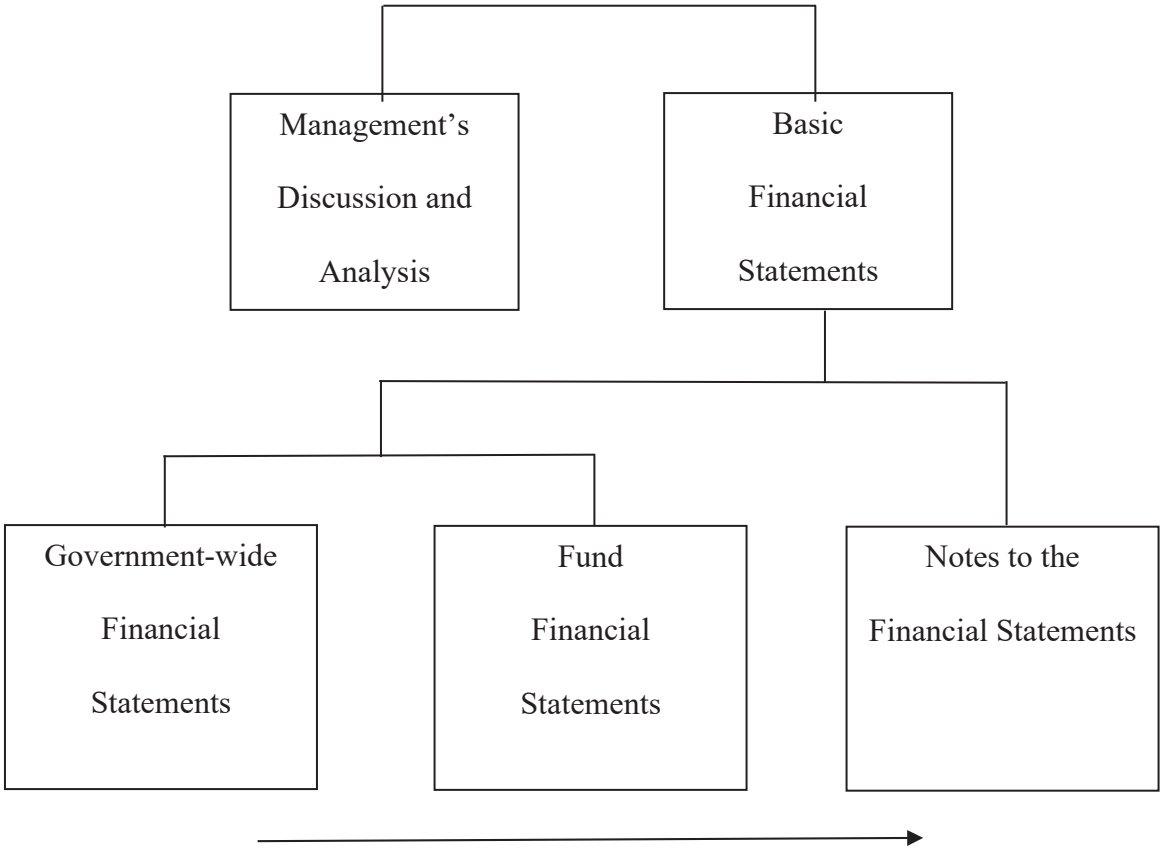
- The assets and deferred outflows of resources of the Town of Biscoe *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by $9,400,157 (*net position*).
- Governmental activities reported a decrease in total net position of $88,265. Business-type activities reported an increase in the current year of $271,459.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $2,499,431 an increase of $64,275 in comparison with the prior year. Approximately 53 percent of this total amount, or $1,314,635 is available for spending at the government's discretion (*unassigned fund balance*). The Town maintains more than a minimum of 20% of budgeted expenditures in available fund balance for cash flow and emergencies. In addition the town maintains a capital reserve fund with money dedicated to large capital expenditures.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and 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, public works, parks, library, planning and inspections, transportation and general administration. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer offered by the Town.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds – The Town has one kind of proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements**.** The Town uses an enterprise fund to account for its water and sewer activity. This fund is 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 30 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 of this report.

Interdependence with 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.

Government-Wide Financial Analysis

Town of Biscoe's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 2,559,053	$ 2,490,788	$ 1,807,918	$ 1,300,296	$ 4,366,971	$ 3,791,084
Capital assets	1,444,593	1,609,866	5,489,577	5,728,279	6,934,170	7,338,145
Total assets	4,003,646	4,100,654	7,297,495	7,028,575	11,301,141	11,129,229
Deferred outflows of resources	150,864	102,261	74,707	45,733	225,571	147,994
Current liabilities	84,323	88,248	211,275	209,056	295,598	297,304
Long-term liabilities outstanding	491,383	456,366	1,304,327	1,281,591	1,795,710	1,737,957
Total liabilities	575,706	544,614	1,515,602	1,490,647	2,091,308	2,035,261
Deferred inflows of resources	27,134	18,366	8,113	6,633	35,247	24,999
Net position:						
Invested in capital assets	1,284,338	1,434,866	4,273,200	4,373,793	5,557,538	5,808,659
Restricted	293,456	258,839	-	-	293,456	258,839
Unrestricted	1,973,876	1,946,230	1,575,287	1,203,235	3,549,163	3,149,465
Total net position	$ 3,551,670	$ 3,639,935	$ 5,848,487	$ 5,577,028	$ 9,400,157	$ 9,216,963

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 resources of the Town exceeded liabilities and deferred inflows by $9,400,157 as of June 30, 2019. The Town's net position increased by $183,194 for the fiscal year ended

June 30, 2019. However, the largest portion, (59%), reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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's net position, $293,456 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $3,549,163 (38%) is unrestricted.

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

- Governmental activities saw an increase in expenses; we can attribute this change to a significant increase in general government and public safety expenses.
- Business-type activities saw an increase in revenues from the prior year which resulted in a small increase in net position in business-type activities.

Town of Biscoe's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues:						
Program revenues:						
Charges for services	$ 50,602	$ 54,660	$ 1,656,353	$ 1,305,938	$ 1,706,955	$ 1,360,598
Operating grants and contributions	90,375	142,672	-	-	90,375	142,672
Capital grants and contributions	-	-	-	-	-	-
General revenues:					-	-
Property taxes	813,286	761,285	-	-	813,286	761,285
Local options sales tax	442,829	421,434	-	-	442,829	421,434
Unrestricted intergovernmental	276,036	277,114	-	-	276,036	277,114
Other	71,180	34,960	79,198	57,236	150,378	92,196
Total revenues	1,744,308	1,692,125	1,735,551	1,363,174	3,479,859	3,055,299
Expenses:						
General government	585,096	583,425	-	-	585,096	583,425
Public safety	803,488	826,784	-	-	803,488	826,784
Culture and recreation	266,975	246,735	-	-	266,975	246,735
Transportation	177,014	163,225	-	-	177,014	163,225
Water and sewer	-	-	1,464,092	1,352,639	1,464,092	1,352,639
Total expenses	1,832,573	1,820,169	1,464,092	1,352,639	3,296,665	3,172,808
Decrease in net position	(88,265)	(128,044)	271,459	10,535	183,194	(117,509)
Net position, beginning	3,639,935	3,767,979	5,577,028	5,566,493	9,216,963	9,334,472
Net position, June 30	$ 3,551,670	$ 3,639,935	$ 5,848,487	$ 5,577,028	$ 9,400,157	$ 9,216,963

Governmental activities: Governmental activities decreased the Town's net position by $88,265. Key elements of this decrease are as follows:

- As previously noted the cost of governmental activities was more than revenues. We have seen growth in intergovernmental revenues (primarily sales tax), indicating a healthier state economy.
- The decrease in net position was less than the prior year by $39,779.
- In comparison to the previous year, operating expenses only increased by $12,404. Where revenues increased by $52,183.

Business-type activities: Business-type activities increased the Town's net position by $271,459. Key elements of this increase are as follows:

- Our business-type activities reflected an increase in water and sewer charges.
- The industrial pump station project and associated debt payments will continue to make an impact. However, future revenues are expected to cover debt cost in future years.
- Further growth in business-type activities has been centered on investment in and maintenance of infrastructure.
- This fiscal year experienced improvements of administration billing practices for the water and sewer department including implementation of a formal fee schedule that includes tampering and reconnect fees.

Financial Analysis of the Town of Biscoe's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the General Fund was $1,314,635, while total fund balance was $2,499,431. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 78 percent of total General Fund expenditures.

At June 30, 2019 the governmental funds of Town of Biscoe reported a combined fund balance of $2,499,431 with a net increase in fund balance of $64,275.

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. The amendments were in various areas of the government and resulted in an increase in total budget amounts.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to $1,575,287. The fund reflected a $271,459 increase from the prior year. Net investment in capital assets was $4,273,200.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business–type activities as of June 30, 2019, totals $6,934,170 reflecting a $403,975 decrease (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, water distribution system, and vehicles.

Major capital asset transactions during the year include the following additions:

Governmental Funds:

Additions

- 2019 Ford Utility Truck - $28,060
- 2019 Ford Explorer - $31,060
- 5 sets of gear for the fire department - $10,542
- 7 APX portable kits - $21,630
- 3 Air Pak with trackers - $22,125
- Other miscellaneous items - $7,705

Retirements and Dispositions

- None

Proprietary Funds:

Additions

- Water Storage Tank renovation - $46,989
- 3 Grinders - $14,205
- Camera System - $9,710
- New Pump - $3,219

Retirements and Dispositions

- None

Town of Biscoe's Capital Assets
(Net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 351,794	$ 358,715	$ 14,900	$ 14,900	$ 366,694	$ 373,615
Buildings and improvements	606,846	693,950	-	-	606,846	693,950
Equipment, vehicles and infrastructure	485,953	557,201	129,413	237,657	615,366	794,858
Water distribution systems	-	-	5,345,264	5,475,722	5,345,264	5,475,722
Total	$ 1,444,593	$ 1,609,866	$ 5,489,577	$ 5,728,279	$ 6,934,170	$ 7,338,145

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

Long-term Debt. As shown in Note B, the Town has notes payable related to two enterprise capital projects totaling $1,216,376 along with a note payable for a new ladder fire truck totaling $160,254. These notes are backed by the full faith and credit of the Town. The principal and interest on these notes are being serviced by the Water and Sewer Fund and General Fund, respectively.

Town of Biscoe's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	$ 29,747	$ 33,288	$ 24,245	$ 23,014	$ 53,992	$ 56,302
Pension related debt (LGERS)	196,345	138,583	101,147	65,215	297,492	203,798
Pension related debt (LEO)	150,082	157,529	-	-	150,082	157,529
Notes payable	160,255	175,000	1,216,376	1,354,486	1,376,631	1,529,486
Total	$ 536,429	$ 504,400	$ 1,341,768	$ 1,442,715	$ 1,878,197	$ 1,947,115

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Biscoe is $10,788,923

Economic Factors and Next Year's Budgets and Rates

The following key indicators reflect the economic environment of the Town.

- The Montgomery County unemployment rate reported by the Division of Employment Security was 10.2% in June 2012, 10.2% in June 2013, 6.8% in June 2014, 6.2% in June 2015, 5.3% in October 2016, 4.3% in June 2017, 3.6% in May 2018 and 3.8% in September of 2019. This improvement has been noted locally as employers have created new jobs. Montgomery County remains competitive as the State's average continues to remain at 4.2% unemployment. The Town of Biscoe believes these statistics indicate a continued local recovery of the recent recession, and growth in the local economy.

- 48 unit apartment complex located in the Town limits, maintains an occupation rate of approximately 80%.

- Business growth with the expansion of Carolina Dairy, the addition of Dairy Queen/Shell Gas Station and Burger King.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The 2019-2020 Budget identifies revenue and expenditure *estimates* for Fiscal Year 2019-2020 and attempts to maintain a continuum of quality services to the citizens of Biscoe. This budget is inclusive of all financial obligations while all municipal services and positions remain funded. Revenues are projected conservatively, and expenditures are projected realistically. The highlights of the proposed budget are as follows:

Police Department: No capital purchases for the Police Department. The Police Department Budget will include the transfer to the LEO Separation Fund of $25,000. The current CD has a balance of $50,958. No capital items have been requested from the department for 2019-2020. In 2018-2019 a grant from the Governor's Highway Safety program covered half the expenses for a new vehicle.

Fire Department: The Fire Department's budget reflects debt payments for the Ladder Truck purchased in 2018, in addition to the 50/50 Grant project for equipment and building renovations that the Town will match ($30,000). We will be pursuing grant funding to have a generator added at ($40,000) to serve the Department and Town Hall during outages and emergencies.

Parks and Recreation: In the past couple years the park has had several upgrades; resurfacing of the tennis courts, re-plastering of the pool, renovated pool house, new playground equipment, new roof on the shelter new light poles at the ball field. The 2019-2020 budget includes funding ($8,500) for improvements to be made at the little league dugouts.

Business - Type Activities: Rates are proposed to remain the same in the Water & Sewer Fund. In an effort of minimize loss, there are only a few changes. The budget includes the Water Departments share of the new truck ($15,000), a stationary sampler for the sewer plant ($6,800) and 3 isolation valves ($21,000) to assist with our problem areas when there are water main breaks. Additionally, water purchases (from the county) are increased by $50,000 to offset the additional revenues received, and a related expense being the increase of system testing and sampling. No Fund Balance is appropriated to offset the expenditures. The Water and Sewer Department is expected to continue to sustain itself. The department will continue to experience debt payments totaling $140,560 for the SRF Loan payments and the First Bank loan for the Industrial Park Lift Station, therefore other capital spending has been limited.

CDBG – Infrastructure Grant
The Town was awarded $1,865,000 of State CDBG-Infrastructure funds for the Bruton Street infrastructure improvements. A separate fund has been set up and the project is well underway. Construction is expected to begin further into 2020.

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 Town Clerk or Town Manager, Town of Biscoe, 110 West Main Street, Biscoe, North Carolina 27209. One can also call (910) 428-4112 or visit our website at www.townofbiscoe.com.

BASIC FINANCIAL STATEMENTS

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 2,245,709	$ 1,473,878	$ 3,719,587
Restricted cash	89,645	1,515	91,160
Receivables, net			
Property taxes	17,744	-	17,744
Due from other governments	184,857	-	184,857
Accounts receivable	18,356	179,918	198,274
Accrued interest receivable	2,742	-	2,742
Inventories	-	26,407	26,407
Total current assets	2,559,053	1,681,718	4,240,771
Non-current assets:			
Capital assets (Note I):			
Land, and other non-depreciable assets	351,794	14,900	366,694
Other capital assets, net of depreciation	1,092,799	5,474,677	6,567,476
Total capital assets	1,444,593	5,489,577	6,934,170
Total assets	4,003,646	7,171,295	11,174,941
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	150,864	74,707	225,571
Total deferred outflows of resources	150,864	74,707	225,571
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	39,277	46,118	85,395
Compensated absences	29,747	24,245	53,992
Payables from restricted assets - customer deposits	-	1,515	1,515
Current portion of notes payable	15,299	139,397	154,696
Total current liabilities	84,323	211,275	295,598
Long-term liabilities:			
Net pension liability	196,345	101,147	297,492
Total pension liability	150,082	-	150,082
Due in more than one year	144,956	1,076,980	1,221,936
Total long-term liabilities	491,383	1,178,127	1,669,510
Total liabilities	575,706	1,389,402	1,965,108
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	27,134	8,113	35,247
Total deferred inflows of resources	27,134	8,113	35,247
NET POSITION			
Net investment in capital assets	1,284,338	4,273,200	5,557,538
Restricted for:			
Equitable sharing	458	-	458
Stabilization by State Statute	203,353	-	203,353
Streets	89,645	-	89,645
Unrestricted	1,973,876	1,575,287	3,549,163
Total net position	$ 3,551,670	$ 5,848,487	$ 9,400,157

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental Activities:							
General government	$ 585,096	$ 1,711	$ -	$ -	$ (583,385)	$ -	$ (583,385)
Public safety	803,488	-	38,988	-	(764,500)	-	(764,500)
Transportation	266,975	-	51,387	-	(215,588)	-	(215,588)
Cultural and recreation	177,014	48,891	-	-	(128,123)	-	(128,123)
Total governmental activities	1,832,573	50,602	90,375	-	(1,691,596)	-	(1,691,596)
Business-type activities:							
Water and sewer	1,464,092	1,656,353	-	-	-	192,261	192,261
Total business-type activities	1,464,092	1,656,353	-	-	-	192,261	192,261
Total primary government	$ 3,296,665	$ 1,706,955	$ 90,375	$ -	(1,691,596)	192,261	(1,499,335)
General revenues:							
Taxes:							
Ad valorem taxes					813,286	-	813,286
Local option taxes					442,829	-	442,829
Unrestricted intergovernmental					276,036	-	276,036
Investment earnings					24,243	-	24,243
Miscellaneous					50,634	75,501	126,135
Transfers					(3,697)	3,697	
Total general revenues and transfers					1,603,331	79,198	1,682,529
Change in net position					(88,265)	271,459	183,194
Net postion, beginning					3,639,935	5,577,028	9,216,963
Net position, ending					$ 3,551,670	$ 5,848,487	$ 9,400,157

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

TOWN OF BISCOE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	Major Fund General Fund	Total Governmental Funds
ASSETS		
Cash and investments	$ 2,245,709	$ 2,245,709
Restricted cash	89,645	89,645
Receivables, net		
Property taxes	17,744	17,744
Due from other governments	184,857	184,857
Accounts receivable	18,356	18,356
Accrued interest receivable	140	140
Total assets	$ 2,556,451	$ 2,556,451
LIABILITIES		
Accounts payable and accrued liabilities	39,277	$ 39,277
Total liabilities	39,277	39,277
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	17,743	17,743
Total deferred inflows of resources	17,743	17,743
FUND BALANCES		
Restricted:		
Equitable sharing	458	458
Stabilization by State Statute	203,353	203,353
Streets	89,645	89,645
Committed		
LEO Special Separation Allowance	66,611	66,611
Assigned		
Subsequent year's expenditures	80,305	80,305
Capital reserve fund	744,424	744,424
Unassigned	1,314,635	1,314,635
Total fund balances	2,499,431	$ 2,499,431
Total liabilities, deferred inflow of resources and fund balances	$ 2,556,451	

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

TOWN OF BISCOE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Total Fund Balance, Governmental Funds			$ 2,499,431
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost	$ 5,195,955		
Accumulated depreciation	(3,751,362)		1,444,593
Deferred outflows of resources related to pensions are not reported in the funds			150,864
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds			2,602
Earned revenues considered deferred inflows of resources in fund statements			17,743
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.			
Compensated absences			(29,747)
Net pension liability			(196,345)
Total pension liability			(150,082)
Total notes payable			(160,255)
Deferred inflows of resources related to pensions are not reported in the funds			(27,134)
Net position of governmental activities			$ 3,551,670

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Major Fund	Total
	General Fund	Governmental Funds
REVENUES		
Ad valorem taxes	$ 808,363	$ 808,363
Unrestricted intergovernmental	718,865	718,865
Restricted intergovernmental	90,375	90,375
Permits and fees	1,711	1,711
Sales and services	48,891	48,891
Investment earnings	24,243	24,243
Other revenues	50,631	50,631
Total revenues	1,743,079	1,743,079
EXPENDITURES		
Current:		
General government	533,801	533,801
Public safety	767,343	767,343
Transportation	244,448	244,448
Cultural and recreation	129,515	129,515
Total expenditures	1,675,107	1,675,107
Excess of revenues over expenditures	67,972	67,972
OTHER FINANCING SOURCES		
Transfers to other funds	(121,786)	(121,786)
Transfers from other funds	118,089	118,089
Total other financing sources	(3,697)	(3,697)
Net change in fund balance	64,275	64,275
Fund balances, beginning as previously reported	2,435,156	2,435,156
Fund balances, ending	$ 2,499,431	$ 2,499,431

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ 64,275
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 depreciation exceeded capital outlays in the current period.		
Capital outlay expenditures which were capitalized	$ 121,122	
Depreciation expense for governmental assets	(286,395)	(165,273)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		36,042
Benefit payments paid and administrative expenses for the LEOSSA are not included on the statement of Activities		12,069
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		4,926
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 the governmental funds.		
Principal payments on long-term debt		14,746
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		
Change in compensated absences		3,541
Pension expense		(58,591)
Total changes in net position of governmental activities		$ (88,265)

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

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget			Variance with Final Budget- Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Ad valorem taxes	$ 669,780	$ 809,314	$ 808,363	$ (951)
Unrestricted intergovernmental	574,804	711,303	718,865	7,562
Restricted intergovernmental	88,292	91,021	90,375	(646)
Permits and fees	3,500	3,500	1,711	(1,789)
Sales and services	32,650	45,937	48,891	2,954
Investment earnings	1,300	15,627	24,158	8,531
Other revenues	2,600	173,828	50,631	(123,197)
Total revenues	1,372,926	1,850,530	1,742,994	(107,536)
Expenditures:				
Current:				
General government	447,531	632,512	533,801	98,711
Public safety	712,080	860,862	767,343	93,519
Transportation	283,542	292,292	244,448	47,844
Cultural and recreation	195,543	154,864	129,515	25,349
Total expenditures	1,638,696	1,940,530	1,675,107	265,423
Revenues over (under) expenditures	(265,770)	(90,000)	67,887	157,887
Other financing sources (uses):				
Transfers to other funds	50,000	90,000	(71,786)	(161,786)
Transfers from other funds	-	-	118,089	118,089
Total other financing sources and uses	50,000	90,000	46,303	(43,697)
Fund balance appropriated	215,770	-	-	-
Net change in fund balance	$ -	$ -	114,190	$ 114,190
Fund balance, beginning			1,640,817	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			85	
Transfers to other funds			(50,000)	
Fund balances, beginning			794,339	
Fund balances, ending			$ 2,499,431	

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and investments	$ 1,473,878
Restricted cash	1,515
Accounts receivable (net) - billed	179,918
Due from other funds	126,200
Inventories	26,407
Total current assets	1,807,918
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	14,900
Other capital assets, net of depreciation	5,474,677
Capital assets	5,489,577
Total noncurrent assets	5,489,577
Total assets	$ 7,297,495
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	$ 74,707
Total deferred outflows of resources	74,707
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	46,118
Compensated absences	24,245
Payable from restricted assets	1,515
Current portion of notes payable	139,397
Total current liabilities	211,275
Noncurrent liabilities:	
Net pension liability	101,147
Due to other funds	126,200
Long-term debt, less current installments	1,076,980
Total liabilities	1,515,602
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	8,113
Total deferred inflows of resources	8,113
NET POSITION	
Net investment in capital assets	4,273,200
Unrestricted	1,575,287
Total net position	$ 5,848,487

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2019

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	$ 1,632,747
Water and sewer taps and connection fees	2,450
Other operating revenues	21,156
Total operating revenues	1,656,353
OPERATING EXPENSES	
Operating expenses:	
Salaries and employee benefits	383,519
Other operating expenditures	301,283
Water purchases resale	438,965
Depreciation	340,325
Total operating expenses	1,464,092
Operating loss	192,261
NONOPERATING REVENUES (EXPENSES)	
Other non-operating revenues	77,933
Interest and other charges	(2,432)
Total nonoperating revenues (expenses)	75,501
Income (loss) before contributions and transfers	267,762
Transfers to other funds	(40,000)
Transfers from other funds	43,697
Change in net position	271,459
Beginning net position	5,577,028
Total net position, ending	$ 5,848,487

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,536,965
Cash paid for goods and services	(731,381)
Cash paid to or on behalf of employees for services	(382,288)
Customer deposits received (net)	(1,245)
Net cash provided by operating activities	422,051
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Other revenues	77,933
Transfers from other funds	(40,000)
Transfers to other funds	43,697
Net cash provided by capital and related financing activities	81,630
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(101,623)
Payments on notes payable	(138,110)
Interest on notes payable	(2,432)
Net cash used by capital and related financing activities	(242,165)
Net increase in cash and investments	261,516
Balances, beginning	1,213,877
Balances, ending	$ 1,475,393

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

	Water and Sewer Fund
Reconciliation of operating earnings to net cash provided by operating activities	
Operating earnings	$ 192,261
Adjustments to reconcile operating earnings to net cash provided by operating activities:	
Depreciation	340,325
Changes in assets and liabilities:	
Increase in accounts receivable	(119,388)
Decrease in inventories	(518)
Decrease in deferred outflows of resources - pensions	(28,974)
Decrease in net pension liability	35,932
Decrease in deferred inflows of resources - pensions	1,480
Decrease in accounts payable and accrued liabilities	947
Increase in compensated absences	1,231
Increase in customer deposits	(1,245)
Total adjustments	229,790
Net cash provided by operating activities	$ 422,051

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Biscoe, North Carolina (Town) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Town of Biscoe is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2019, no other entity is included in the Town's financial statements.

Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The primary expenditures are for public safety, streets, sanitation, parks and recreations, and general government services. Under GASB 54 guidance, the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

Measurement Focus and Basis of Accounting

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

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

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

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's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town 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 for property taxes other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues such as 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 of Biscoe because the tax is levied by Biscoe 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position 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 general revenues.

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 and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, some amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

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 and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT—Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 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.

Cash and Cash Equivalents

The Town pools money from the general fund, the water and sewer fund, and all other 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. The Tourism Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4 for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets.. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Biscoe Restricted Cash

Governmental Activities		
General Fund	Powell Bill - Streets	$ 89,645
Business-type Activities		
Water and Sewer Fund	Customer deposits	1,515
Total Restricted Cash		$ 91,160

Ad Valorem Taxes Receivable

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

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of the Town consist of expendable parts and supplies, and are valued at cost (first in, first out), which approximates market.

Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Life
Buildings	29 years
Furniture and office equipment	7-10 years
Maintenance and construction equipment	5-7 years
medium and heavy motor vehicle	5-7 years
Computer software	5 years
Automobiles and light trucks	3-5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion which is pension deferrals for the 2018 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 two items that meet the criterion for this category - property taxes receivable and pension deferrals.

Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Compensated Absences

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

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

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 four 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:

Non-spendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

> *Prepaid assets* - portion of fund balance that is not an available resource because it represents the yearend balance of costs applicable to future accounting periods, which are not spendable resources.

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for equitable sharing - portion of fund balance that is restricted through an agreement entered into between the Federal government, the Town's police department, and the governing body.

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

Committed fund balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. 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 LEO Special Separation Allowance - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

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

Assigned for capital reserve fund - portion of fund balance that is held in the capital reserve fund for future purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Town manager to modify the appropriations within funds up to $1,000.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town Clerk 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. Town management has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has an informal fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% of budgeted expenditures may be appropriated.

Defined Benefit Cost-Sharing Plans

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

NOTE B – DETAIL NOTES ON ALL FUNDS

Assets

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 the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. 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 Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

At June 30, 2019, the Town's deposits had a carrying amount of $3,182,415 and a bank balance of $3,255,706. Of the bank balance, $750,000 was covered by federal depository insurance and the remainder was covered under the pooling method. At June 30, 2019, the Town's petty cash fund totaled $200.

Investments

At June 30, 2019, the Town had $628,132 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year June 30, 2019 are net of the following allowance for doubtful accounts:

General Fund - Ad valorem taxes	$ 42,848
Enterprise Fund - Customers	24,500
Total	$ 67,348

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 358,715	$ -	$ 6,921	$ 351,794
Total capital assets not being depreciated	358,715	-	6,921	351,794
Capital assets being depreciated:				
Buildings and improvements	2,420,575	6,921	-	2,427,496
Equipment and vehicles	2,067,232	121,122	-	2,188,354
Infrastructure	228,311	-	-	228,311
Total capital assets being depreciated	4,716,118	128,043	-	4,844,161
Less accumulated depreciation for:				
Buildings and improvements	1,726,625	94,025	-	1,820,650
Equipment and vehicles	1,622,032	179,241	-	1,801,273
Infrastructure	116,310	13,129	-	129,439
Total accumulated depreciation	3,464,967	286,395	-	3,751,362
Total capital assets being depreciated, net	1,251,151			1,092,799
Governmental activity capital assets, net	$ 1,609,866			$ 1,444,593

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

General government	$ 42,997
Public safety	173,372
Culture and recreation	47,499
Transportation	22,527
Total depreciation expense	$ 286,395

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 14,900	$ -	$ -	$ 14,900
Total capital assets not being depreciated	14,900	-	-	14,900
Capital assets being depreciated:				
Plant, substations, lines, and related equipment	8,609,180	74,489	-	8,683,669
Equipment and vehicles	826,751	26,325	-	853,076
Total capital assets being depreciated	9,435,931	100,814	-	9,536,745
Less accumulated depreciation for:				
Plant, substations, lines, and related equipment	3,075,845	263,372	-	3,338,408
Equipment and vehicles	646,707	76,953	-	723,660
Total accumulated depreciation	3,722,552	340,325	-	4,062,068
Total capital assets being depreciated, net	5,713,379			5,474,677
Water and Sewer fund capital assets, net	5,728,279			5,489,577
Business-type activity capital assets, net	$ 5,728,279			$ 5,489,577

Liabilities

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Biscoe is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOS) of participating governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Biscoe 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 Biscoe's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 Biscoe were $52,136 for the year ended June 30, 2019.

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.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

At June 30, 2019, the Town reported a liability of $297,792 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.01254%, which was an increase of 0.0008% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of $72,153. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,896	$ 1,540
Changes of assumptions	78,943	-
Net difference between projected and actual earnings on pension plan investments	40,837	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,915	22,322
Town contributions subsequent to the measurement date	52,136	-
Total	$ 219,727	$ 23,862

$52,136 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ 71,242
2021	46,244
2022	6,303
2023	19,940
2024	-
Thereafter	-

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	$ 714,601	$ 297,492	$ (51,051)

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

Law Enforcement Officers' Special Separation Allowance

Plan Description

The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	7
Total	8

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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

Contributions

The Town is required by Article 12D of Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The town paid $11,730 as benefits came due for the reporting period.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

At June 30, 2019, the City reported a total pension liability of $150,082. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of $10,970.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,793
Changes of assumptions	5,844	6,592
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	$ 5,844	$ 11,385

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

Year ended June 30:	
2020	$ (1,097)
2021	(1,097)
2022	(1,046)
2023	(586)
2024	(1,146)
Thereafter	(569)

Sensitivity of the City's total pension liability to changes in the discount rate

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$ 162,453	$ 150,082	$ 138,828

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

	2019
Beginning balance	$ 157,529
Service cost	6,935
Interest on the total pension liability	4,793
Changes of benefit terms	-
Differences between expected and actual experience in the measurements of the total pension liability	(1,650)
Changes in assumptions or other inputs	(5,795)
Benefit payments	(11,730)
Other changes	-
Ending balance of the total pension liability	$ 150,082

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

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

	LGERS	LEOSSA	Total
Pension Expense	$ 72,153	$ 10,970	$ 83,123
Pension Liability	297,492	150,082	447,574
Proportionate share of the net pension liability	0.01254%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	45,896	-	45,896
Changes of assumptions	78,943	5,844	84,787
Net difference between projected and actual earnings on plan investments	40,837	-	40,837
Changes in proportion and differences between contributions and proportionate share of contributions	1,915	-	1,915
Benefit payments and administrative cost paid subsequent to the measurement date	52,136	-	52,136
Deferred Inflows of Resources			
Differences between expected and actual experience	1,540	4,793	6,333
Changes of assumptions	-	6,592	6,592
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	22,322	-	22,322

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. The 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 law enforcement officers may also make voluntary contributions to the plan.

The town made contributions of $15,960 for the reporting year. No amounts were forfeited.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	$ 52,136
Differences between expected and actual experience	45,896
Changes of assumptions	84,787
Net difference between projected and actual earnings on pension plan investments	40,837
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,915
Total	$ 225,571

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	$ -	$ 17,743
Changes in assumptions	6,592	-
Differences between expected and actual experience	6,333	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,322	-
Total	$ 35,247	$ 17,743

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town has property, general liability, and auto liability coverage of $1 million per occurrence, worker's compensation coverage of up to statutory limits, and employee health coverage up to $2 million lifetime limit. The liability and property exposures are reinsured through commercial companies for claims against property, general liability, and auto liability in excess of $500,000 and $300,000 statutory limits for worker's compensation. The pools are reinsured for annual employee health claims in excess of $150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town is not required to carry flood insurance because the Town is not in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

In accordance with G.S. 159-29, the Town’s employees that have access to $100 or more at any given time of the Town’s funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for $100,000. All other employees are covered under a $100,000 blanket bond.

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Long-Term Obligations

Long-Term Debt

In March 2015, the Town entered into a promissory note with the Department of Environment and Natural Resources for improvement for the Town's wastewater treatment plant. The note provided for funding for the project up to $1,402,500, and as of June 30, 2019, the total balance on the note was $1,124,640. The note carries no interest and is payable in annual installments of $66,155 beginning May 2017 for a period of 20 years.

In November 2015, the Town entered into a $350,000 promissory note with a financial institution for funding the Industrial Park Pump Station capital project. The financing agreement requires monthly payments of principal, plus accrued interest at 1.75%, of $6,199 beginning December 2015 for a period of 5 years. At June 30, 2019, the balance on this note was $91,736.

In May 2018, the Town entered into a $175,000 promissory note with a financial institution for a new ladder fire truck. The financing agreement requires annual payments of principal, plus accrued interest at 3.75%, beginning May 2019 for a period of 10 years. At June 30, 2019, the balance on this note was $160,254.

Annual debt service requirements to maturity for long-term debt obligations are as follows:

Year ended June 30:	Principal	Interest
2020	$ 155,196	$ 7,155
2021	100,522	5,528
2022	82,623	4,841
2023	83,240	4,223
2024	83,881	3,582
2025-2029	408,581	7,428
2030-2034	330,777	-
2035-2036	131,810	-
Total	$ 1,376,630	$ 32,757

NOTE B – DETAIL NOTES ON ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Compensated absences	$ 33,288	$ 29,747	$ 33,288	$ 29,747	$ 29,747
Net pension liability (LGERS)	138,583	57,762	-	196,345	-
Note payable	175,000	-	14,745	160,255	15,799
Total pension liability (LEO)	157,529	-	7,447	150,082	-
Total governmental activities	$ 504,400	$ 87,509	$ 55,480	$ 536,429	$ 45,546
Business-type activities:					
Compensated absences	$ 23,014	$ 24,245	$ 23,014	$ 24,245	$ 24,245
Note payable	1,354,486	-	138,110	1,216,376	139,397
Net pension liability (LGERS)	65,215	35,932	-	101,147	-
Total business-type activities	1,442,715	60,177	161,124	1,341,768	163,642
Total long-term obligations	$ 1,947,115	$ 147,686	$ 216,604	$ 1,878,197	$ 209,188

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Biscoe is $10,788,923

NOTE C – INTERFUND TRANSFERS

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

From the Capital Reserve fund to the General Fund as budgeted	$ (50,000)
From the Water and Sewer Fund to the General Fund to correct for net payroll error	(3,697)
Total	$ (53,697)

NOTE D – FUND BALANCE

Total fund balance - General Fund	$	2,499,431
Less:		
Equitable sharing		458
Stabilization by State Statute		203,353
Streets		89,645
LEO Special Separation allowance		66,611
Subsequent year's expenditures		80,305
Capital reserve fund		744,424
Remaining fund balance	$	1,314,635

NOTE E – JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

Jointly Governed Organization

The Town, in conjunction with 7 counties and 42 other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of $550 to the Council during the fiscal year ended June 30, 2019.

NOTE F – SUMMARY OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under grant agreements. 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 moneys.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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

TOWN OF BISCOE, NORTH CAROLINA
TOWN OF BISCOE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Six Fiscal Years*

Local Government Employees' Retirement System	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Town of Biscoe's proportion of the net pension liability (asset) (%)	0.0125%	0.0133%	0.0115%	0.0124%	0.0131%	0.0133%
Town of Biscoe's proportion of the net pension liability (asset) ($)	$ 297,792	$ 203,798	$ 243,007	$ 55,741	$ (77,316)	$ 160,316
Town of Biscoe's covered-employee payroll	$ 642,647	$ 648,555	$ 581,921	$ 653,042	$ 591,129	$ 577,872
Town of Biscoe's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	46.34%	31.42%	41.76%	8.54%	-13.08%	27.74%
Plan fiduciary net position as a percentage of the total pension liability**	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.

TOWN OF BISCOE, NORTH CAROLINA
TOWN OF BISCOE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Six Fiscal Years

Local Government Employees' Retirement System	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 52,136	$ 50,034	$ 49,036	$ 40,119	$ 47,375	$ 42,384
Contributions in relation to the contractually required contribution	52,136	50,034	49,036	40,119	47,375	42,384
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Town of Biscoe's covered-employee payroll	$ 650,024	$ 642,647	$ 648,555	$ 581,921	$ 653,042	$ 591,129
Contributions as a percentage of covered-employee payroll	8.02%	7.79%	7.56%	6.89%	7.25%	7.17%

TOWN OF BISCOE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
June 30, 2019

Law Enforcement Officers' Special Separation Allowance	2019	2018	2017
Beginning balance	$ 157,529	$ 162,168	$ 173,519
Service cost	6,935	6,858	7,314
Interest on the total pension liability	4,793	5,853	5,819
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement	(1,650)	(5,145)	-
Changes of assumptions or other inputs	(5,795)	8,850	(3,429)
Benefit payments	(11,730)	(21,055)	(21,055)
Other changes	-	-	-
Ending balance of the total pension liability	$ 150,082	$ 157,529	$ 162,168

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

TOWN OF BISCOE, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
June 30, 2019

Law Enforcement Officers' Special Separation Allowance	2019	2018	2017
Total pension liability	$ 150,082	$ 157,529	$ 162,168
Covered payroll	261,751	291,268	281,857
Total pension liability as a percentage of covered payroll	57.34%	54.08%	57.54%

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

INDIVIDUAL FUND
FINANCIAL STATEMENTS SECTION

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		$ 804,757	
Penalties and interest		3,606	
Total	$ 809,314	808,363	$ (951)
Unrestricted intergovernmental:			
Local option sales taxes		442,829	
Telecommunications sales tax		8,273	
Utilities sales tax		230,641	
Video franchise fee		5,299	
Solid waste disposal fee		1,179	
Beer and wine tax		7,259	
Tax refunds		23,385	
Total	711,303	718,865	7,562
Restricted intergovernmental:			
Powell Bill allocation		51,387	
DSM revenues		260	
Grant funds		38,728	
Total	91,021	90,375	(646)
Permits and fees	3,500	1,711	(1,789)
Sales and services:			
ABC Revenue		7,762	
Cemetery lots sales		4,449	
Recreaction department fees		36,680	
Total	45,937	48,891	2,954
Investment earnings	15,627	24,158	8,531

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Other revenues:			
Fire department donations		16,675	
Miscellaneous		33,956	
Total	173,828	50,631	(123,197)
Total revenues	1,850,530	1,742,994	(107,536)
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits		254,138	
Other operating expenditures		163,110	
Total administration	477,871	417,248	60,623
Legal and professional services:			
Other operating expenditures	42,500	29,107	13,393
Public buildings and grounds:			
Other operating expenditures		86,029	
Capital outlay		1,417	
Total public buildings and grounds	112,141	87,446	24,695
Total general government	632,512	533,801	98,711
Public Safety:			
Police:			
Salaries and employee benefits		444,350	
Other operating expenditures		77,568	
Capital outlay		67,414	
Total police	636,769	589,332	47,437

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Fire:			
Salaries and employee benefits		15,022	
Other operating expenditures		156,407	
Capital outlay		6,582	
Total Fire	224,093	178,011	46,082
Total Public Safety	860,862	767,343	93,519
Transportation:			
Streets:			
Other operating expenditures	214,362	182,817	31,545
Streets - Powell Bill:			
Other operating expenditures		61,631	
Total streets - Powell Bill	77,930	61,631	16,299
Total transportation	292,292	244,448	47,844
Culture and recreational			
Recreation:			
Salaries and employee benefits		46,917	
Other operating expenditures		82,598	
Total cultural and recreational	154,864	129,515	25,349
Total expenditures	1,940,530	1,675,107	265,423
Revenues over (under) expenditures	(90,000)	67,887	157,887
Other financing sources (uses)			
Transfers to other funds		(71,786)	
Transfers from other funds		118,089	
Total other financing sources and uses	90,000	46,303	(43,697)
Revenues and other financing sources over expenditures and other uses	-	114,190	114,190

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Fund balance appropriated	-	-	-
Net change in fund balance	$ -	114,190	$ 114,190
Fund balance, beginning		1,640,817	
Fund balances, ending		$ 1,755,007	

Fund balance, end of year (General Fund)	$ 1,755,007
Amounts reported for Revenues, Expenditures and Changes in Fund Balance (deficit) are different from the Budget and Actual Statement due to consolidation of the Capital Reserve Fund:	
Investment earnings	(49,915)
Fund balance, beginning of year (Capital Reserve Fund)	794,339
Fund balance, end of year (Consolidated General Fund)	$ 2,499,431

TOWN OF BISCOE, NORTH CAROLINA
CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	$ 50,000	$ 85	$ (49,915)
Other financing sources (uses)			
Transfers to other funds	(50,000)	(50,000)	-
Net change in fund balance	$ -	(49,915)	$ (49,915)
Fund balances, beginning as previously reported		794,339	
Fund balances, ending		$ 744,424	

TOWN OF BISCOE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water and sewer charges		$ 1,632,747	
Water and sewer taps and connection fees		2,450	
Miscellaneous revenue		21,156	
Total operating revenues	$ 1,394,674	1,656,353	$ 261,679
Nonoperating revenues:			
Tax refunds		13,608	
Miscellaneous		36,440	
Total nonoperating revenues	27,412	50,048	22,636
Total revenues	1,422,086	1,706,401	284,315
Expenditures:			
Operating expenditures			
Salaries and employee benefits		373,850	
Other operating expenditures		290,820	
Water purchases for resale		438,965	
Total administration	1,183,526	1,103,635	79,891
Debt service:			
Principal retirement		138,110	
Interest and other charges		2,432	
Total debt services	140,560	140,542	18
Capital outlay	58,000	10,902	47,098
Total expenditures	1,382,086	1,255,079	127,007
Revenues over expenditures	40,000	451,322	411,322
Other financing sources			
Transfers from other funds		43,697	
Transfers to other funds		(40,000)	
Total other financing sources	40,000	3,697	(36,303)
Revenues and other sources over expenditures and other uses	$ -	$ 455,019	$ 375,019

TOWN OF BISCOE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		$ 455,019	
Reconciling items:			
Depreciation		(340,327)	
Principal payments on debt		138,110	
Increase in accrued vacation pay		(1,231)	
Decrease in deferred outflows of resources - pension		28,974	
Decrease in net pension liability		(35,932)	
Decrease in deferred inflows of resources - pensions		(1,480)	
Increase in inventory		518	
CDBG Bruton Street Project		27,808	
Total reconciling items		(183,560)	
Change in net position		$ 271,459	

TOWN OF BISCOE, NORTH CAROLINA
ENTERPRISE CAPITAL PROJECT FUND - INDUSTRIAL PARK PUMP LIFT STATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2019

	Project Authorization	Prior Year	Current Year	Total To Date	Variance Positive (Negative)
EXPENDITURES					
Construction	$ 342,500	$ 255,127	$ -	$ 255,127	$ 87,373
Bid award	4,500	8,000	-	8,000	(3,500)
Final Certification	3,000	-	-	-	3,000
Total expenditures	350,000	263,127	-	263,127	86,873
Revenues under expenditures	(350,000)	(263,127)	-	(263,127)	86,873
OTHER FINANCING SOURCES (USES)					
Loan proceeds	350,000	350,000	-	350,000	-
Transfers to water and sewer fund	-	(30,468)	-	(30,468)	(30,468)
Total other financing sources (uses)	350,000	319,532	-	319,532	(30,468)
Total revenues and other financing sources over expenditures	$ -	$ 56,405	-	$ 56,405	$ 56,405
Fund balance, beginning			(9,691)		
Fund balance, ending			$ (9,691)		

TOWN OF BISCOE, NORTH CAROLINA
ENTERPRISE CAPITAL PROJECT FUND - CDBG BRUTON STREET PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2019

	Project Authorization	Prior Year	Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmetal					
State grant	$ 1,865,000	$ -	$ 27,500	27,500	$ 1,837,500
Investment earnings	-	-	385	385	(385)
Total revenues	1,865,000	-	27,885	27,885	1,837,115
EXPENDITURES					
Public sewer improvements	1,766,500	-	-	-	(1,766,500)
Administration	98,500	-	77	77	(98,423)
Total expenditures	1,865,000	-	77	77	(1,864,923)
Revenues under expenditures	(1,865,000)	-	(77)	(77)	(27,808)
Total revenues and other financing sources over expenditures	$ -	$ -	27,808	$ 27,808	$ (27,808)
Fund balance, beginning			-		
Fund balance, ending			$ 27,808		

OTHER SCHEDULES

This section contains additional information on property taxes.

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

TOWN OF BISCOE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections And Credits	Uncollected Balance June 30, 2018
2018-2019	$ -	$ 828,742	$ 807,572	$ 21,170
2017-2018	12,715	-	4,148	8,567
2016-2017	7,292	-	1,748	5,544
2015-2016	5,303	-	977	4,326
2014-2015	3,143	-	166	2,977
2013-2014	4,019	-	109	3,910
2012-2013	4,408	-	35	4,373
2011-2012	3,743	-	-	3,743
2010-2011	2,849	-	-	2,849
2009-2010	3,133	-	-	3,133
2008-2009	3,417	-	3,417	-
	$ 50,022	$ 828,742	$ 818,172	60,592

Less: allowance for uncollectible accounts:	
General Fund	42,848
Ad valorem taxes receivable - net	$ 17,744
Reconciliation to revenues:	
Ad valorem taxes - General Fund	$ 808,363
Reconciling items:	
Interest collected	(687)
Other adjustments	5,777
Taxes written off	4,719
Total collections and credits	$ 818,172

TOWN OF BISCOE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ending June 30, 2019

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 147,751,785	$ 0.56	$ 827,410	$ 756,814	$ 70,596
Penalty			687	687	-
	147,751,785		828,097	757,501	70,596
Discoveries: current year taxes	171,071	0.56	958	958	-
Abatements	(178,100)		(313)	(313)	-
Total property valuation	$ 147,744,756				
Net levy			828,742	758,146	70,596
Uncollected taxes at June 30, 2018			(21,170)	(21,170)	-
Current year's taxes collected			$ 807,572	$ 736,976	$ 70,596
Current levy collection percentage			97.45%	97.21%	100.00%