

Town of Biscoe, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2017

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List of Principal Officials

Elected Officials

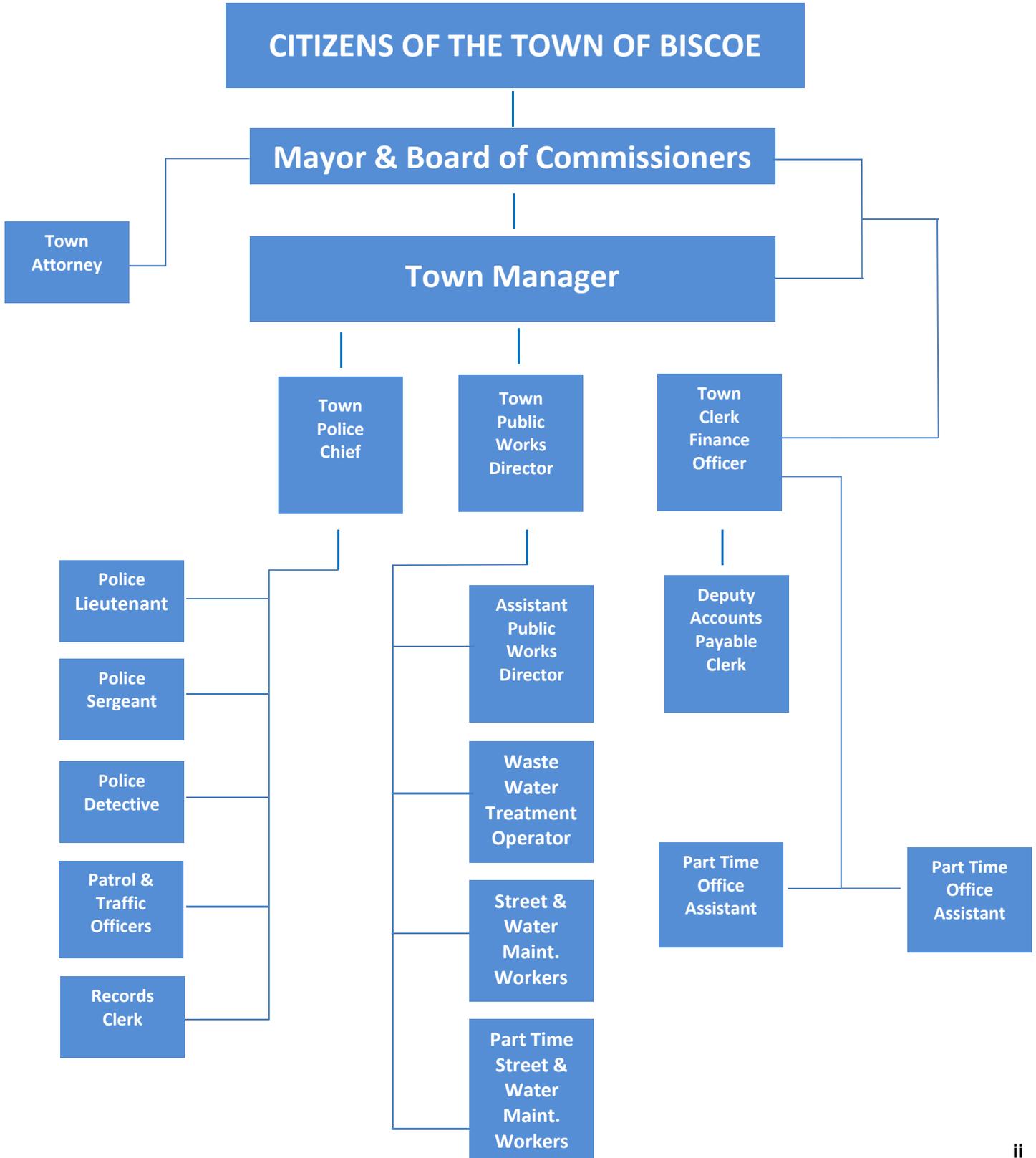
James E. Blake, Mayor
Jerry Smith, Mayor Pro-Tem
John Beard, Commissioner
Eugene Anderson, Commissioner
Jimmy Cagle, Commissioner
W. Eddie Reynolds, Commissioner

Appointed Officials

Brandon Holland, Town Manager
Laura Morton, Town Clerk
Laura Jordan, Deputy Clerk
Sam Stewart, Public Works Director
Brent Tedder, Police Chief
Tripp Myrick, Fire Chief



TOWN OF BISCOE ORGANIZATIONAL CHART





"A Dream Worth Dreaming"

MAYOR
JAMES E. BLAKE

COMMISSIONERS
JERRY SMITH, MAYOR PRO-TEM
GENE ANDERSON
JOHN BEARD
KAY CAGLE KINCH

TOWN MANAGER
BRANDON W. HOLLAND

TOWN CLERK
LAURA B. MORTON

January 26, 2018

Honorable Mayor Blake,
Board of Town Commissioners,
and Citizens of Biscoe
Biscoe, North Carolina 27209

The Comprehensive Annual Financial Report of Biscoe, North Carolina for the fiscal year ended June 30, 2017, is submitted for your review and use. The Town, like all other local governments in the state, is required by state law to publish a complete set of financial statements within five months of the close of each fiscal year. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. As management, we assert that, to the best of our knowledge, this financial report is complete and reliable in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the governmental and business-type activities. All disclosures necessary to gain the maximum understanding of the Town's financial affairs have been included.

The Town's management is responsible for establishing and maintaining an internal control structure that is designed to ensure the Town's assets are protected from loss, theft or misuse, and to ensure adequate accounting data are compiled to allow for the preparation of financial statements which conform with accounting principles generally accepted in the United States of America (GAAP). Since the cost of internal controls should not outweigh their benefits, the Town's internal control structure has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

North Carolina statutes and the Town's Ordinance require an annual audit by independent certified public accountants. The accounting firm of Dixon Hughes Goodman LLP, a firm of licensed certified public accountants, was selected and awarded the contract for Fiscal Year 2017. The goal of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the Management's Discussion & Analysis and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditor's report.



The Reporting Entity and Its Services

Incorporated in 1901, Biscoe, in the eastern Montgomery County, is located along interstate 73/74, providing connectivity to urban centers, universities, and coastal communities. The small-town setting is located two miles from the geographic center of North Carolina and just 30 miles south of Asheboro, 1,700 residents have easy access to major highways easily connecting Biscoe to the rest of the state. Within Biscoe, the economy is centered on government, retail, service providers, and manufacturing. The Town is operated under the council-manager form of government. Commissioners on the five-member, nonpartisan board serves four-year staggered terms and are elected at large. The mayor also elected at large, serves a two-year term, chairs the board meetings, and votes when a tie occurs. The Town provides a full range of municipal services, including police, and volunteer fire protection, parks, planning, street maintenance, solid waste collection, and cemetery. Furthermore, the Town operates its own water and sanitary sewer systems.

Economic Conditions and Outlook

- The Montgomery County unemployment rate reported by the Division of Employment Security was 12.5% in June 2011, 10.2% in June 2012, 10.2% in June 2013, 6.8% in June 2014, 6.2% in June 2015 and 5.3% in October 2016 and 4.3% in June 2017. This improvement has been noted locally as employers have created new jobs. Montgomery County remains competitive; the State's average also continues to improve to 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 approximately 80% occupied.
- Montgomery County Economic Development's new Head of Marketing facilitated grand openings, ribbon cuttings and press releases for new businesses.
- The *Heart of NC Megapark* has seen interest from a few industries but has not seen any announcements of investment by the end of the fiscal year. In addition, it is a high priority of the Montgomery County Commissioners for economic development.

Debt Administration

Biscoe's current debt burden is above the North Carolina state average and below the national average for municipalities, with net overall debt at \$83.41 per capita. This debt includes a State Revolving Fund payment which extended sewer to our Town Mega Site and a loan for an upgrade to our Industrial Pump Station. This debt incurred over recent years will support robust projected growth, provide vital services to the Town's new citizens, and is not atypical of a growing community like Biscoe. Responsible financial planning and revenues resulting from growth will ensure the Town maintains a stable financial position. Water and Sewer Fund has a continued emphasis on maintaining the water and sewer infrastructure of the Town.

The Town has avoided a heavy debt load, which has plagued many municipalities, in its General Fund. The General Fund has zero debt.

Financial Policies

The Town of Biscoe has committed to maintain a healthy General Fund balance level above the state minimum of 8% Current fund balance is at 82% of operating expenditures.

The Town has diversified its investment by security type and institution to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Without exception, no will be moved into investment accounts with prior approval from the Board of Commissioners. The Town's investment portfolio will be invested only in ways approved by the North Carolina Local Government Commission.

Other Information

In 2017 The Town joined The Government Finance Officers Association (GFOA) of the United States and Canada to further strive for Excellence in Financial Reporting for our comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. The annual report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will submit it to the GFOA.

Acknowledgments

We appreciate the assistance and dedication of the Finance Officer/Town Clerk and administrative staff throughout the year, especially during the preparation of this report. We would like to thank all members of the department who contributed to its preparation and to the independent certified public accountants, Dixon Hughes Goodman LLP, for their assistance. The cooperation of each Town department is appreciated, as we work together in conducting the Town's financial operations. We also express our appreciation to the mayor and the members of the Board of Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner. The Town's improving financial condition in the General Fund and willingness to address the challenges facing the Water and Sewer Fund are a tribute to that involvement.

Respectfully Submitted,



Brandon Holland
Town Manager

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Financial Section

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Independent Auditors' Report

To the Honorable Mayor and
Town Commissioners
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 ("Town") as of and for the year ended June 30, 2017, 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 preparation 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 misstatement.

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

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

Opinions

In our opinion 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 as of June 30, 2017, and the respective changes in financial position and cash flows, where appropriate, 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, during 2017 the Town of Biscoe implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which resulted in a cumulative effect adjustment to net position as of the beginning of the year. Our opinion is not modified with respect to this matter.

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 4 through 13, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 44 and 45, respectively, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 46 and 47, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town. The introductory section, individual fund schedules, supplementary data as listed in the table of contents, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

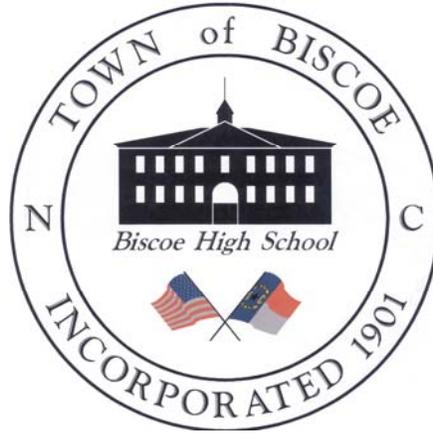


The individual fund schedules and supplementary financial data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 individual fund schedules and supplementary financial data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Dixon Hughes Goodman LLP

**High Point, North Carolina
December 8, 2017**



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fax (910) 428-3975

Management's Discussion and Analysis

As management of the Town of Biscoe (the "Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. 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.

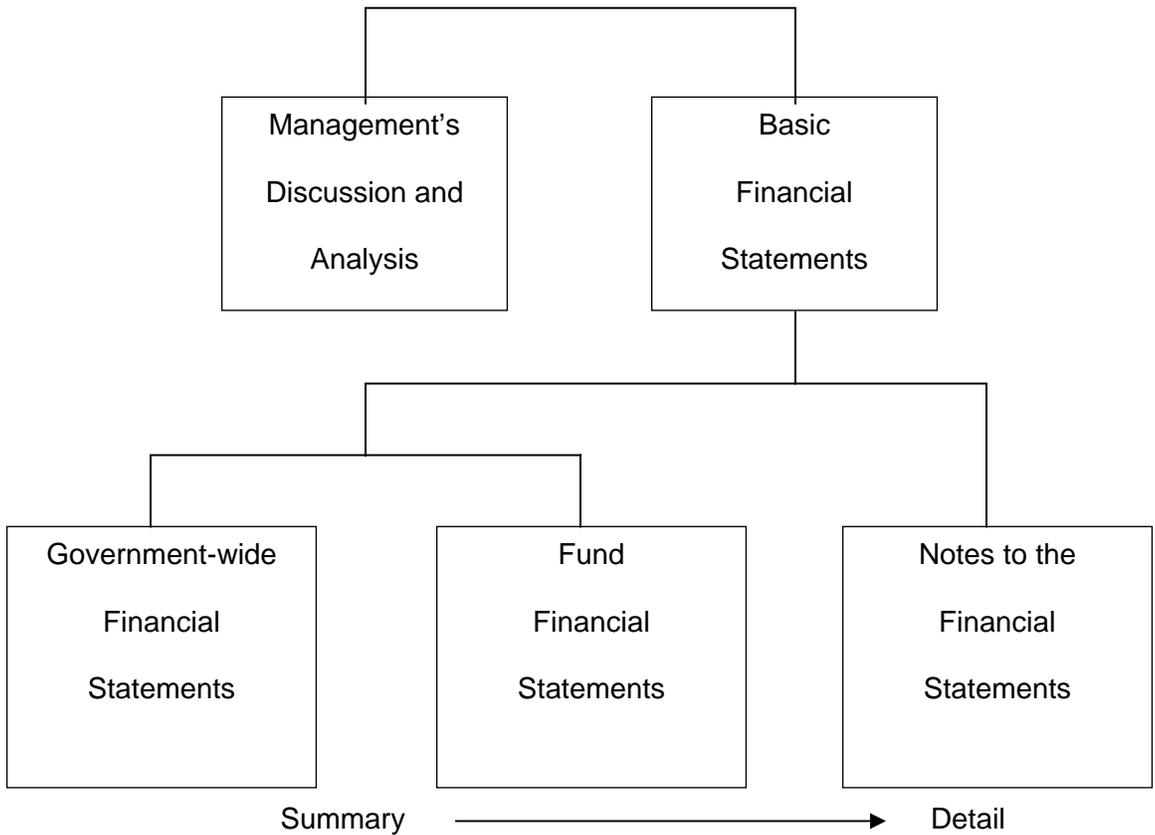
Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,925,004. Net position for governmental activities was \$3,387,767 and net position of business-type activities was \$5,537,237.
- Governmental activities reported a decrease in total net position of \$55,100. Business-type activities incurred a loss in the current year of \$147,608.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,412,303 an increase of \$136,915 in comparison with the prior year. Approximately 49 percent of this total amount, or \$1,174,702 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**



Town of Biscoe, North Carolina Management's Discussion and Analysis

Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes and required supplemental financial data, **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 are the statement of net position and the statement of activities. Net position is the difference between the total of the Town's assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition. Over time, increases or decreases in net position help determine whether the Town's financial position is improving or deteriorating. The statement of activities presents information which show how the Town's net position changed during the most recent fiscal year.

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 and recreation, 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. These include the water and sewer services offered by the Town.

The government-wide financial statements are on 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 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.

Town of Biscoe, North Carolina Management's Discussion and Analysis

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

The Town 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 Town Commissioners 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 Town Commissioners; 2) the final budget as amended by the Town Commissioners; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The Town has one enterprise fund. Enterprise funds are 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 the function 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 25 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 45 of this report.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings.

**Town of Biscoe, North Carolina
Management's Discussion and Analysis**

Net Position

The following (Figure 2) reflects condensed information on the Town's net position.

**Statement of Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 2,514,537	\$ 2,457,966	\$ 1,161,441	\$ 1,174,055	\$ 3,675,978	\$ 3,632,021
Capital assets	1,173,319	1,369,111	5,967,044	6,219,354	7,140,363	7,588,465
Deferred outflows of resources	146,921	25,133	69,221	14,986	216,142	40,119
Total assets and deferred outflows of resources	<u>3,834,777</u>	<u>3,852,210</u>	<u>7,197,706</u>	<u>7,408,395</u>	<u>11,032,483</u>	<u>11,260,605</u>
Current liabilities	100,552	72,400	213,209	187,971	313,761	260,371
Long-term liabilities	322,960	34,920	1,436,702	1,518,321	1,759,662	1,553,241
Deferred inflows of resources	23,498	28,943	10,558	17,258	34,056	46,201
Total liabilities and deferred inflows of resources	<u>447,010</u>	<u>136,263</u>	<u>1,660,469</u>	<u>1,723,550</u>	<u>2,107,479</u>	<u>1,859,813</u>
Net position:						
Net investment in capital assets	1,173,319	1,369,111	4,475,712	4,598,166	5,649,031	5,967,277
Restricted	213,633	242,355	-	-	213,633	242,355
Unrestricted	<u>2,000,815</u>	<u>2,104,481</u>	<u>1,061,525</u>	<u>1,086,679</u>	<u>3,062,340</u>	<u>3,191,160</u>
Total net position, previously reported	-	3,715,947	-	5,684,845	-	9,400,792
Cumulative effect adjustment	-	(273,080)	-	-	-	(273,080)
Total net position, ending	<u>\$ 3,387,767</u>	<u>\$ 3,442,867</u>	<u>\$ 5,537,237</u>	<u>\$ 5,684,845</u>	<u>\$ 8,925,004</u>	<u>\$ 9,127,712</u>

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 of resources by \$8,925,004 as of June 30, 2017. The Town's net position decreased by \$202,708 for the fiscal year ended June 30, 2017. The largest portion (63%) 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 investment in its 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 liquidated to satisfy these liabilities. An additional portion of the Town's net position, \$213,633, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,062,340 (34%) is unrestricted.

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

- Governmental activities saw a decrease in revenues; we can attribute this change to a significant reduction in providing general government services and the receipt of capital grants for ongoing projects.

**Town of Biscoe, North Carolina
Management's Discussion and Analysis**

- Our business-type activities reflected a slight decrease overall for the first time in several years. While overall revenues were down, our charges for services increased. We anticipate growth in charges for services will occur next year due to the expansion of industrial users in Town intending to increase production.
- In 2016-2017 the Water and Sewer Fund budgeted \$140,560 to cover debt expenses from the SRF Loan and the Loan for the industrial Park Lift Station.

Changes in Net Position

The Town's total revenues and expenses for governmental and business-type activities are reflected in Figure 3.

**Changes in Net Position
Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues:						
Charges for services	\$ 50,294	\$ 55,333	\$ 1,093,878	\$ 1,114,438	\$ 1,144,172	\$ 1,169,771
Operating grants and contributions	62,113	77,687	-	-	62,113	77,687
Capital grants and contributions	-	25,251	-	50,000	-	75,251
General revenues:						
Property taxes	772,570	726,949	-	-	772,570	726,949
Local option sales tax	389,835	337,136	-	-	389,835	337,136
Unrestricted intergovernmental	254,542	268,590	-	-	254,542	268,590
Other	57,477	59,843	17,050	37,041	74,527	96,884
Total revenues	1,586,831	1,550,789	1,110,928	1,201,479	2,697,759	2,752,268
Expenses						
General government	509,083	483,615	-	-	509,083	483,615
Public safety	729,300	743,150	-	-	729,300	743,150
Cultural and recreation	245,616	121,230	-	-	245,616	121,230
Transportation	157,932	230,675	-	-	157,932	230,675
Water and sewer	-	-	1,258,536	1,234,190	1,258,536	1,234,190
Total expenses	1,641,931	1,578,670	1,258,536	1,234,190	2,900,467	2,812,860
Decrease in net position	(55,100)	(27,881)	(147,608)	(32,711)	(202,708)	(60,592)
Net position, beginning, previously reported	3,442,867	3,743,828	5,684,845	5,717,556	9,400,792	9,461,384
Cumulative effect adjustment	-	(273,080)	-	-	-	(273,080)
Net position, beginning, adjusted	3,442,867	3,470,748	5,684,845	5,717,556	9,127,712	9,188,304
Net position, ending	\$ 3,387,767	\$ 3,442,867	\$ 5,537,237	\$ 5,684,845	\$ 8,925,004	\$ 9,127,712

Town of Biscoe, North Carolina Management's Discussion and Analysis

Governmental activities - Governmental activities decreased the Town's net position by \$55,100. Key elements of this decrease are as follows:

- As previously noted the cost of governmental activities was slightly more than revenues. We have seen growth in intergovernmental revenues (primarily sales tax), indicating a healthier state economy.
- Revenues exceeded 2016 year end by \$39,042. This increase was largely due to increased property tax collections.
- In comparison to the previous year, operating expenses increased by \$63,621.

Business-type activities: Business-type activities decreased the Town's net position by \$147,608. Key elements of this decrease are as follows:

- Our business-type activities reflected a slight decrease 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 infrastructure.
- This fiscal year experienced improvements of administrative 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'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. Specifically, unrestricted fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

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 \$1,174,702, while total fund balance reached \$2,412,303.

At June 30, 2017, the Town's governmental funds reported combined ending fund balances of \$2,412,303 with a net increase of \$136,915.

General Fund Budgetary Highlights: During the fiscal year, the Town Commissioners 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.

Efforts were made to decrease fund balance spending in the General Fund, therefore capital spending was limited to critical items. The Police Department replaced 4 radars due to (4) current radars no longer on the State approved list as of June 2017. The Police Department Budget did not include the Transfer to the LEO Separation Fund of \$25,000 as it had in previous years. The funds were approved to be transferred from the CD. The Fire Department purchased a generator for emergency usage. The Streets Department budget continued to fund Christmas Light replacements. The most critical needs at the Park were addressed in the FY 16-17 budget by replacing the lights poles and the fencing at the backstop.

Town of Biscoe, North Carolina Management's Discussion and Analysis

Fortunately, the Town has continued to experience growth within the Town Property Taxes and Motor Fuels Taxes and Interest. Tax Revenues has increased in Sales Tax, and Sales Tax Refunds. Court Fees and Cemetery Revenues are also higher than the prior year along with Park Fees and Concessions. Additional increases have been seen in Investment Income, and Investment Earnings as a result of investing funds with NC Capital Management Trust. These areas of growth are expected to remain constant.

The Town Administration began to transition many files to electronic format and the Board of Commissioners adopted the necessary polices for electronic recordkeeping and disposal with standards and regulations set by the North Carolina Division of Cultural Resources. Tractor Supply moved into Town occupying the old Food Lion building. Carolina Dairy began preparations for an expansion, while several new businesses were welcomed into Town by the County Marketing department Go MontGOMery.

Proprietary Funds: The Town's proprietary fund provides 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 \$1,061,525 reflecting a \$25,154 decrease from the prior year. Net investment in capital assets was \$4,475,712, a decrease of \$122,454.

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, 2017, totals \$7,140,363 reflecting a \$448,102 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

- Christmas Light replacements - \$16,000
- Fire Department generator - \$10,000
- Police Radars (4) - \$9,400
- Park ballfield light pole and fencing replacement - \$28,000

Retirements and Dispositions

- None

Proprietary Funds:

Additions

- Slip lining 800 feet of sewer pipes \$40,000

Retirements

- Disposed of several old water pumps and meters as a result of the upgrades and repairs

**Town of Biscoe, North Carolina
Management's Discussion and Analysis**

**Capital Assets (Net)
Figure 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 358,715	\$ 358,715	\$ 14,900	\$ 14,900	\$ 373,615	\$ 373,615
Construction in progress	-	-	-	277,009	-	277,009
Buildings and improvements	339,099	389,361	-	-	339,099	389,361
Equipment, vehicles and infrastructure	475,505	621,035	249,808	282,313	725,313	903,348
Water distribution systems	-	-	5,702,336	5,645,132	5,702,336	5,645,132
Total capital assets (net of accumulated depreciation)	<u>\$ 1,173,319</u>	<u>\$ 1,369,111</u>	<u>\$ 5,967,044</u>	<u>\$ 6,219,354</u>	<u>\$ 7,140,363</u>	<u>\$ 7,588,465</u>

Additional information on the Town's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-Term Debt. As shown in Note 3, the Town has notes payable related to two enterprise capital projects totaling \$1,491,332. 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.

Economic Factors and Next Year's Budget 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 12.5% in June 2011, 10.2% in June 2012, 10.2% in June 2013, 6.8% in June 2014, 6.2% in June 2015 and 5.3% in October 2016 and 4.3% in June 2017. This improvement has been noted locally as employers have created new jobs. Montgomery County remains competitive, the State's average also continues to improve to 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 approximately 80% occupied.
- Montgomery County Economic Development's new Head of Marketing facilitated grand openings, ribbon cuttings and press releases for new businesses.
- The *Heart of NC Megapark* has seen interest from a few industries but has not seen any announcements of investment by the end of the fiscal year. In addition to being a high priority of the County Commissioners for economic development.

Next Year's Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities:

The 2017-2018 General Fund Budget encompasses several large costing items, it is highly recommended by staff that capital purchases be limited for the next few years to decrease fund balance usage or that options are considered to increase General Fund revenues. The General Fund expenditure changes are highlighted as follows:

Town of Biscoe, North Carolina Management's Discussion and Analysis

Police Department

The Police Department will replace a 2006 car with one 2017 SUV and replacement of the in-car computers (\$48,500). The Police Department Budget will not include the Transfer to the LEO Separation Fund of \$25,000. The funds will be transferred from the CD just as the Town did last year. The current CD has a balance of \$122,417. This transfer is normally slightly less than \$20,000.

Fire Department

The Fire Department has been awarded \$30,000 from the OSFM for a remodeling project totaling \$157,000. The Town will also match \$30,000 of the State funds. \$90,000 of the project is in need of funding to allow for future planning. The Board may consider amending this budget farther into the fiscal year of plan for the remaining expenditures in upcoming years.

Streets Department

The Streets Department and Water Department will share the expense of a new truck for Public Works \$30,000. A new mower is needed for right-of-way maintenance and upkeep - \$9,000.

Deaton-Monroe Park

The pool is scheduled to be completely striped and plastered in the fall at \$73,000. A new roof and additional concrete for better erosion control at the park shelter will be installed at \$9,000.

Business-Type Activities:

Rates will increase in the Water & Sewer Fund. The previous year's Audit shows a loss of \$212,520 during the 2015-2016 fiscal year. In an effort of minimize loss, expenditures were cut for the 2016-2017 year. Water & Sewer revenues have consistently been under expenditures. There is a need to prepare for the loss of additional revenue for when the Central High School opens, along with water tank maintenance and repairs to the water/sewer system. A recent report from Utility Services Suez shows data that the water tank is in need of proper maintenance along with internal and external repairs and upgrades, including interior/exterior maintenance, permitting and warranty. Total cost for immediate repairs and maintenance total \$261,000, over 5 years. Other companies have been contacted and are not able to compete from a pricing standpoint and are unable spread out the costs across multiple fiscal years.

To keep any increase as minimal as possible it was proposed to increase the minimum water rates by \$1. The Board of Commissioners directed to raise the minimum rates by \$2. This means that the minimum (in town) residential water charge will go from \$10 to \$12, and commercial from \$32 to \$34. Last year \$64,182 of Fund Balance was needed to balance the Enterprise Fund. This year it is requested to use \$21,845 of Fund Balance to offset the expenditures. 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 capital spending has been limited. \$30,000 is set aside for Capital Improvements for the first year of the water tank contract and \$10,000 for a new roof at the sewer plant. Town staff will continue working with engineering to continue to pursue grant funding for pump stations improvement also.

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.

Financial Section

Basic Financial Statements

Town of Biscoe, North Carolina
Statement of Net Position
June 30, 2017

Exhibit 1

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 2,265,836	\$ 1,072,758	\$ 3,338,594
Restricted cash	44,004	2,529	46,533
Receivables, net			
Property taxes	31,669	-	31,669
Due from other governments	168,854	-	168,854
Accounts receivable	170	50,818	50,988
Accrued interest receivable	147	-	147
Prepaid Expense	3,857	-	3,857
Inventories	-	35,336	35,336
Total current assets	<u>2,514,537</u>	<u>1,161,441</u>	<u>3,675,978</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	358,715	14,900	373,615
Other capital assets, net of depreciation	814,604	5,952,144	6,766,748
Total capital assets	<u>1,173,319</u>	<u>5,967,044</u>	<u>7,140,363</u>
Total noncurrent assets	<u>1,173,319</u>	<u>5,967,044</u>	<u>7,140,363</u>
Total assets	<u>3,687,856</u>	<u>7,128,485</u>	<u>10,816,341</u>
Deferred outflows of resources			
Pension deferrals	<u>146,921</u>	<u>69,221</u>	<u>216,142</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	70,565	53,411	123,976
Compensated absences	29,987	20,424	50,411
Payable from restricted assets - customer deposits	-	2,529	2,529
Current portion of notes payable	-	136,845	136,845
Total current liabilities	<u>100,552</u>	<u>213,209</u>	<u>313,761</u>
Noncurrent liabilities			
Net pension liability	160,792	82,215	243,007
Total pension liability	162,168	-	162,168
Notes payable, noncurrent portion	-	1,354,487	1,354,487
Total noncurrent liabilities	<u>322,960</u>	<u>1,436,702</u>	<u>1,759,662</u>
Total liabilities	<u>423,512</u>	<u>1,649,911</u>	<u>2,073,423</u>
Deferred inflows of resources			
Pension deferrals	<u>23,498</u>	<u>10,558</u>	<u>34,056</u>
Net position			
Net investment in capital assets	1,173,319	4,475,712	5,649,031
Restricted for:			
Equitable sharing	458	-	458
Stabilization by State Statute	169,171	-	169,171
Streets	44,004	-	44,004
Unrestricted	<u>2,000,815</u>	<u>1,061,525</u>	<u>3,062,340</u>
Total net position	<u>\$ 3,387,767</u>	<u>\$ 5,537,237</u>	<u>\$ 8,925,004</u>

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

Town of Biscoe, North Carolina
Statement of Activities
For the Year Ended June 30, 2017

Exhibit 2

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Government activities:							
General government	\$ 509,083	\$ 5,040	\$ -	\$ -	\$ (504,043)	\$ -	\$ (504,043)
Public safety	729,300	-	9,200	-	(720,100)	-	(720,100)
Transportation	245,616	-	52,913	-	(192,703)	-	(192,703)
Cultural and recreational	157,932	45,254	-	-	(112,678)	-	(112,678)
Total governmental activities	<u>1,641,931</u>	<u>50,294</u>	<u>62,113</u>	<u>-</u>	<u>(1,529,524)</u>	<u>-</u>	<u>(1,529,524)</u>
Business-type activities:							
Water and sewer	<u>1,258,536</u>	<u>1,093,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,658)</u>	<u>(164,658)</u>
Total business-type activities	<u>1,258,536</u>	<u>1,093,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,658)</u>	<u>(164,658)</u>
Total primary government	<u>\$ 2,900,467</u>	<u>\$ 1,144,172</u>	<u>\$ 62,113</u>	<u>\$ -</u>	<u>(1,529,524)</u>	<u>(164,658)</u>	<u>(1,694,182)</u>
General revenues:							
Ad valorem taxes					772,570	-	772,570
Local option taxes					389,835	-	389,835
Unrestricted intergovernmental					254,542	-	254,542
Investment earnings					2,632	-	2,632
Miscellaneous					54,845	17,050	71,895
Total general revenues					<u>1,474,424</u>	<u>17,050</u>	<u>1,491,474</u>
Change in net position					(55,100)	(147,608)	(202,708)
Net position, beginning					3,715,947	5,684,845	9,400,792
Cumulative effect adjustment					(273,080)	-	(273,080)
Net position, beginning, adjusted					<u>3,442,867</u>	<u>5,684,845</u>	<u>9,127,712</u>
Net position, end of year					<u>\$ 3,387,767</u>	<u>\$ 5,537,237</u>	<u>\$ 8,925,004</u>

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

Town of Biscoe, North Carolina
Balance Sheet - Governmental Funds
June 30, 2017

Exhibit 3
(2 pages)

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>OSFM Grants Fund</u>	
Assets			
Cash and investments	\$ 2,265,836	\$ -	\$ 2,265,836
Restricted cash	44,004	-	44,004
Receivables, net			
Property taxes	31,669	-	31,669
Due from other governments	168,854	-	168,854
Accounts receivable	170	-	170
Accrued interest receivable	147	-	147
Prepaid expense	3,857	-	3,857
	<u>3,857</u>	<u>-</u>	<u>3,857</u>
Total assets	<u>\$ 2,514,537</u>	<u>\$ -</u>	<u>\$ 2,514,537</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 70,565</u>	<u>\$ -</u>	<u>\$ 70,565</u>
	<u>70,565</u>	<u>-</u>	<u>70,565</u>
Deferred inflows of resources			
Property tax receivable	<u>31,669</u>	<u>-</u>	<u>31,669</u>
Fund balances			
Nonspendable			
Prepaid assets	3,857	-	3,857
Restricted			
Equitable sharing	458	-	458
Stabilization by State Statute	169,171	-	169,171
Streets	44,004	-	44,004
Committed			
LEO Special Separation Allowance	118,612	-	118,612
Assigned			
Subsequent year's expenditures	215,770	-	215,770
Capital reserve fund	685,729	-	685,729
Unassigned	<u>1,174,702</u>	<u>-</u>	<u>1,174,702</u>
	<u>2,412,303</u>	<u>-</u>	<u>2,412,303</u>
Total fund balances	<u>2,412,303</u>	<u>-</u>	<u>2,412,303</u>
	<u>\$ 2,514,537</u>	<u>\$ -</u>	<u>\$ 2,514,537</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,514,537</u>	<u>\$ -</u>	<u>\$ 2,514,537</u>

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

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances, governmental funds		\$	2,412,303
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Gross capital assets at historical cost	\$	4,598,038	
Accumulated depreciation		<u>(3,424,719)</u>	1,173,319
Deferred outflows of resources related to pensions are not reported in the fund statements			146,921
Liabilities for earned revenues considered deferred inflows of resources in fund statements			31,669
Deferred inflows of resources related to pensions are not reported in the fund statements			(23,498)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund financial statements:			
Compensated absences			(29,987)
Net pension liability			(160,792)
Total pension liability			<u>(162,168)</u>
Net position of governmental activities		\$	<u><u>3,387,767</u></u>

Town of Biscoe, North Carolina
Statement of Revenues, Expenditures, and Changes in
Fund Balance (Deficit) - Governmental Funds
For the Year Ended June 30, 2017

Exhibit 4
(2 pages)

	Major Funds		Total Governmental Funds
	General Fund	OSFM Grants Fund	
Revenues			
Ad valorem taxes	\$ 758,647	\$ -	\$ 758,647
Unrestricted intergovernmental	644,377	-	644,377
Restricted intergovernmental	62,113	-	62,113
Permits and fees	5,040	-	5,040
Sales and services	45,254	-	45,254
Investment earnings	2,632	-	2,632
Miscellaneous	57,439	-	57,439
Total revenues	1,575,502	-	1,575,502
Expenditures			
General government	470,445	-	470,445
Public safety	583,702	-	583,702
Transportation	229,434	-	229,434
Cultural and recreational	155,006	-	155,006
Total expenditures	1,438,587	-	1,438,587
Revenues over expenditures	136,915	-	136,915
Other financing sources			
Transfer (to) from other funds	(58,559)	58,559	-
Net change in fund balance	78,356	58,559	136,915
Fund balance (deficit), beginning of year,	2,333,947	(58,559)	2,275,388
Fund balance, end of year	\$ 2,412,303	\$ -	\$ 2,412,303

Town of Biscoe, North Carolina
Statement of Revenues, Expenditures, and Changes in
Fund Balance (Deficit) - Governmental Funds
For the Year Ended June 30, 2017

Exhibit 4
(2 pages)

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

Net changes in fund balance - total governmental funds		\$ 136,915
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs 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</p>		
Capital outlay	\$ 47,458	
Depreciation	<u>(240,657)</u>	(193,199)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		32,446
Benefit payments paid and administrative expense for the LEOWSA are not included on the Statement of Activities		11,543
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Change in unavailable revenue for tax revenues		13,922
Gain on disposal of capital assets		(2,592)
<p>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</p>		
Pension expense		(52,501)
Compensated absences		<u>(1,634)</u>
Total changes in net position of governmental activities		<u>\$ (55,100)</u>

Town of Biscoe, North Carolina
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund and Annually Budgeted Capital Reserve Fund
For the Year Ended June 30, 2017

Exhibit 5

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 669,820	\$ 669,820	\$ 758,647	\$ 88,827
Unrestricted intergovernmental	563,650	586,304	644,377	58,073
Restricted intergovernmental	55,792	55,792	62,113	6,321
Permits and fees	3,500	3,500	5,040	1,540
Sales and services	32,650	32,650	45,254	12,604
Investment earnings	750	750	2,472	1,722
Miscellaneous	2,500	2,500	57,439	54,939
Total revenues	<u>1,328,662</u>	<u>1,351,316</u>	<u>1,575,342</u>	<u>224,026</u>
Expenditures				
General government	437,872	470,445	470,445	-
Public safety	585,573	608,227	583,702	24,525
Transportation	285,542	285,542	229,434	56,108
Cultural and recreational	137,543	159,629	155,006	4,623
Total expenditures	<u>1,446,530</u>	<u>1,523,843</u>	<u>1,438,587</u>	<u>85,256</u>
Revenues over (under) expenditures	<u>(117,868)</u>	<u>(172,527)</u>	<u>136,755</u>	<u>309,282</u>
Other financing sources (uses)				
Transfers to other funds	-	-	(58,559)	(58,559)
Transfers from other funds	50,000	50,000	-	(50,000)
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>(58,559)</u>	<u>(108,559)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(67,868)</u>	<u>(122,527)</u>	<u>78,196</u>	<u>200,723</u>
Fund balance appropriated	<u>67,868</u>	<u>122,527</u>	<u>-</u>	<u>(122,527)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>78,196</u>	<u>\$ 78,196</u>
Fund balance, beginning of year			<u>1,539,819</u>	
Fund balance, end of year			1,618,015	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			160	
Fund balance, beginning of year			<u>794,128</u>	
Fund balances, ending (Exhibit 4)			<u>\$ 2,412,303</u>	

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

Town of Biscoe, North Carolina
Statement of Net Position - Proprietary Fund
June 30, 2017

Exhibit 6

ASSETS

Current assets:

Cash and investments	\$ 1,072,758
Restricted cash	2,529
Accounts receivable, net	50,818
Inventories	35,336

Total current assets	1,161,441
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Noncurrent assets:

Capital assets:

Land and other non-depreciable assets	14,900
Other capital assets, net of depreciation	5,952,144

Total capital assets, net	5,967,044
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Total assets	7,128,485
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Deferred outflows of resources:

Contributions to pension plan	69,221
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	53,411
Compensated absences	20,424
Payable from restricted assets - customer deposits	2,529
Current portion of notes payable	136,845

Total current liabilities	213,209
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Noncurrent liabilities:

Net pension liability	82,215
Notes payable, noncurrent portion	1,354,487

Total noncurrent liabilities	1,436,702
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Total liabilities	1,649,911
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Deferred inflows of resources:

Pension deferrals	10,558
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Net position

Net investment in capital assets	4,475,712
Unrestricted	1,061,525

Total net position	\$ 5,537,237
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Town of Biscoe, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2017

Exhibit 7

<hr/>	
Operating revenues:	
Charges for services	\$ 1,075,303
Water and sewer taps and connection fees	6,575
Other	<u>12,000</u>
Total operating revenues	<u>1,093,878</u>
Operating expenses:	
Salaries and employee benefits	290,402
Other operating expenditures	312,793
Water purchases for resale	332,560
Depreciation	<u>301,301</u>
Total operating expenses	<u>1,237,056</u>
Loss from operations	<u>(143,178)</u>
Nonoperating revenues (expenses):	
Other nonoperating revenues	17,050
Interest and other charges	<u>(21,480)</u>
Nonoperating revenues (expenses):	<u>(4,430)</u>
Change in net position	(147,608)
Net position, beginning of year	<u>5,684,845</u>
Net position, end of year	<u><u>\$ 5,537,237</u></u>

Town of Biscoe, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

Exhibit 8

Cash flows from operating activities:	
Cash received from customers	\$ 1,185,393
Cash paid for goods and services	(623,368)
Cash paid to employees for services	(300,153)
Customer deposits received, net	210
Net cash provided by operating activities	<u>262,082</u>
Cash flows from noncapital financing activities:	
Other revenues	<u>17,050</u>
Net cash provided by noncapital financing activities	<u>17,050</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(71,266)
Payments on notes payable	(129,856)
Interest paid on notes payable	(4,487)
Net cash used by capital and related financing activities	<u>(205,609)</u>
Net increase in cash and investments	73,523
Cash and investments, beginning of year	<u>1,001,764</u>
Cash and investments, end of year	<u><u>\$ 1,075,287</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Loss from operations	\$ (143,178)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	301,301
Loss on disposal of capital assets	5,282
Change in assets and liabilities:	
Decrease in accounts receivable	91,515
Increase in inventories	(5,378)
Increase in deferred outflows of resources - pensions	(54,235)
Increase in net pension liability	61,394
Decrease in deferred inflows of resources - pensions	(6,700)
Increase in accounts payable and accrued liabilities	20,762
Decrease in compensated absences	(8,891)
Increase in customer deposits	210
Net cash provided by operating activities	<u><u>\$ 262,082</u></u>

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

The Town 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, 2017, no other entity is included in the Town's financial statements.

B. 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, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general government services. Additionally, the Town has legally adopted a Capital Reserve Fund. 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.

Town of Biscoe, North Carolina
Notes to Financial Statements
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Office of State Fire Marshall (OSFM) grant funds - These grant funds are provided by the State of North Carolina to be used for equipment upgrade and replacement within the Town's Fire Department.

The Town reports the following major enterprise fund:

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

C. Measurement focus and basis of accounting

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

Government-wide and proprietary financial statements. The government-wide and proprietary 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, donations and similar items 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.

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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operation 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.

Town of Biscoe, North Carolina
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Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Montgomery County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as deferred 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 by general revenues.

D. Budgetary data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the general and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Governmental Special Revenue Funds and the Enterprise Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The Town manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$1,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000 must be approved by the governing board. Amendments were made during the year to the original budget.

E. Assets, liabilities, deferred outflows/inflows of resources, and fund equity

(1) Deposits and investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and banker's acceptances, and the North Carolina Capital Management Trust. 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's securities are valued at fair value.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

(2) Cash and cash equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

Town of Biscoe, North Carolina
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(3) Restricted assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Restricted cash:	
Governmental activities	
Streets - Powell Bill	\$ 44,004
Business-type activities	
Water and Sewer fund	
Customer deposits	<u>2,529</u>
Total restricted cash	<u>\$ 46,533</u>

(4) Ad valorem taxes receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. The taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

(5) Allowances for doubtful accounts

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

(6) Inventory

Inventories are maintained for all enterprise fund supplies. They are valued at cost (first-in, first out), which approximates market. The inventory of the enterprise fund consists of expendable supplies that are recorded as an expenditure when consumed rather than when purchased.

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

(7) Capital assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000, and estimated useful life of two years. Minimum capitalization costs for land, buildings, furniture and equipment, computer software, and vehicles have been set at \$3,000. Purchased or constructed 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. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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.

Town of Biscoe, North Carolina
Notes to Financial Statements
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Capital assets are depreciated using the straight-line method over the assets' estimated useful lives:

Buildings	29 years
Furniture and office equipment	7 to 10 years
Maintenance and construction equipment	5 to 7 years
Medium and heavy motor vehicles	5 to 7 years
Computer Software	5 years
Automobiles and light trucks	3 to 5 years

(8) 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 two items that meets this criterion, pension deferrals for the 2017 fiscal year, and contributions made to the Law Enforcement Officers' Special Separation Allowance plan from January 1, 2017 through June 30, 2017. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category: property taxes receivable and notes receivable which are net of allowance, as well as pension related deferrals.

(9) 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.

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.

(10) 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.

(11) 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 year-end 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.

Restricted for stabilization by state statute - portion of fund balance that is restricted by State Statute (G.S. 159-8(a)).

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.

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

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.

(12) Pensions

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

2. Stewardship, Compliance, and Accountability

A. *Excess of expenditures over appropriations*

For the fiscal year ended June 30, 2017, the Town expended \$16,896 and \$4,449 more in operating expenditures, and capital outlay, respectively, in the Water and Sewer Fund, \$40,105 more in transfers in the Enterprise Capital Project Fund (Waste Water Treatment Plant Improvements) than appropriated in the annual budget ordinance. Additionally, the Town made transfers of \$18,070 from the Enterprise Capital Project Fund (Industrial Park Pump Lift Station) to the Water and Sewer Fund which were not approved in the budget ordinance and transfers of \$58,559 from the General Fund to the Water and Sewer fund which were not approved in the budget ordinance. These over-expenditures occurred because of unplanned construction costs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

3. Detail Notes on All Funds

A. Assets

(1) Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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.

At June 30, 2017, the Town's deposits had a carrying amount of \$2,929,070 and a bank balance of \$3,082,385. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$2,332,385 was secured through the pooling method. At June 30, 2017, the Town's point of sale cash drawer totaled \$200.

(2) Investments

At June 30, 2017, the Town had \$455,857 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.

(3) Receivables - allowances for doubtful accounts

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

General Fund:	
Ad valorem taxes	\$ <u>33,000</u>
Water and Sewer Fund:	
Customers	\$ <u>24,500</u>

Town of Biscoe, North Carolina
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(4) Capital assets

Capital asset activity for the year ended June 30, 2017, is summarized below:

Governmental Activities:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Reclassifications</u>	<u>June 30, 2017</u>
Non depreciable assets:					
Land	\$ 358,715	\$ -	\$ -	\$ -	\$ 358,715
Depreciable assets:					
Buildings and improvements	2,202,924	-	-	-	2,202,924
Equipment and vehicles	1,875,335	32,799	(100,045)	-	1,808,089
Infrastructure	<u>213,652</u>	<u>14,659</u>	<u>-</u>	<u>-</u>	<u>228,311</u>
	<u>4,291,911</u>	<u>47,458</u>	<u>(100,045)</u>	<u>-</u>	<u>4,239,324</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements to land and buildings	1,813,563	50,262	-	-	1,863,825
Equipment and vehicles	1,375,838	179,104	(97,452)	-	1,457,490
Infrastructure	<u>92,114</u>	<u>11,291</u>	<u>-</u>	<u>-</u>	<u>103,405</u>
	<u>3,281,515</u>	<u>240,657</u>	<u>(97,452)</u>	<u>-</u>	<u>3,424,720</u>
Depreciable assets - net	<u>1,010,396</u>				<u>814,604</u>
Governmental activity capital assets - net	<u>\$ 1,369,111</u>				<u>\$ 1,173,319</u>

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

General government	\$ 47,762
Public safety	137,338
Cultural and recreation	22,656
Transportation	<u>32,900</u>
Total depreciation expense	<u>\$ 240,657</u>

Town of Biscoe, North Carolina
Notes to Financial Statements
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Business Type Activities:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Reclassifications</u>	<u>June 30, 2017</u>
Non depreciable assets:					
Land	\$ 14,900	\$ -	-	\$ -	\$ 14,900
Construction in progress	<u>277,009</u>	<u>-</u>	<u>-</u>	<u>(277,009)</u>	<u>-</u>
	<u>291,909</u>	<u>-</u>	<u>-</u>	<u>(277,099)</u>	<u>14,900</u>
Depreciable assets:					
Plant, substations, lines, and related equipment	8,282,885	18,070	(6,984)	277,009	8,570,980
Equipment and vehicles	<u>781,165</u>	<u>36,203</u>	<u>(72,876)</u>	<u>-</u>	<u>744,492</u>
	<u>9,064,050</u>	<u>54,273</u>	<u>(79,860)</u>	<u>277,009</u>	<u>9,315,472</u>
Less: Accumulated depreciation:					
Plant, substations, lines, and related equipment	2,637,753	234,936	(4,045)	-	2,868,644
Equipment and vehicles	<u>498,852</u>	<u>66,365</u>	<u>(70,532)</u>	<u>-</u>	<u>494,684</u>
	<u>3,136,605</u>	<u>301,301</u>	<u>(74,577)</u>	<u>-</u>	<u>3,363,328</u>
Depreciable assets - net	<u>5,927,445</u>				<u>5,952,144</u>
Business-type activities capital assets - net	<u>\$ 6,219,354</u>				<u>\$ 5,967,044</u>

(5) Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	<u>\$ 48,676</u>	<u>\$ 21,889</u>	<u>\$ 70,565</u>
Business-type activities:			
Water and sewer	<u>\$ 18,891</u>	<u>\$ 34,520</u>	<u>\$ 53,411</u>

B. Liabilities

(1) Pension plan and postemployment obligations

(a) **Local Governmental Employees' Retirement System**

Plan description - The Town 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 local governmental entities. LGERS provides retirement and disability benefits to plan members and beneficiaries. 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 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.

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 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's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% 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 was \$41,723 for the year ended June 30, 2017.

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Notes to Financial Statements
June 30, 2017

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2017, the Town reported a liability of \$243,007 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Town's proportion was 0.01145%, which was a decrease of 0.00097% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$57,219. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,566	\$ 8,515
Changes of assumptions	16,644	-
Net difference between projected and actual earnings on pension plan investments	134,353	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	22,692
Town contributions subsequent to the measurement date	<u>49,036</u>	<u>-</u>
Total	<u>\$ 204,599</u>	<u>\$ 31,207</u>

The Town reported \$49,036 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30

2018	\$ 14,590
2019	14,632
2020	58,867
2021	<u>36,267</u>
Total	<u>\$ 124,356</u>

Town of Biscoe, North Carolina
Notes to Financial Statements
June 30, 2017

Actuarial assumptions - The total pension liability in the December 31, 2015 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 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 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.

Town of Biscoe, North Carolina
Notes to Financial Statements
June 30, 2017

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate</u> <u>(7.25%)</u>	<u>1%</u> <u>Increase</u> <u>(8.25%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 576,770	\$ 243,007	\$ (35,776)

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

(b) Law enforcement officers special separation allowance

(i) Plan description

The Town of Biscoe 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan member entitled to but not yet receiving benefits	0
Active plan members	<u>9</u>
Total	<u><u>11</u></u>

A separate report was not issued for the plan.

(ii) Summary of significant accounting policies:

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

Town of Biscoe, North Carolina
Notes to Financial Statements
June 30, 2017

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

(iii) Actuarial assumptions:

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 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 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month for the year ending December 31, 2016.

Mortality rates are based on the RP-2014 series mortality tables with adjustments for mortality improvements based on Scale AA.

(iv) Change in actuarial assumptions:

On the Prior Measurement Date (December 31, 2015), the Municipal Bond Index Rate, on which the discount rate is based, was 3.57%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 3.86% as of the Measurement Date (December 31, 2016). This resulted in a \$3,429 reduction in the Total Pension Liability.

(v) Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to 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 \$21,055 as benefits came due for the reporting period.

(vi) Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2017, the Town reported a total pension liability of \$162,168. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$12,722.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	2,849
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>11,543</u>	<u>-</u>
Total	<u>\$ 11,543</u>	<u>\$ 2,849</u>

Town of Biscoe, North Carolina
Notes to Financial Statements
June 30, 2017

The \$11,543 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	
2018	\$ (580)
2019	(580)
2020	(580)
2021	(580)
2022	(529)
Thereafter	<u>-</u>
Total	<u>\$ (2,849)</u>

(vii) *Sensitivity of the Town's total pension liability to changes in the discount rate:*

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.86 percent) or 1 percentage point higher (4.86 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(2.86%)</u>	<u>Discount</u> <u>Rate</u> <u>(3.86%)</u>	<u>1%</u> <u>Increase</u> <u>(4.86%)</u>
Total pension liability	<u>\$ 174,396</u>	<u>\$ 162,168</u>	<u>\$ 151,046</u>
		<u>2017</u>	
Beginning balance		\$ 173,519	
Service cost		7,314	
Interest on the total pension liability		5,819	
Changes of benefit terms		-	
Differences between expected and actual experience in the measurement of the total pension liability		-	
Changes of assumptions or other inputs		(3,429)	
Benefit payments		<u>(21,055)</u>	
Ending balance of the total pension liability		<u>\$ 162,168</u>	

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

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

Funding policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017, were \$29,936, which consisted of \$23,335 from the Town and \$6,601 from the law enforcement officers.

(d) 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 all death benefit payments are 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 benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

(e) Deferred outflows and inflows of resources

Deferred outflows of resources is comprised solely of pension plan deferrals in the current fiscal year in the amount of \$216,142.

Deferred inflows of resources is comprised solely of pension plan deferrals in the current fiscal year in the amount of \$34,056.

(2) 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, 2017, the total draws on the note were \$1,256,951. 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, 2017, the balance on this note was \$234,381.

Town of Biscoe, North Carolina
Notes to Financial Statements
June 30, 2017

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 136,845	\$ 3,697
2019	138,110	2,432
2020	139,396	1,145
2021	84,650	92
2022	66,155	-
2023 - 2027	330,775	-
2028 - 2032	330,775	-
2033 - 2036	<u>264,626</u>	<u>-</u>
 Total	 <u>\$ 1,491,332</u>	 <u>\$ 7,366</u>

(e) Changes in long-term liabilities

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2017:

	<u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 28,353	\$ 29,987	\$ 28,353	\$ 29,987	\$ 29,987
Net pension liability	34,920	125,872	-	160,792	-
Total pension liability (LEO)	<u>-</u>	<u>162,168</u>	<u>-</u>	<u>162,168</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 62,373</u>	<u>\$ 318,027</u>	<u>\$ 28,353</u>	<u>\$ 352,947</u>	<u>\$ 29,987</u>
	<u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Current Portion</u>
Business-type activities:					
Compensated absences	\$ 29,315	\$ 20,424	\$ 29,315	\$ 20,424	\$ 20,424
Notes payable	1,621,188	-	129,856	1,491,332	136,845
Net pension liability	<u>20,821</u>	<u>61,394</u>	<u>-</u>	<u>82,215</u>	<u>-</u>
	<u>\$ 1,671,324</u>	<u>\$ 81,818</u>	<u>\$ 159,171</u>	<u>\$ 1,593,971</u>	<u>\$ 184,269</u>

Compensated absences for governmental activities are typically liquidated by the general and other governmental funds.

At June 30, 2017, the Town had a legal debt margin of \$9,444,563.

Town of Biscoe, North Carolina
Notes to Financial Statements
June 30, 2017

C. Fund balance

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

Total fund balance - General Fund	\$ 2,412,303
Less:	
Prepaid assets	3,857
Stabilization by State Statute	169,171
Streets - Powell Bill	44,004
Equitable Sharing Agreement	458
Appropriated fund balance in 2017-18 budget	215,770
LEO Special Separation Allowance	118,612
Capital Reserve Fund	<u>685,729</u>
Remaining fund balance	<u>\$ 1,174,702</u>

D. Interfund activity

Transfers to/from funds at June 30, 2017, consist of the following:

From the Industrial Park Pump Lift Station Fund to the Water and Sewer Fund for reimbursement of expenditures	<u>\$ 18,070</u>
From the Water and Sewer Fund to the Enterprise Capital Project Fund for reimbursement of expenditures	<u>\$ 40,105</u>
From the General Fund to the OSFM Grants Fund for reimbursement of expenditures	<u>\$ 58,559</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in 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.

5. 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, 2017.

6. Summary Disclosure 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 the grant agreements. Such audits could result in the refund of grant moneys 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.

7. Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. The information necessary for full retrospective application is not available, so the accounting change was implemented in 2017 with a cumulative effect adjustment to net position as of the beginning of the year. As a result, net position for the governmental activities at July 1, 2016 decreased \$273,080.

Required Supplementary Financial Data

This section contains additional information
required by generally accepted accounting principles

- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of the Proportionate Share of the Net Pension Liability for the Local Government Employees' Retirement System
- Schedule of Contributions for the Local Government Employees' Retirement System

Town of Biscoe, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2017*
Required Supplementary Information

Schedule A-1

	<u>2017</u>
Beginning balance	\$ 173,519
Service cost	7,314
Interest on the total pension liability	5,819
Changes in benefit terms	-
Differences between expensed and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(3,429)
Benefit payments	<u>(21,055)</u>
Ending balance of the total pension liability**	<u>\$ 162,168</u>

* This schedule is intended to provide information for ten fiscal years. Additional fiscal years' information will be displayed as it becomes available.

** 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.

Town of Biscoe, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2017*
Required Supplementary Information

Schedule A-2

	<u>2017</u>
Total pension liability**	\$ 162,168
Covered payroll	\$ 281,857
Total pension liability as a percentage of covered payroll	57.54%

** This schedule is intended to provide information for ten fiscal years. Additional fiscal years' information will be displayed as it becomes available.*

*** 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.*

Town of Biscoe, North Carolina
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Information
Last Four Fiscal Years*

Schedule B-1

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.0115%	0.0124%	0.0131%	0.0133%
Town's proportion of the net pension liability (asset) (\$)	\$ 243,007	\$ 55,741	\$ (77,316)	\$ 160,316
Town's covered-employee payroll	581,921	653,042	591,129	577,872
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.76%	8.54%	-13.08%	27.74%
Plan fiduciary net position as a percentage of the total pension liability	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.

Town of Biscoe, North Carolina
Schedule of Contributions
Local Government Employees' Retirement System
Required Supplementary Information
Last Four Fiscal Years

Schedule B-2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 49,036	\$ 40,119	\$ 47,375	\$ 42,384
Contributions in relation to the contractually required contribution	<u>49,036</u>	<u>40,119</u>	<u>47,375</u>	<u>42,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 648,555	\$ 581,921	\$ 653,042	\$ 591,129
Contributions as a percentage of covered-employee payroll	7.56%	6.89%	7.25%	7.17%

**This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.*

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Supplementary Information
Individual Fund Schedules

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

Schedule 1
(4 pages)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad valorem taxes:			
Taxes		\$ 753,802	
Penalties and interest		4,845	
Total ad valorem taxes	<u>\$ 669,820</u>	<u>758,647</u>	<u>\$ 88,827</u>
Unrestricted intergovernmental:			
Local option sales tax		389,835	
Telecommunications sales tax		7,902	
Utilities sales tax		229,208	
Video franchise fee		5,526	
Beer and wine taxes		7,707	
Solid waste disposal tax		1,144	
Tax refunds		3,055	
Total unrestricted intergovernmental	<u>586,304</u>	<u>644,377</u>	<u>58,073</u>
Restricted intergovernmental:			
Powell Bill allocation		52,913	
DSM revenues		750	
Grant funds		8,450	
Total restricted intergovernmental	<u>55,792</u>	<u>62,113</u>	<u>6,321</u>
Permits and fees	<u>3,500</u>	<u>5,040</u>	<u>1,540</u>
Sales and services:			
ABC Revenue		3,924	
Cemetery lots sales		1,197	
Recreation department fees		40,133	
Total sales and services	<u>32,650</u>	<u>45,254</u>	<u>12,604</u>
Investment earnings	<u>750</u>	<u>2,472</u>	<u>1,722</u>
Miscellaneous:			
Fire department donations		20,909	
Timber receipts		12,757	
Other		23,773	
Total miscellaneous	<u>2,500</u>	<u>57,439</u>	<u>54,939</u>
Total revenues	<u>1,351,316</u>	<u>1,575,342</u>	<u>224,026</u>

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

Schedule 1
(4 pages)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
General government:			
Administration:			
Salaries and employee benefits		\$ 189,699	
Other operating expenditures		167,175	
Total administration	<u>\$ 348,472</u>	<u>356,874</u>	<u>\$ (8,402)</u>
Legal and professional services:			
Other operating expenditures	<u>40,500</u>	<u>30,465</u>	<u>10,035</u>
Public buildings and grounds:			
Other operating expenditures		72,096	
Capital outlay		11,010	
Total public buildings and grounds	<u>81,473</u>	<u>83,106</u>	<u>(1,633)</u>
Total general government	<u>470,445</u>	<u>470,445</u>	<u>-</u>
Public Safety:			
Police:			
Salaries and employee benefits		439,847	
Other operating expenditures		74,517	
Total police	<u>537,617</u>	<u>514,364</u>	<u>23,253</u>
Fire:			
Salaries and employee benefits		4,328	
Other operating expenditures		65,010	
Total fire	<u>70,610</u>	<u>69,338</u>	<u>1,272</u>
Total public safety	<u>608,227</u>	<u>583,702</u>	<u>24,525</u>
Transportation:			
Streets:			
Other operating expenditures		178,524	
Capital outlay		16,717	
	<u>231,750</u>	<u>195,241</u>	<u>36,509</u>
Streets - Powell Bill:			
Salaries and employee benefits		23,763	
Other operating expenditures		10,430	
Streets - Powell Bill	<u>53,792</u>	<u>34,193</u>	<u>19,599</u>
Total transportation	<u>285,542</u>	<u>229,434</u>	<u>56,108</u>

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

Schedule 1
(4 pages)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		\$ 48,030	
Other operating expenditures		87,246	
Capital outlay		19,730	
Total recreation	\$ 159,629	155,006	\$ 4,623
Total cultural and recreational	159,629	155,006	4,623
Total expenditures	1,523,843	1,438,587	85,256
Revenues over (under) expenditures	(172,527)	136,755	309,282
Other financing sources (uses):			
Transfers to special revenue fund	-	(58,559)	(58,559)
Transfers from other fund	50,000	-	(50,000)
Total other financial sources (uses)	50,000	(58,559)	(108,559)
Revenues over (under) expenditures and other financing sources	(122,527)	78,196	200,723
Fund balance appropriated	122,527	-	(122,527)
Net change in fund balance	\$ -	78,196	\$ 78,196
Fund balance, beginning of year		1,539,819	
Fund balance, end of year		\$ 1,618,015	

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

Schedule 1
(4 pages)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund balance, end of year (General Fund)		\$ 1,618,015	
<p>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:</p>			
Investment earnings		160	
Fund balance, beginning of year (Capital Reserve Fund)		<u>794,128</u>	
Fund balance, end of year (Consolidated General Fund)		<u><u>\$ 2,412,303</u></u>	

Town of Biscoe, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Investment earnings	\$ -	\$ 160	\$ 160
Other financing uses			
Transfer to special revenue fund	(58,559)	(58,559)	-
Transfer to general fund	(50,000)	(50,000)	-
Revenues under other financing uses	(108,559)	(108,399)	160
Fund balance appropriated	108,559	-	(108,559)
Net change in fund balance	<u>\$ -</u>	(108,399)	<u>\$ (108,399)</u>
Fund balance, beginning of year		<u>794,128</u>	
Fund balance, end of year		<u>\$ 685,729</u>	

Town of Biscoe, North Carolina
Special Revenue Fund (OSFM Grants)
Schedule of Revenues, Expenditures and Changes in Fund Deficit -
Budget and Actual
From Inception and for the Year Ended June 30, 2017

Schedule 3

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior years</u>	<u>Current year</u>		
Revenues					
Restricted intergovernmental:					
OSFM grant proceeds - 2013-2014	\$ 30,000	\$ 29,979	\$ -	\$ 29,979	\$ (21)
OSFM grant proceeds - 2014-2015	28,975	28,278	-	28,278	(697)
OSFM grant proceeds - 2015-2016	25,251	25,251	-	25,251	-
OSFM grant proceeds - 2016-2017	-	-	-	-	-
Total revenues	<u>84,226</u>	<u>83,508</u>	<u>-</u>	<u>83,508</u>	<u>(718)</u>
Expenditures					
Current:					
Public safety:					
OSFM expenditures 2013-2014	60,004	60,260	-	60,260	(256)
OSFM expenditures 2014-2015	57,950	56,556	-	56,556	1,394
OSFM expenditures 2015-2016	50,502	50,502	-	50,502	-
OSFM expenditures 2016-2017	-	-	-	-	-
Total expenditures	<u>168,456</u>	<u>167,318</u>	<u>-</u>	<u>167,318</u>	<u>1,138</u>
Revenues under expenditures	<u>(84,230)</u>	<u>(83,810)</u>	<u>-</u>	<u>(83,810)</u>	<u>420</u>
Other financing sources					
Transfer from general fund	<u>84,230</u>	<u>25,251</u>	<u>58,559</u>	<u>83,810</u>	<u>(420)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (58,559)</u>	<u>58,559</u>	<u>\$ -</u>	<u>\$ -</u>
Fund deficit, beginning of year			<u>(58,559)</u>		
Fund balance, end of year			<u>\$ -</u>		

Town of Biscoe, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2017

Schedule 4
(2 pages)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Operating revenues:			
Charges for services		\$ 1,075,303	
Water and sewer taps and connection fees		6,575	
Other		12,000	
Total operating revenues	<u>927,823</u>	<u>1,093,878</u>	<u>166,055</u>
Nonoperating revenues:			
Tax refunds		1,624	
Miscellaneous		15,425	
Total nonoperating revenues	<u>7,500</u>	<u>17,049</u>	<u>9,549</u>
Total revenues	<u>935,323</u>	<u>1,110,927</u>	<u>175,604</u>
Expenditures			
Operating expenditures:			
Salaries and employee benefits		298,833	
Other operating expenditures		294,448	
Water purchases for resale		332,560	
Total operating expenditures	<u>908,945</u>	<u>925,841</u>	<u>(16,896)</u>
Capital outlay	<u>50,195</u>	<u>54,644</u>	<u>(4,449)</u>
Debt service:			
Principal retirement		129,856	
Interest and other charges		4,487	
Total debt service	<u>149,487</u>	<u>134,343</u>	<u>15,144</u>
Total expenditures	<u>1,108,627</u>	<u>1,114,828</u>	<u>(6,201)</u>
Revenues under expenditures	<u>(173,304)</u>	<u>(3,901)</u>	<u>169,403</u>
Other financing sources			
Transfers from enterprise capital projects funds	<u>-</u>	<u>58,175</u>	<u>58,175</u>
Revenues over (under) expenditures and other financing sources	<u>(173,304)</u>	<u>54,274</u>	<u>227,578</u>
Fund balance appropriated	<u>173,304</u>	<u>-</u>	<u>(173,304)</u>
Revenues and fund balance appropriated under expenditures	<u>\$ -</u>	<u>\$ 54,274</u>	<u>\$ 54,274</u>

Town of Biscoe, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2017

Schedule 4
(2 pages)

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Revenues and fund balance appropriated under expenditures and other financing uses	\$ 54,274
Reconciling items:	
Depreciation	(301,301)
Loss on disposal	(5,282)
Capital outlay	54,644
Less: Items not capitalized	(35,434)
Principal payments on debt	129,856
Decrease in accrued vacation pay	8,891
Increase in deferred outflows of resources - pension	54,235
Increase in net pension liability	(61,394)
Decrease in deferred inflows of resources - pension	6,700
Decrease in inventory	5,378
Transfers to water and sewer fund from enterprise capital project fund	<u>(58,175)</u>
Total	<u>(201,882)</u>
Change in net position	<u><u>\$ (147,608)</u></u>

Town of Biscoe, North Carolina
Enterprise Capital Project Fund (Waste Water Treatment Plant Improvement)
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2017

Schedule 5

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
Revenues					
Restricted intergovernmental:					
CWMTF grant proceeds	\$ 584,000	\$ 584,000	\$ -	\$ 584,000	\$ -
Expenditures					
Construction and unit					
cost price	1,702,050	1,718,576	-	1,718,576	(16,526)
Engineering	289,000	148,425	-	148,425	140,575
Loan closing costs	28,050	28,050	-	28,050	-
Total expenditures	2,019,100	1,895,051	-	1,895,051	124,049
Revenues under expenditures	(1,435,100)	(1,311,051)	-	(1,311,051)	124,049
Other financing sources					
Loan proceeds	1,402,500	1,323,106	-	1,323,106	(79,394)
Transfer from (to) water and sewer fund	32,600	28,050	(40,105)	(12,055)	(44,655)
Total other financing sources	1,435,100	1,351,156	(40,105)	1,311,051	(124,049)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 40,105	\$ (40,105)	\$ -	\$ -

Town of Biscoe, North Carolina
Enterprise Capital Project Fund (Industrial Park Pump Lift Station)
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2017

Schedule 6

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
Expenditures					
Construction	\$ 342,500	\$ 238,134	\$ 16,993	\$ 255,127	\$ 87,373
Bid award	4,500	8,000	-	8,000	(3,500)
Final certification	3,000	-	-	-	3,000
Total expenditures	<u>350,000</u>	<u>246,134</u>	<u>16,993</u>	<u>263,127</u>	<u>86,873</u>
Revenues under expenditures	<u>(350,000)</u>	<u>(246,134)</u>	<u>(16,993)</u>	<u>(263,127)</u>	<u>86,873</u>
Other financing sources (uses)					
Loan proceeds	350,000	350,000	-	350,000	-
Transfer to water and sewer fund	<u>-</u>	<u>(12,398)</u>	<u>(18,070)</u>	<u>(30,468)</u>	<u>(30,468)</u>
Total other financing sources (uses)	<u>350,000</u>	<u>337,602</u>	<u>(18,070)</u>	<u>319,532</u>	<u>(30,468)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 91,468</u>	<u>\$ (35,063)</u>	<u>\$ 56,405</u>	<u>\$ 56,405</u>

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Supplementary Information

Other Schedules

Town of Biscoe, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2017

Schedule 7

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2016-17	\$ -	\$ 774,730	\$ 746,981	\$ 27,749
2015-16	12,800	-	5,473	7,327
2014-15	5,942	-	1,728	4,214
2013-14	6,388	-	2,100	4,288
2012-13	5,652	-	1,242	4,410
2011-12	4,079	-	146	3,933
2010-11	2,887	-	37	2,850
2009-10	3,148	-	15	3,133
2008-09	3,439	-	22	3,417
2007-08	3,348	-	-	3,348
2006-07	3,063	-	3,063	-
	<u>\$ 50,746</u>	<u>\$ 774,730</u>	<u>\$ 760,807</u>	64,669
Less allowance for uncollectible accounts:				
General Fund				<u>(33,000)</u>
				<u>\$ 31,669</u>
 Reconciliation of collections and credits with revenues:				
Ad valorem taxes - General Fund				\$ 758,647
Reconciling items:				
Interest collected				(4,845)
Other adjustments				3,942
Taxes written off				<u>3,063</u>
Subtotal				<u>2,160</u>
Total collections and credits				<u>\$ 760,807</u>

Town of Biscoe, North Carolina
Analysis of Current Tax Levy
June 30, 2017

Schedule 8

	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	\$ 136,698,685	\$ 0.56	\$ 766,446	\$ 697,980	\$ 68,466
Discoveries:					
Current year taxes	187,900	0.56	15,311	15,311	-
Abatements	<u>(1,237,073)</u>		<u>(7,027)</u>	<u>(6,928)</u>	<u>(99)</u>
Total property valuation	<u>\$ 135,649,512</u>				
Net levy			774,730	706,363	68,367
Uncollected taxes at June 30, 2017			<u>(27,749)</u>	<u>(27,749)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 746,981</u>	<u>\$ 678,614</u>	<u>\$ 68,367</u>
Current levy collection percentage			<u>96.42%</u>	<u>96.07%</u>	<u>100%</u>

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Supplementary Information

Statistical Section

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

	<u>Page</u>
Financial Trends Information These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	69
Revenue Capacity Information These schedules contain information to help the reader assess the Town's most significant local revenue sources, property taxes, and water and sewer charges.	81
Debt Capacity Information These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	93
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	98
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	103

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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Financial Trends Information

Town of Biscoe, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
Net investment in capital assets	\$ 1,602,246	\$ 1,527,378	\$ 1,462,684	\$ 1,475,479
Restricted	59,719	80,509	84,894	241,827
Unrestricted	<u>2,411,519</u>	<u>2,506,003</u>	<u>2,468,401</u>	<u>2,160,452</u>
Total governmental activities net position	<u>\$ 4,073,484</u>	<u>\$ 4,113,890</u>	<u>\$ 4,015,979</u>	<u>\$ 3,877,758</u>
Business-type activities				
Net investment in capital assets	\$ 2,362,923	\$ 2,506,144	\$ 2,383,911	\$ 2,312,662
Restricted	-	-	-	-
Unrestricted	<u>1,735,925</u>	<u>1,615,011</u>	<u>1,622,649</u>	<u>1,756,541</u>
Total business-type activities net position	<u>\$ 4,098,848</u>	<u>\$ 4,121,155</u>	<u>\$ 4,006,560</u>	<u>\$ 4,069,203</u>
Primary government				
Net investment in capital assets	\$ 3,965,169	\$ 4,033,522	\$ 3,846,595	\$ 3,788,141
Restricted	59,719	80,509	84,894	241,827
Unrestricted	<u>4,147,444</u>	<u>4,121,014</u>	<u>4,091,050</u>	<u>3,916,993</u>
Total primary government net position	<u>\$ 8,172,332</u>	<u>\$ 8,235,045</u>	<u>\$ 8,022,539</u>	<u>\$ 7,946,961</u>

Table 1

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,531,990	\$ 1,590,098	\$ 1,616,838	\$ 1,554,588	\$ 1,369,111	\$ 1,173,319
205,602	228,123	181,766	246,636	242,355	213,633
<u>2,065,613</u>	<u>1,883,669</u>	<u>1,867,312</u>	<u>1,902,002</u>	<u>2,104,481</u>	<u>2,000,815</u>
<u>\$ 3,803,205</u>	<u>\$ 3,701,890</u>	<u>\$ 3,665,916</u>	<u>\$ 3,703,226</u>	<u>\$ 3,715,947</u>	<u>\$ 3,387,767</u>
\$ 2,348,341	\$ 3,425,375	\$ 4,349,353	\$ 4,696,828	\$ 4,598,166	\$ 4,475,712
-	-	-	-	-	-
<u>1,791,164</u>	<u>993,708</u>	<u>965,540</u>	<u>1,020,728</u>	<u>1,086,679</u>	<u>1,061,525</u>
<u>\$ 4,139,505</u>	<u>\$ 4,419,083</u>	<u>\$ 5,314,893</u>	<u>\$ 5,717,556</u>	<u>\$ 5,684,845</u>	<u>\$ 5,537,237</u>
\$ 3,880,331	\$ 5,015,473	\$ 5,966,191	\$ 6,251,416	\$ 5,967,277	\$ 5,649,031
205,602	228,123	181,766	246,636	242,355	213,633
<u>3,856,777</u>	<u>2,877,377</u>	<u>2,832,852</u>	<u>2,922,730</u>	<u>3,191,160</u>	<u>3,062,340</u>
<u>\$ 7,942,710</u>	<u>\$ 8,120,973</u>	<u>\$ 8,980,809</u>	<u>\$ 9,420,782</u>	<u>\$ 9,400,792</u>	<u>\$ 8,925,004</u>

Town of Biscoe, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental activities:				
General government	\$ 418,610	\$ 678,971	\$ 455,746	\$ 415,614
Public safety	670,981	622,002	700,872	667,127
Cultural and recreation	241,284	190,529	204,194	245,590
Transportation	91,964	103,812	87,746	110,849
Total governmental activities expenses	<u>1,422,839</u>	<u>1,595,314</u>	<u>1,448,558</u>	<u>1,439,180</u>
Business-type activities:				
Water and sewer	<u>671,755</u>	<u>737,765</u>	<u>751,006</u>	<u>925,923</u>
Total business-type activities expenses	<u>671,755</u>	<u>737,765</u>	<u>751,006</u>	<u>925,923</u>
Total primary government expenses	<u>\$ 2,094,594</u>	<u>\$ 2,333,079</u>	<u>\$ 2,199,564</u>	<u>\$ 2,365,103</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,401	\$ 5,975	\$ 3,938	\$ 2,380
Cultural and recreation	41,549	43,398	45,285	40,882
Operating grants and contributions	101,669	332,679	123,214	82,757
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,025</u>
Total governmental activities program revenues	<u>145,619</u>	<u>382,052</u>	<u>172,437</u>	<u>149,044</u>

**Table 2
(4 pages)**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 391,805	\$ 461,713	\$ 513,692	\$ 1,163,927	\$ 483,615	\$ 509,083
700,723	695,390	705,941	799,983	743,150	729,300
293,008	268,557	258,072	243,926	230,675	245,616
120,065	131,390	111,910	122,864	121,230	157,932
<u>1,505,601</u>	<u>1,557,050</u>	<u>1,589,615</u>	<u>2,330,700</u>	<u>1,578,670</u>	<u>1,641,931</u>
<u>783,495</u>	<u>829,767</u>	<u>926,471</u>	<u>1,096,228</u>	<u>1,234,190</u>	<u>1,258,536</u>
<u>783,495</u>	<u>829,767</u>	<u>926,471</u>	<u>1,096,228</u>	<u>1,234,190</u>	<u>1,258,536</u>
<u>\$ 2,289,096</u>	<u>\$ 2,386,817</u>	<u>\$ 2,516,086</u>	<u>\$ 3,426,928</u>	<u>\$ 2,812,860</u>	<u>\$ 2,900,467</u>
\$ 2,966	\$ 3,389	\$ 3,390	\$ 4,391	\$ 5,607	\$ 5,040
36,560	33,213	37,275	46,258	49,726	45,254
100,864	102,929	163,849	81,790	77,687	62,113
28,617	95,779	4,594	778,278	25,251	-
<u>169,007</u>	<u>235,310</u>	<u>209,108</u>	<u>910,717</u>	<u>158,271</u>	<u>112,407</u>

Town of Biscoe, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-type activities:				
Charges for services:				
Water and sewer	\$ 583,190	\$ 600,594	\$ 618,681	\$ 852,970
Total business-type activities program revenues	<u>583,190</u>	<u>600,594</u>	<u>618,681</u>	<u>852,970</u>
Total primary government program revenues	<u>\$ 728,809</u>	<u>\$ 982,646</u>	<u>\$ 791,118</u>	<u>\$ 1,002,014</u>
Net (Expense) Revenue				
Governmental activities	\$ (1,277,220)	\$ (1,213,262)	\$ (1,276,121)	\$ (1,290,136)
Business-type activities	<u>(88,565)</u>	<u>(137,171)</u>	<u>(132,325)</u>	<u>(72,953)</u>
Total primary government net expense	<u>\$ (1,365,785)</u>	<u>\$ (1,350,433)</u>	<u>\$ (1,408,446)</u>	<u>\$ (1,363,089)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes	\$ 861,905	\$ 924,811	\$ 891,681	\$ 865,387
Unrestricted inter-governemental revenues	200,382	187,572	190,838	305,881
Investment earnings, unrestricted	138,049	58,865	49,132	14,284
Miscellaneous	<u>60,231</u>	<u>82,420</u>	<u>42,503</u>	<u>(33,637)</u>
Total governmental activities	<u>1,260,567</u>	<u>1,253,668</u>	<u>1,174,154</u>	<u>1,151,915</u>
Business-type activities:				
Investment earnings	57,002	6,986	13,034	7,723
Miscellaneous	<u>8,050</u>	<u>28,132</u>	<u>4,696</u>	<u>(27,752)</u>
Total business-type activities	<u>65,052</u>	<u>35,118</u>	<u>17,730</u>	<u>(20,029)</u>
Total primary government	<u>\$ 1,325,619</u>	<u>\$ 1,288,786</u>	<u>\$ 1,191,884</u>	<u>\$ 1,131,886</u>
Change in Net Position				
Governmental activities	\$ (16,653)	\$ 40,406	\$ 4,056	\$ (138,221)
Business-type activities	<u>225,207</u>	<u>22,307</u>	<u>17,730</u>	<u>62,643</u>
Total primary government	<u>\$ 208,554</u>	<u>\$ 62,713</u>	<u>\$ 4,056</u>	<u>\$ (75,578)</u>

Table 2
(4 pages)

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 863,845	\$ 945,134	\$ 978,220	\$ 980,802	\$ 1,114,438	\$ 1,093,878
<u>863,845</u>	<u>945,134</u>	<u>978,220</u>	<u>980,802</u>	<u>1,114,438</u>	<u>1,093,878</u>
<u>\$ 1,032,852</u>	<u>\$ 1,180,444</u>	<u>\$ 1,187,328</u>	<u>\$ 1,891,519</u>	<u>\$ 1,272,709</u>	<u>\$ 1,206,285</u>
\$ (1,336,594)	\$ (1,321,740)	\$ (1,380,507)	\$ (1,419,983)	\$ (1,420,399)	\$ (1,529,524)
<u>80,350</u>	<u>115,367</u>	<u>51,749</u>	<u>(115,426)</u>	<u>(119,752)</u>	<u>(164,658)</u>
<u>\$ (1,256,244)</u>	<u>\$ (1,206,373)</u>	<u>\$ (1,328,758)</u>	<u>\$ (1,535,409)</u>	<u>\$ (1,540,151)</u>	<u>\$ (1,694,182)</u>
\$ 889,874	\$ 980,902	\$ 1,010,333	\$ 954,509	\$ 1,064,085	\$ 1,162,405
236,698	213,677	231,858	273,682	268,590	254,542
8,877	5,686	1,823	2,148	2,376	2,632
<u>126,592</u>	<u>20,160</u>	<u>100,519</u>	<u>313,896</u>	<u>57,467</u>	<u>54,845</u>
<u>1,262,041</u>	<u>1,220,425</u>	<u>1,344,533</u>	<u>1,544,235</u>	<u>1,392,518</u>	<u>1,474,424</u>
3,798	3,301	-	-	-	-
<u>(99,192)</u>	<u>120,910</u>	<u>2,473</u>	<u>16,279</u>	<u>37,041</u>	<u>17,050</u>
<u>(95,394)</u>	<u>124,211</u>	<u>2,473</u>	<u>16,279</u>	<u>37,041</u>	<u>17,050</u>
<u>\$ 1,166,647</u>	<u>\$ 1,344,636</u>	<u>\$ 1,347,006</u>	<u>\$ 1,560,514</u>	<u>\$ 1,429,559</u>	<u>\$ 1,491,474</u>
\$ (74,553)	\$ (101,315)	\$ (35,974)	\$ 124,252	\$ (27,881)	\$ (55,100)
<u>70,302</u>	<u>279,578</u>	<u>895,810</u>	<u>433,653</u>	<u>(32,711)</u>	<u>(147,608)</u>
<u>\$ (4,251)</u>	<u>\$ 178,263</u>	<u>\$ 859,836</u>	<u>\$ 557,905</u>	<u>\$ (60,592)</u>	<u>\$ (202,708)</u>

Town of Biscoe, North Carolina
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund:				
Reserved	\$ 195,449	\$ 195,523	\$ 225,282	\$ 16,903
Unreserved	45,832	102,200	354,639	-
Nonspendable	1,344,856	1,276,790	1,110,101	-
Restricted	-	-	-	241,827
Committed	-	-	-	-
Assigned	-	-	-	1,629,647
Unassigned	842,709	961,325	814,641	475,912
	<u>842,709</u>	<u>961,325</u>	<u>814,641</u>	<u>475,912</u>
Total fund balance	<u>\$ 2,428,846</u>	<u>\$ 2,535,838</u>	<u>\$ 2,504,663</u>	<u>\$ 2,364,289</u>

Table 3

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	3,857
205,602	228,123	181,766	246,636	242,355	213,633
-	-	-	-	141,060	118,612
1,442,442	1,208,194	1,085,067	1,045,799	861,996	901,499
583,018	582,553	669,279	803,704	1,029,977	1,174,702
<u>\$ 2,231,062</u>	<u>\$ 2,018,870</u>	<u>\$ 1,936,112</u>	<u>\$ 2,096,139</u>	<u>\$ 2,275,388</u>	<u>\$ 2,412,303</u>

Town of Biscoe, North Carolina
Changes in Fund Balance
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Ad valorem taxes	\$ 864,820	\$ 921,871	\$ 890,862	\$ 870,292
Unrestricted intergovernmental	200,382	187,572	190,838	305,881
Restricted intergovernmental	101,669	332,679	123,214	82,757
Permits and fees	3,506	5,975	3,938	2,380
Sales and services	41,549	43,398	45,285	42,857
Investment earnings	138,049	58,865	49,132	14,284
Miscellaneous	43,125	49,793	42,503	73,043
Total revenues	<u>1,393,100</u>	<u>1,600,153</u>	<u>1,345,772</u>	<u>1,391,494</u>
Expenditures				
Current:				
General government	365,727	643,945	429,179	405,672
Public safety	690,353	576,283	641,272	751,829
Transportation	248,368	207,024	223,655	250,344
Cultural and recreational	90,375	98,536	86,897	167,783
Total expenditures	<u>1,394,823</u>	<u>1,525,788</u>	<u>1,381,003</u>	<u>1,575,628</u>
Excess of revenues over (under) expenditures	<u>(1,723)</u>	<u>74,365</u>	<u>(35,231)</u>	<u>(184,134)</u>
Other financing sources (uses)				
Transfers in	17,350	32,627	-	43,760
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>17,350</u>	<u>32,627</u>	<u>-</u>	<u>43,760</u>
Net change in fund balances	<u>\$ 15,627</u>	<u>\$ 106,992</u>	<u>\$ (35,231)</u>	<u>\$ (140,374)</u>

Table 4

2012	2013	2014	2015	2016	2017
\$ 889,874	\$ 979,163	\$ 726,677	\$ 674,478	\$ 731,362	\$ 758,647
236,696	213,677	523,978	592,659	605,726	644,377
136,016	198,708	168,443	860,068	102,938	62,113
2,966	3,389	3,390	4,391	5,607	5,040
43,633	45,205	47,220	46,258	49,726	45,254
8,875	5,686	1,823	2,148	2,376	2,632
51,390	152,807	62,693	249,753	57,040	57,439
<u>1,369,450</u>	<u>1,598,635</u>	<u>1,534,224</u>	<u>2,429,755</u>	<u>1,554,775</u>	<u>1,575,502</u>
407,378	454,926	468,910	1,180,013	474,414	470,445
752,837	829,780	726,765	953,973	619,689	583,702
273,242	248,790	345,933	213,853	198,964	229,434
136,960	136,137	104,174	114,509	125,363	155,006
<u>1,570,417</u>	<u>1,669,633</u>	<u>1,645,782</u>	<u>2,462,348</u>	<u>1,418,430</u>	<u>1,438,587</u>
<u>(200,967)</u>	<u>(70,998)</u>	<u>(111,558)</u>	<u>(32,593)</u>	136,345	136,915
-	16,322	28,800	192,620	2,302	-
<u>-</u>	<u>(157,516)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,559)</u>
<u>-</u>	<u>(141,194)</u>	<u>28,800</u>	<u>192,620</u>	<u>2,302</u>	<u>(58,559)</u>
<u>\$ (200,967)</u>	<u>\$ (212,192)</u>	<u>\$ (82,758)</u>	<u>\$ 160,027</u>	<u>\$ 138,647</u>	<u>\$ 78,356</u>

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Revenue Capacity Information

Town of Biscoe, North Carolina
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function/program				
Governmental activities:				
General government	\$ 2,401	\$ 242,334	\$ 15,365	\$ 2,380
Public safety	36,852	38,409	60,357	53,718
Transportation	64,817	57,911	51,430	52,064
Cultural and recreation	41,549	43,398	45,285	40,882
	<u>145,619</u>	<u>382,052</u>	<u>172,437</u>	<u>149,044</u>
Subtotal governmental activities				
Business-type activities:				
Water and sewer	<u>831,910</u>	<u>724,954</u>	<u>618,681</u>	<u>1,008,595</u>
Subtotal business-type activities	<u>831,910</u>	<u>724,954</u>	<u>618,681</u>	<u>1,008,595</u>
Total primary government	<u>\$ 977,529</u>	<u>\$ 1,107,006</u>	<u>\$ 791,118</u>	<u>\$ 1,157,639</u>

Table 5

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 2,966	\$ 3,389	\$ 3,390	\$ 754,391	\$ 5,607	\$ 5,040
77,741	104,945	114,837	56,342	49,235	9,200
51,740	53,220	53,606	53,726	53,703	52,913
<u>36,560</u>	<u>73,756</u>	<u>37,275</u>	<u>46,258</u>	<u>49,726</u>	<u>45,254</u>
<u>169,007</u>	<u>235,310</u>	<u>209,108</u>	<u>910,717</u>	<u>158,271</u>	<u>112,407</u>
<u>949,191</u>	<u>985,134</u>	<u>1,819,808</u>	<u>1,513,602</u>	<u>1,164,438</u>	<u>1,093,878</u>
<u>949,191</u>	<u>985,134</u>	<u>1,819,808</u>	<u>1,513,602</u>	<u>1,164,438</u>	<u>1,093,878</u>
<u>\$ 1,118,198</u>	<u>\$ 1,220,444</u>	<u>\$ 2,028,916</u>	<u>\$ 2,424,319</u>	<u>\$ 1,322,709</u>	<u>\$ 1,206,285</u>

Town of Biscoe, North Carolina
Tax Revenues by Source
Governmental Funds ^a
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

<u>Fiscal Year</u>	<u>Ad Valorem Taxes</u>
2008	\$ 561,596
2009	650,371
2010	623,013
2011	621,392
2012	619,852
2013	694,637
2014	726,677
2015	674,478
2016	731,362
2017	758,647
Change 2008 - 2017	35.09%

^a This table presents the Town's most significant source of revenues. All other taxes and revenues are either comparatively insignificant or levied by a governmental entity other than the Town of Biscoe.

Town of Biscoe, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Table 7

Fiscal Year	Real Property *	Personal Property	Public-Service Companies	Total Assessed Value	Total Direct Tax Rate	Assessed Value as a Percent of Actual Value
2008	\$ 65,810,850	\$ 26,661,829	\$ 1,887,272	\$ 101,214,829	0.5500	100.00%
2009	67,120,100	29,164,126	1,947,577	110,285,658	0.5800	100.00%
2010	68,928,800	27,628,511	1,949,430	107,043,620	0.5800	100.00%
2011	68,790,200	25,462,880	1,693,996	106,790,494	0.5800	100.00%
2012	86,839,350	2,421,518	1,724,273	106,271,183	0.5800	100.00%
2013	86,459,050	27,022,458	2,388,051	125,623,883	0.5600	100.00%
2014	86,371,650	28,968,541	2,199,195	129,923,714	0.5600	100.00%
2015	89,819,529	25,430,396	2,683,604	118,144,351	0.5600	100.00%
2016	90,553,798	30,281,992	2,598,079	129,277,971	0.5600	100.00%
2017	90,841,675	41,911,523	2,896,314	135,649,512	0.5600	100.00%

Source: Annual County Report of Valuation and Property Tax Levies.

* Real property values exclude tax-exempt property.

Note: Property in the town is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Town of Biscoe, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Assessed Value)

Table 8

Fiscal Year	Municipality Rates		Overlapping Rates
	Basic Rate	Total Direct	County
2008	0.550	0.550	0.5800
2009	0.580	0.580	0.6200
2010	0.580	0.580	0.6700
2011	0.580	0.580	0.6700
2012	0.580	0.580	0.5700
2013	0.560	0.560	0.5700
2014	0.560	0.560	0.5700
2015	0.560	0.560	0.6200
2016	0.560	0.560	0.6200
2017	0.560	0.560	0.6200

Source: *Montgomery County*

Note: *The Town's basic property tax rate may be increased only by a majority vote of the elected Town Board of Commissioners.*

^a *Overlapping rates are those of local and county governments that apply to property owners within the Town of Biscoe.*

**Town of Biscoe, North Carolina
Property Tax Revenue and Collections
Last Ten Fiscal Years**

Table 9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 566,923	\$ 543,456	95.86%	\$ 20,119	\$ 563,575	99.41%
2009	558,387	534,998	95.81%	19,972	554,970	99.39%
2010	644,506	618,843	96.02%	22,530	641,373	99.51%
2011	619,877	593,855	95.80%	23,172	617,027	99.54%
2012	616,830	587,527	95.25%	25,370	612,897	99.36%
2013	704,960	671,734	95.29%	28,816	700,550	99.37%
2014	728,203	704,027	96.68%	19,888	723,915	99.41%
2015	663,812	647,503	97.54%	12,095	659,598	99.37%
2016	724,815	712,015	98.23%	5,473	717,488	98.99%
2017	774,730	746,981	96.42%	-	746,981	96.42%

Sources: Montgomery County Board of Equalization and Assessment, and Montgomery County Department of Finance.

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**Town of Biscoe, North Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 10

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Grede II LLC	\$ 7,166,438	1	0.93%	14,041,483	6	1.83%
Carolina Dairy, LLC	6,764,088	2	0.88%	-		0.00%
Wal-mart Real Estate Bus Trust	6,678,900	3	0.87%	5,562,993	2	0.73%
Autumn Care Corporation	4,657,588	4	0.61%	3,288,556	3	0.43%
Montgomery Solar LLC	2,955,404	5	0.39%	-	7	0.00%
Dreamy Hollow Apts Co	2,743,200	6	0.36%	2,190,200	5	0.29%
Jordan Forest Products LLC	2,390,378	7	0.31%	-	10	0.00%
Wright Foods Inc.	1,956,822	8	0.26%	-		0.00%
Jordan Lumber & Supply INC	1,828,533	9	0.24%	1,254,100		0.16%
Kellam Properties I LLC	1,823,100	10	0.24%	1,629,002	4	0.21%
Total	<u>\$ 38,964,451</u>		<u>5.08%</u>	<u>\$ 27,966,334</u>		<u>3.65%</u>

Source: Montgomery County Property Assessment Division

Town of Biscoe, North Carolina
Water Sold by Type of Customer and In and Out of Town
Last Ten Fiscal Years

<u>Type of Customer</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Gallons billed:				
In-town residential	28,524,530	28,472,060	27,218,750	25,831,950
Out-of-town residential	11,933,900	10,522,600	11,948,800	9,933,700
In-town commercial	24,312,740	27,261,570	23,460,700	22,514,750
Out-of-town commercial	<u>2,233,800</u>	<u>2,921,400</u>	<u>2,090,600</u>	<u>2,339,600</u>
Total gallons billed	<u>67,004,970</u>	<u>69,177,630</u>	<u>64,718,850</u>	<u>60,620,000</u>
Total water and sewer charges (revenue)	<u>\$ 582,619</u>	<u>\$ 591,328</u>	<u>\$ 612,847</u>	<u>\$ 818,956</u>
Total average rate per 1,000 gallons	<u>\$ 8.70</u>	<u>\$ 8.55</u>	<u>\$ 9.47</u>	<u>\$ 13.51</u>

Source: *Town of Biscoe, Water Billing Office.*
Revenue collected includes late payment penalties.

Table 11

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
25,034,350	26,389,600	19,447,080	38,086,500	27,913,800	33,121,844
13,766,800	9,084,000	8,448,060	12,443,100	28,589,900	12,342,200
22,089,820	25,787,100	34,948,150	43,492,090	57,500,990	55,034,060
<u>1,909,600</u>	<u>4,879,700</u>	<u>2,932,200</u>	<u>1,865,700</u>	<u>2,024,700</u>	<u>686,300</u>
<u>62,800,570</u>	<u>66,140,400</u>	<u>65,775,490</u>	<u>95,887,390</u>	<u>116,029,390</u>	<u>101,184,404</u>
<u>\$ 982,765</u>	<u>\$ 790,354</u>	<u>\$ 965,485</u>	<u>\$ 1,076,211</u>	<u>\$ 1,011,763</u>	<u>\$ 1,183,298</u>
<u>\$ 15.65</u>	<u>\$ 11.95</u>	<u>\$ 14.68</u>	<u>\$ 11.22</u>	<u>\$ 8.72</u>	<u>\$ 11.69</u>

**Town of Biscoe, North Carolina
Water and Sewer Rates
Last Ten Fiscal Years**

Table 12

Fiscal Year	In-Town Water		In-Town Sewer		Out-of-Town Water		Out-of-Town Sewer	
	Rate per 0-3000 Gallons	Rate per 1,000 Gallons	Rate per 0-3000 Gallons	Rate per 1,000 Gallons	Rate per 0-3000 Gallons	Rate per 1,000 Gallons	Rate per 0-3000 Gallons	Rate per 1,000 Gallons
2008	\$ 22.46	\$ 3.64	\$ 22.46	\$ 3.64	\$ 37.44	\$ 5.20	\$ 37.44	\$ 5.20
2009	22.46	3.64	22.46	3.64	37.44	5.20	37.44	5.20
2010	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2011	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2012	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2013	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2014	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2015	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2016	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2017	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00

Rate changes are effective with July 1 water usage unless otherwise stated.

Debt Capacity Information

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Town of Biscoe, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 13

Fiscal Year	Business-Type Activities		Total Primary Government	Per Capita ^a
	Installment Loans			
2008	\$ -		\$ -	-
2009			-	-
2010			-	-
2011			-	-
2012			-	-
2013			-	-
2014		-	-	-
2015	655,257		655,257	388.19
2016	1,621,188		1,621,188	965.57
2017	1,491,332		1,491,332	888.23

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

^a See Table 17 for population data. These ratios are calculated using population for the prior calendar year.

**Town of Biscoe, North Carolina
 Legal Debt Margin Information
 Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 8,097,186	\$ 8,822,853	\$ 8,563,490	\$ 8,543,240
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 8,097,186</u>	<u>\$ 8,822,853</u>	<u>\$ 8,563,490</u>	<u>\$ 8,543,240</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: Under state finance law, the Town's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

**Legal Debt Margin
Calculation for Fiscal Year 2017**

Assessed value	\$ 135,649,512
Debt limit (8% of assessed value)	10,851,961
Debt applicable to limit:	
Installment loans	(1,491,332)
Legal debt margin	\$ 9,360,629

2012	2013	2014	2015	2016	2017
\$ 8,501,695	\$ 10,049,911	\$ 10,393,897	\$ 10,281,060	\$ 8,715,396	\$ 10,851,961
-	-	-	655,257	1,621,188	1,491,332
\$ 8,501,695	\$ 10,049,911	\$ 10,393,897	\$ 9,625,803	\$ 7,094,208	\$ 9,360,629
0.00%	0.00%	0.00%	6.37%	18.60%	13.74%

Demographic and Economic Information

Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Median Age	Unemployment Rate
2008	1,685	\$ 46,487,465	\$ 27,589	36.90	8.4%
2009	1,684	44,472,756	26,409	36.80	13.5%
2010	1,697	44,222,123	26,059	37.20	12.3%
2011	1,706	45,563,848	26,708	37.30	11.8%
2012	1,694	46,278,386	27,319	37.40	10.5%
2013	1,692	47,687,328	28,184	37.50	8.2%
2014	1,681	48,562,409	28,889	37.70	6.1%
2015	1,688	50,604,552	29,979	37.80	5.7%
2016	1,679	52,263,912	31,128	37.90	5.2%
2017	1,679	55,739,442	33,198	41.00	4.6%

Note: Personal income, per capita personal income, median age, and unemployment are not available at the town level and is reported at the county level. Unemployment is reported for the month of June of each year.

Sources: Population and median age information provided by the State Library of North Carolina. Personal income information provided by the Montgomery County Economic Development Office. Unemployment data provided by the Employment Security Commission.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**Town of Biscoe, North Carolina
Principal Employers
Current Year and Nine Years Ago**

Table 16

Employer	2017		2008	
	Employees	Percentage of Total Town Population	Employees	Percentage of Total Town Population
MPG (GREDE)	500	29.78%	350	20.77%
Wal-mart	200	11.91%	150	8.90%
Wright Foods	157	9.35%	Opened in 2014	0.00%
Autumn Care of Biscoe	123	7.33%	100	5.93%
Kellam Properties I LLC	95	5.66%	81	4.81%
Central Carolina Hosiery	76	4.53%	99	5.88%
McDonalds	60	3.57%	50	2.97%
Myrick Construction	50	2.98%	130	7.72%
Town of Biscoe (Government)	45	2.68%	56	3.32%
Jordan Forest Products LLC	40	2.38%	Opened in 2013	0.00%
Bojangles	40	2.38%	Opened in 2014	0.00%
Total	<u>1,386</u>	<u>82.55%</u>	<u>1,016</u>	<u>60.30%</u>

Source: Town Economic Development Division and Employment Security Commission.

Note: Information regarding Town's total employment is not available.

Town of Biscoe, North Carolina
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Table 17

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
Administration	3	3	3	3	3	3	3	3	3	3
Police										
Officers	12	12	12	12	12	12	10	10	9	9
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	3	3	3	3	3	3	4	4	4	4
Sanitation	1	1	1	1	1	1	1	1	1	1
Utilities										
Water distribution/ wastewater collection	<u>1</u>									
Total	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>20</u>	<u>20</u>	<u>19</u>	<u>19</u>

Source: Town Finance Office. Positions reported at June 30th are positions filled.

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Operating Information

Town of Biscoe, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011
Police				
Physical arrests	1,397	1,061	1,050	678
Calls for service	3,685	3,071	2,754	2,628
Traffic citations	682	642	604	661
Number of policeman positions	12	12	12	12
Fire				
Number of stations	1	1	1	1
Emergency responses (avg calls per year 125 - 150)	150	150	150	150
Fires extinguished	65	65	65	65
Number of volunteers	25	25	28	28
Other public works				
Street resurfacing (miles)	1.0	1.0	1.0	1.0
Potholes repaired	17	19	16	15
Parks and recreation				
Number of parks	1	1	1	1
Water				
New connections				
Water main breaks	8	9	8	10
Average daily consumption (millions of gallons per day)	0.2300	0.2690	0.2150	0.2350
Peak daily consumption (millions of gallons)	0.2700	0.3950	0.2420	0.2850
Wastewater				
Average daily sewage treatment (millions of gallons)	2.300	2.300	2.300	2.300

Sources: Various Town departments.

Table 18

2012	2013	2014	2015	2016	2017
412	356	275	207	140	150
2,380	2,187	6,360	3,156	2,960	2,754
822	796	2,141	1,571	1,377	1,354
12	12	10	10	9	9
1	1	1	1	1	1
150	150	150	150	150	150
65	65	65	65	65	65
24	24	25	29	29	28
-	-	-	0	0	-
16	19	15	16	18	20
1	1	1	1	1	1
8	7	8	9	10	8
0.2200	0.2200	0.2500	0.2500	0.0300	0.0307
0.2500	0.2500	0.2300	0.2500	0.0340	0.0350
2.300	2.300	2.300	2.3	2.3	2.3

Town of Biscoe, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011
Police				
Stations	1	1	1	1
Patrol units	13	13	13	13
Fire stations	1	1	1	1
Other public works				
Streets (miles) - paved	10.82	11.06	11.06	11.06
Streets (miles) - unpaved	0.21	0.21	0.21	0.21
Streetlights	280	282	285	287
Traffic signals (all state-owned)	1	1	1	2
Parks and recreation				
Acreage	20.76	20.76	20.76	20.76
Playgrounds	1	1	1	1
Water				
Water mains (miles)	14.0	14.0	14.0	14.0
Fire hydrants	125	125	126	126
Storage capacity (thousands of gallons)	80,000	80,000	80,000	80,000
Wastewater				
Sanitary sewers (miles)	22.0	22.0	22.0	22.0
Treatment capacity (millions of gallons)	0.6	0.6	0.6	0.6
Area (square miles)	1.990	2.000	2.000	2.000

Sources: Various city departments.

Table 19

2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
12	11	11	11	11	11
1	1	1	1	1	1
11.06	11.06	11.06	11.06	11.40	11.40
0.21	0.21	0.21	0.21	0.18	0.18
285	290	285	285	285	310
2	2	2	3	3	3
20.76	20.76	20.76	20.76	20.76	20.76
1	1	1	1	1	1
14.0	14.0	14.0	14.0	14.0	14.0
127	127	128	129	130	130
80,000	80,000	80,000	80,000	80,000	80,000
22.0	22.0	22.0	22	22.0	22
0.6	0.6	0.6	0.6	0.6	0.6
2.000	2.000	2.000	2.00	2.000	2