

TOWN OF BISCOE
GENERAL PURPOSE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2000

TOWN OF BISCOE, NORTH CAROLINA

TABLE OF CONTENTS

	<u>Page No.</u>
<u>Exhibit</u>	
Independent Auditors' Report	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
A Combined Balance Sheet - All Fund Types and Account Groups	2
B Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	3
C Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds	4
D Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund	5
E Statement of Cash Flows - Proprietary Fund	6
F Statement of Changes in Plan Net Assets	7
Notes to the General Purpose Financial Statements	8

Statement/Schedule

REQUIRED SUPPLEMENTAL FINANCIAL DATA

1 Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress	22
2 Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Employer Contributions	23
3 Law Enforcement Officers' Special Separation Allowance Notes to the Required Schedules.....	24

Individual Fund Financial Statements

General Fund

4 Comparative Balance Sheets.....	25
5 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	26

TOWN OF BISCOE, NORTH CAROLINA

TABLE OF CONTENTS

Page No.

Statement/Schedule

SUPPLEMENTARY INFORMATION (Continued)

Special Revenue Fund

Capital Reserve Fund

6	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	29
---	---	----

Enterprise Fund

7	Water and Sewer Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)	30
---	---	----

OTHER SCHEDULES

8	Schedule of Ad Valorem Taxes Receivable.....	32
---	--	----

9	Analysis of Current Tax Levy	33
---	------------------------------------	----



DIXON ODOM PLLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Town of Biscoe
Biscoe, North Carolina

We have audited the accompanying general purpose financial statements of the Town of Biscoe, North Carolina as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Biscoe's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Biscoe, North Carolina as of June 30, 2000 and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements, taken as a whole. The combining and individual fund financial statements and schedules, and supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Except as noted below, such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Dixon Odom PLLC

August 2, 2000

TOWN OF BISCOE, NORTH CAROLINA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 2000
 With Comparative Totals June 30, 1999

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Types	Account Group	Totals	
	General	Special Revenue				Enterprise	Trust
ASSETS AND OTHER DEBITS							
Cash and investments	\$1,652,740	\$1,464,181	\$1,240,769	\$ 33,393	\$ -	\$ 4,391,083	\$ 4,761,447
Taxes receivable	21,179	-	-	-	-	21,179	18,061
Accounts receivable	63,711	-	185,340	-	-	249,051	96,238
Accrued interest receivable	42,369	57,157	26,980	1,478	-	127,984	113,232
Inventories	-	-	18,343	-	-	18,343	16,901
Restricted cash and investments	-	-	10,444	-	-	10,444	10,818
Fixed assets, net	-	-	1,923,205	-	2,432,082	4,355,287	3,885,812
TOTAL ASSETS AND OTHER DEBITS	\$1,779,999	\$1,521,338	\$3,405,081	\$ 34,871	\$2,432,082	\$ 9,173,371	\$ 8,902,509
LIABILITIES EQUITY AND OTHER CREDITS							
Accounts payable and accrued liabilities	\$ 20,968	\$ -	\$ 39,789	\$ -	\$ -	\$ 60,757	\$ 126,845
Deposits	-	-	10,444	-	-	10,444	10,818
Deferred revenues	23,122	-	-	-	-	23,122	19,503
TOTAL LIABILITIES	44,090	-	50,233	-	-	94,323	157,166
EQUITY AND OTHER CREDITS							
Contributed capital (net)	-	-	1,232,466	-	-	1,232,466	1,268,691
Investment in general fixed assets	-	-	-	-	2,432,082	2,432,082	2,019,914
Retained earnings	-	-	2,122,382	-	-	2,122,382	2,003,984
Fund balances	-	-	-	-	-	-	-
Reserved by State statute	106,080	-	-	-	-	106,080	90,259
Reserved for streets - Powell Bill	58,368	-	-	-	-	58,368	15,547
Reserved for employees' pension benefits	-	-	-	34,871	-	34,871	30,671
Unreserved:							
Designated for subsequent years' expenditures	664,505	-	-	-	-	664,505	591,864
Designated for capital projects	-	1,521,338	-	-	-	1,521,338	1,444,106
Undesignated	906,956	-	-	-	-	906,956	1,280,307
TOTAL EQUITY AND OTHER CREDITS	1,735,909	1,521,338	3,354,848	34,871	2,432,082	9,079,048	8,745,343
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$1,779,999	\$1,521,338	\$3,405,081	\$ 34,871	\$2,432,082	\$ 9,173,371	\$ 8,902,509

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

TOWN OF BISCOE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2000
With Comparative Totals for Year Ended June 30, 1999

Exhibit B

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	June 30 2000	June 30 1999
REVENUES				
Ad valorem taxes	\$ 401,136	\$ -	\$ 401,136	\$ 393,634
Other taxes and licenses	185,601	-	185,601	170,336
Unrestricted intergovernmental revenues	281,641	-	281,641	266,864
Restricted intergovernmental revenues	122,794	-	122,794	74,319
Sales and services	32,707	-	32,707	24,083
Investment earnings	71,529	77,232	148,761	153,507
Miscellaneous	20,978	-	20,978	235,750
TOTAL REVENUES	<u>1,116,386</u>	<u>77,232</u>	<u>1,193,618</u>	<u>1,318,493</u>
EXPENDITURES				
Current:				
General government	616,121	-	616,121	446,505
Public safety	382,562	-	382,562	336,368
Transportation	272,294	-	272,294	287,861
Cultural and recreational	87,477	-	87,477	89,534
TOTAL EXPENDITURES	<u>1,358,454</u>	<u>-</u>	<u>1,358,454</u>	<u>1,160,268</u>
REVENUES OVER (UNDER) EXPENDITURES	(242,068)	77,232	(164,836)	158,225
FUND BALANCE				
Beginning of year, July 1	<u>1,977,977</u>	<u>1,444,106</u>	<u>3,422,083</u>	<u>3,263,858</u>
END OF YEAR, JUNE 30	<u>\$1,735,909</u>	<u>\$1,521,338</u>	<u>\$3,257,247</u>	<u>\$3,422,083</u>

TOWN OF BISCOE, NORTH CAROLINA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2000

	General Fund		Special Revenue Fund		Totals (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Ad valorem taxes	\$ 367,500	\$ 401,136	\$ -	\$ -	\$ 367,500	\$ 401,136
Other taxes and licenses	147,500	185,601	-	-	147,500	185,601
Unrestricted intergovernmental revenues	252,170	281,641	-	-	252,170	281,641
Restricted intergovernmental revenues	60,000	122,794	-	-	60,000	122,794
Sales and services	14,600	32,707	-	-	14,600	32,707
Investment earnings	60,500	71,529	75,000	77,232	135,500	148,761
Miscellaneous	8,500	20,978	-	-	8,500	20,978
TOTAL REVENUES	910,770	1,116,386	75,000	77,232	985,770	1,193,618
EXPENDITURES						
Current:						
General government	735,267	616,121	-	-	735,267	616,121
Public safety	419,529	382,562	-	-	419,529	382,562
Transportation	338,600	272,294	-	-	338,600	272,294
Cultural and recreational	88,238	87,477	-	-	88,238	87,477
TOTAL EXPENDITURES	1,581,634	1,358,454	-	-	1,581,634	1,358,454
Revenues over (under) expenditures	(670,864)	(242,068)	75,000	77,232	(595,864)	(164,836)
Appropriated fund balance	670,864	-	(75,000)	-	595,864	-
Revenues and appropriated fund balance over (under) expenditures and other uses	\$ -	(242,068)	\$ -	77,232	\$ 77,232	\$ (164,836)
FUND BALANCE						
Beginning of year, July 1		1,977,977		1,444,106		3,422,083
END OF YEAR, JUNE 30		\$1,735,909		\$1,521,338		\$3,257,247

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

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND
WATER AND SEWER FUND
For the Fiscal Year Ended June 30, 2000
With Comparative Totals for Year Ended June 30, 1999

Exhibit D

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
OPERATING REVENUES		
Charges for services	\$ 562,360	\$ 488,533
TOTAL OPERATING REVENUES	<u>562,360</u>	<u>488,533</u>
OPERATING EXPENSES		
Water and sewer department	483,506	484,235
Depreciation	<u>92,179</u>	<u>79,968</u>
TOTAL OPERATING EXPENSES	<u>575,685</u>	<u>564,203</u>
OPERATING LOSS	<u>(13,325)</u>	<u>(75,670)</u>
NONOPERATING REVENUES		
Interest earned on investments	64,544	65,197
Miscellaneous revenue	6,141	11,179
Tax refunds	5,105	4,920
Local option sales tax (1/2 cents)	<u>19,708</u>	<u>17,880</u>
TOTAL NONOPERATING REVENUES	<u>95,498</u>	<u>99,176</u>
	NET INCOME	
	82,173	23,506
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	<u>36,225</u>	<u>36,225</u>
INCREASE IN RETAINED EARNINGS	118,398	59,731
RETAINED EARNINGS, JULY 1	<u>2,003,984</u>	<u>1,944,253</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 2,122,382</u>	<u>\$ 2,003,984</u>

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
WATER AND SEWER FUND
For the Fiscal Year Ended June 30, 2000
With Comparative Totals for Year Ended June 30, 1999

Exhibit E

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/contributions	\$ 419,656	\$ 493,556
Cash paid for goods and services	(459,606)	(338,678)
Cash paid to employees	(82,491)	(82,265)
Net (decrease) customer deposits	<u>(374)</u>	<u>(1,256)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(122,815)</u>	<u>71,357</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(149,486)	(466,159)
Miscellaneous non-operating revenue	6,141	11,179
1/2 cent local option sales tax	19,708	17,880
Tax refunds	<u>5,105</u>	<u>4,920</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(118,532)</u>	<u>(432,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>63,280</u>	<u>81,735</u>
NET DECREASE IN CASH	(178,067)	(279,088)
CASH AT BEGINNING OF YEAR	<u>1,429,280</u>	<u>1,708,368</u>
CASH AT END OF YEAR	<u>\$ 1,251,213</u>	<u>\$ 1,429,280</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (13,325)	\$ (75,670)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	92,179	79,968
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(142,704)	5,023
Inventory	(1,442)	(710)
Increase (decrease) in:		
Accounts payable	(57,149)	64,002
Customer deposits	<u>(374)</u>	<u>(1,256)</u>
Total adjustments	<u>(109,490)</u>	<u>147,027</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (122,815)</u>	<u>\$ 71,357</u>

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
For the Fiscal Years Ended June 30, 2000 and 1999

Exhibit F

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
ADDITIONS		
Employer contributions	\$ 2,500	\$ 2,500
Interest income	<u>1,700</u>	<u>1,617</u>
	TOTAL ADDITIONS	4,117
	4,200	4,117
DEDUCTIONS	<u>-</u>	<u>-</u>
	NET INCREASE	4,117
	4,200	4,117
FUND BALANCE RESERVED FOR EMPLOYEE'S PENSION BENEFITS		
Beginning of year	<u>30,671</u>	<u>26,554</u>
End of year	<u>\$ 34,871</u>	<u>\$ 30,671</u>

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Biscoe is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, the Town includes any component unit for which it is financially accountable. For the year ended June 30, 2000, no component units were included in the financial statements.

B. Basis of Presentation - Fund Accounting

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

The Town uses the following fund categories (further divided by fund type) and account groups:

GOVERNMENTAL FUNDS are used to account for the Town's governmental functions. Governmental Funds include the following fund types:

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 and State-shared revenues. The primary expenditures are for public safety, streets and highways, and general government services.

Special Revenue Fund - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town maintains one Special Revenue Fund, the Capital Reserve Fund.

PROPRIETARY FUNDS include the following fund type:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Biscoe has one Enterprise Fund - the Water and Sewer Fund.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Fiduciary Funds account for the assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following fund:

Pension Trust Fund - The Town has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is used to account for all fixed assets of the Town, other than those accounted for in the proprietary funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing uses) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements for these funds present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting. The governmental fund types are presented in the financial statements on this same basis. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgements, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, 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, Montgomery County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Biscoe. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Montgomery County from March 1999 through February 2000 apply to the fiscal year ended June 30, 2000. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2000-2001 fiscal year and are not shown as receivables at June 30, 2000. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2000 because they are intended to finance the Town's operations during the 2000-2001 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. 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. On-behalf of payments made by the State to the Firemen's and Rescue Squad Worker's Pension Plan for volunteer firemen, as well as employees of the Town, are recognized as revenues and expenditures during the period in which the State makes the contributions to the plan. Also, the State's contributions to the Firemen's Relief Fund, which have been spent by the local board of trustees for various salary supplements and stipends for employees and volunteers, have been recognized as revenues and expenditures during the period in which those payments were received.

Proprietary funds and the Pension Trust Fund are presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period when incurred. As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations and Pension Trust Fund.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Town Finance Officer is authorized to transfer appropriations between functional areas within a fund up to \$1,000; however, any revisions that alter the total expenditures of any fund or that changes functional appropriations by more than \$1,000 must be approved by the governing board. During the year several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

F. Assets, Liabilities and Fund Equity

Deposits and Investments

1. Deposits

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

State law (G.S. 159-30(c)) authorizes the Town 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, (NCCMT).

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Ad Valorem Taxes Receivable

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes are levied on property other than motor vehicles on July 1, the beginning of the fiscal year and are due on September 1 (lien date); however, interest does not accrue until the following January 6. The taxes levied are based on the assessed values as of January 1, 1999. As allowed by state law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

Inventories are maintained for all enterprise fund supplies. They are valued at cost (first-in, first-out), which approximates market. The cost of these inventories are recorded as an expense when the inventory is purchased.

7. Fixed Assets

General fixed assets are recorded at original cost. Donated assets are listed at the market value at the time of donation. The original cost of certain items acquired before July 1, 1970, are recorded at an estimated original cost. The total of such estimates is not considered large enough that errors would be material when the fixed assets are considered as a whole.

It is the Town's policy not to capitalize infrastructure type assets. Infrastructure, or public domain assets include roads, bridges, curbs and gutters, street and sidewalks, drainage systems and lighting systems. Such assets are immovable and of value only to the Town.

Enterprise fixed assets are recorded at original cost at the time of acquisition. Property, plant and equipment donated to the enterprise fund are recorded at the estimated fair market value at the date of donation. Plant assets are depreciated on a composite straight-line basis for the entire plant regardless of year of acquisition, at a 2.5% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets are depreciated on a class life basis at the following rates:

Furniture and office equipment	10%
Maintenance and construction equipment	10%
Medium and heavy motor vehicles	20%
Automobiles and light trucks	20%

8. Fund Equity

Reservations or restrictions of equity represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law (G.S. 159-13(b)(16)) restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance not available for appropriation under State law (G.S. 159-8(a)). This amount is usually comprised of receivables and interfund receivables which have not been offset by deferred revenues.

Reserved for streets - Powell Bill - portion of fund balance available for appropriation but legally segregated for street construction and maintenance expenditures. It represents the balance of the total unexpended Powell Bill funds.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2000-2001 budget ordinance.

Designated for Capital Projects - portion of fund balance available for appropriation which has been designated for Capital Projects.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

G. Revenues, Expenditures, and Expenses

1. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Operating transfers-out" in the General Fund and "Operating transfers-in" to the receiving fund.

2. Compensated Absences

The policies of the Town provide for no accumulation of earned vacation as of June 30, 2000.

The Town's sick leave policy provides for a maximum of 90 days 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.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Total (Memorandum Only) Columns

The total columns on the accompanying financial statements are captioned as "Total (Memorandum Only)" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Material Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

Expenditures of on-behalf payments are not considered to be violations of state statute budget requirements (see Note D).

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

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 agent in the Town'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 the Town's 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 undercollateralization, 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.

At year-end, the Town's deposits had a carrying amount of \$4,399,430 and a bank balance of \$4,432,397. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$4,232,397 was covered by collateral held by authorized escrow agents in the name of the Town.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in Exhibit A, the Combined Balance Sheet, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2000</u>
Proprietary Funds	
Accounts receivable	<u>\$10,000</u>

3. Fixed Assets

Changes in General Fixed Assets

A summary of changes in the Town's general fixed assets is as follows:

	<u>General fixed assets 7-1-99</u>	<u>Additions</u>	<u>Retirement</u>	<u>General fixed assets 6-30-00</u>
By asset type:				
Land and buildings	\$1,396,636	\$330,899	\$ -	\$ 1,727,535
Equipment	273,275	34,643	4,975	302,943
Vehicles and motorized equipment	<u>350,003</u>	<u>63,532</u>	<u>11,931</u>	<u>401,604</u>
	<u>\$2,019,914</u>	<u>\$429,074</u>	<u>\$ 16,906</u>	<u>\$ 2,432,082</u>
By function:				
General government	\$1,441,387	\$338,484	\$ 4,975	\$ 1,774,896
Public safety	451,245	64,247	11,931	503,561
Street and sanitation	57,480	26,343	-	83,823
Cultural and recreational	<u>69,802</u>	<u>-</u>	<u>-</u>	<u>69,802</u>
	<u>\$2,019,914</u>	<u>\$429,074</u>	<u>\$ 16,906</u>	<u>\$ 2,432,082</u>
Reconciliation of additions:				
Capital outlay expenditures		\$450,968		
Items under capitalization threshold		<u>(21,894)</u>		
		<u>\$429,074</u>		

TOWN OF BISCOE, NORTH CAROLINA
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

4. Proprietary Fund Fixed Assets

The fixed assets of the Enterprise Fund at June 30, 2000 are composed as follows:

<u>Water and Sewer Fund</u>	<u>Fixed assets</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Plant and distribution systems	\$2,976,454	\$ 1,111,202	\$ 1,865,252
Furniture and maintenance equipment	94,196	45,307	48,889
Vehicles	<u>68,637</u>	<u>59,573</u>	<u>9,064</u>
	<u>\$3,139,287</u>	<u>\$ 1,216,082</u>	<u>\$ 1,923,205</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Biscoe contributes to 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 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. 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, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 10.29% and 10.12%, respectively, of annual covered payroll. The contribution requirements of member of the Town of Biscoe is established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for years ended June 30, 2000, 1999, and 1998 were \$36,159, \$33,404, and \$29,638, respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

b. Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation allowance. At December 31, 1999, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>7</u>
Total	<u>7</u>

Summary of Significant Accounting Policies

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term debt, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

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 by making contributions based on actuarial valuations. For the current year, the Town contributed \$2,500, or 1.49% of annual covered payroll. 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. Administrative costs of the Separation Allowance are financed through investment earnings.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The annual required contribution for the current year was determined as part of the December 31, 1997 actuarial valuation using the aggregate method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.4% – 8.5% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 1997 was 22 years.

At June 30, 2000, the Town's total contributions to the Separation Allowance equaled \$26,006.

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.

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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2000 were \$10,022, which consisted of \$8,407 from the Town and \$1,615 from the law enforcement officers.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Biscoe, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund 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 the Fund. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund which is paid by the Town. The State, a nonemployer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by North Carolina General Assembly.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

e. Postemployment Benefits

At retirement, all employees have the option to purchase basic medical insurance at the Town's group rate. The entire cost of this insurance is borne by the employees.

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership 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 \$20,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2000, the Town made contributions to the State for death benefits of \$235. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

2. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	<u>General Fund</u>
Prepaid taxes not yet earned	\$ 1,943
Taxes receivable	<u>21,179</u>
Total deferred revenues	<u>\$ 23,122</u>

3. Commitments

The Town had a commitment to purchase land in the amount of approximately \$23,000 at June 30, 2000.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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 obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, worker's compensation coverage up to the statutory limits, and employee health coverage up to \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000, and \$300,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

5. Long-term Debt

At June 30, 2000, the Town had a legal debt margin of approximately \$7,036,104.

C. Fund Equity

Enterprise Fund - Contributed Capital

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets are recorded as contributed capital. The Town utilizes an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Exhibit D) whereby it closes depreciation expense on assets acquired or constructed through grants, entitlements, or shared revenues to the contributed capital account rather than to retained earnings.

The following is a summary of the changes in contributed capital of the Town of Biscoe for the fiscal year ended June 30, 2000:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Contributed capital, 7/1/99	\$445,029	\$823,662	\$ 1,268,691
Less: amortization	<u>(13,345)</u>	<u>(22,880)</u>	<u>(36,225)</u>
Contributed capital, 6/30/00	<u>\$431,684</u>	<u>\$800,782</u>	<u>\$ 1,232,466</u>

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Revenues, Expenditures, and Expenses

On-behalf of payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2000, the Town of Biscoe recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$13,654 for the 32 volunteer firemen and one employed fireman who perform firefighting duties for the Town's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

IV. JOINT VENTURE

The Town participates in a joint venture to operate the Montgomery Municipal Board of Alcoholic Beverage Control with four other local governments. Each participating government appoints one board member to the five-member ABC board. None of the participating governments have any equity interest in the Montgomery municipal Board of Alcoholic Beverage Control, so no equity interest has been reflected in the financial statements at June 30, 2000. Complete financial statements for the Montgomery Municipal Board of Alcoholic Beverage can be obtained at the ABC's offices at P. O. Box 279, Biscoe, NC 27209.

V. SIGNIFICANT TAXPAYER

The Town, a political subdivision of Montgomery County, North Carolina, is located near the center of the State. It has one taxpayer that comprises approximately 17% of its total tax levy. If this taxpayer were to leave its present location, it would materially affect the financial situation of the Town.

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

**TOWN OF BISCOE, NORTH CAROLINA
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Statement 1

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) projected unit credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>UAAL as a Covered payroll (c)</u>	<u>% of covered payroll ((b - a)/c)</u>
12-31-97	\$ 25,413	\$ 26,399	\$ 986	96.27%	\$ 144,342	0.68%
12-31-98*	N/A	N/A	N/A	N/A	N/A	N/A
12-31-99*	N/A	N/A	N/A	N/A	N/A	N/A

*N/A denotes a year in which no actuarial study was performed.

TOWN OF BISCOE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Statement 2

<u>Year ended June 30</u>	<u>Annual required contribution</u>	<u>Percentage contributed</u>
2000*	\$ N/A	N/A
1999*	N/A	N/A
1998	2,044	122%

*N/A denotes a year in which no actuarial study was performed.

**TOWN OF BISCOE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SCHEDULES**

Statement 3

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

Valuation date	12-31-97
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4 – 8.5%
Includes inflation at	3.75%
Cost of living adjustments	N/A

INDIVIDUAL FUND
FINANCIAL STATEMENTS

**TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2000 and June 30, 1999**

Statement 4

	June 30, 2000	June 30, 1999
ASSETS		
Cash and investments	\$1,652,740	\$1,919,067
Taxes receivable	21,179	18,061
Accounts receivable	63,711	53,602
Accrued interest receivable	<u>42,369</u>	<u>36,657</u>
	<u>\$1,779,999</u>	<u>\$2,027,387</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 20,968	\$ 29,907
Deferred revenues	<u>23,122</u>	<u>19,503</u>
Total liabilities	<u>44,090</u>	<u>49,410</u>
FUND BALANCE		
Reserved by State statute	106,080	90,259
Reserved for streets - Powell Bill	58,368	15,547
Unreserved		
Designated for subsequent year's expenditures	664,505	591,864
Undesignated	<u>906,956</u>	<u>1,280,307</u>
Total fund balance	<u>1,735,909</u>	<u>1,977,977</u>
	<u>\$1,779,999</u>	<u>\$2,027,387</u>

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2000
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

Statement 5
Page 1 of 3

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Taxes		\$ 399,399		\$ 392,146
Penalties and interest		1,737		1,488
	\$ 367,500	401,136	\$ 33,636	393,634
Other taxes and licenses				
ABC mixed beverage		3,645		3,645
Local option sales tax		177,992		162,844
Cablevision franchise tax		3,964		3,847
	147,500	185,601	38,101	170,336
Unrestricted intergovernmental revenues				
Inventory tax reimbursement		32,236		31,996
Intangibles tax reimbursement		10,597		10,344
Senior citizens exemption reimbursement		1,171		1,556
Franchise tax		221,772		209,046
Beer and wine		7,130		6,945
Tax refunds		8,735		6,977
	252,170	281,641	29,471	266,864
Restricted intergovernmental revenues				
FEMA Grant		49,969		15,492
"State Street-Aid" allocation		59,171		58,827
On-behalf of payments-fire		13,654		-
	60,000	122,794	62,794	74,319
Sales and service				
Cemetery lots		7,520		2,955
Park fees and concessions		19,416		16,984
Tennis courts and softball field		5,771		4,144
	14,600	32,707	18,107	24,083
Investment earnings	60,500	71,529	11,029	82,335
Miscellaneous				
Sale of fixed assets		4,000		33,690
Proceeds from cleared land		-		182,486
Other		16,978		19,574
	8,500	20,978	12,478	235,750
TOTAL REVENUES	910,770	1,116,386	205,616	1,247,321

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2000
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

Statement 5
Page 2 of 3

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
EXPENDITURES				
General government				
Governing body				
Salaries and employee benefits		\$ 12,600		\$ 12,600
Operating expenses		1,876		417
	\$ 15,100	14,476	\$ 624	13,017
Administration				
Salaries and employee benefits		94,117		86,154
Operating expenses		86,024		74,426
Capital outlay		335,384		180,178
	539,967	515,525	24,442	340,758
Legal and professional services				
Operating expenses	53,000	39,412	13,588	26,119
Public buildings and grounds				
Operating expenses		43,608		59,223
Capital outlay		3,100		7,388
	127,200	46,708	80,492	66,611
TOTAL GENERAL GOVERNMENT	735,267	616,121	119,146	446,505
Public safety				
Police department				
Salaries and employee benefits		231,447		237,499
Operating expenses		33,739		30,900
Capital outlay		25,205		23,340
	337,694	290,391	47,303	291,739
Fire department				
Salaries and employee benefits		4		2,729
Operating expenses		35,181		26,408
Capital outlay		43,332		-
	81,835	78,517	3,318	29,137
On behalf of payments	-	13,654	(13,654)	15,492
TOTAL PUBLIC SAFETY	419,529	382,562	36,967	336,368

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Transportation				
Street repair and maintenance				
Salaries and employee benefits		\$ 83,455		\$ 63,355
Operating expenses		144,892		120,395
Capital outlay		43,947		104,111
TOTAL TRANSPORTATION	\$ 338,600	272,294	\$ 66,306	287,861
Cultural and recreational				
Recreation				
Salaries and employee benefits		59,101		28,268
Operating expenses		28,376		54,160
Capital outlay		-		7,106
	88,238	87,477	761	89,534
TOTAL CULTURAL AND RECREATIONAL	88,238	87,477	761	89,534
TOTAL EXPENDITURES	1,581,634	1,358,454	223,180	1,160,268
REVENUES OVER (UNDER) EXPENDITURES	(670,864)	(242,068)	428,796	87,053
Appropriated fund balance	670,864	-	(670,864)	-
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES	\$ -	(242,068)	\$ 242,068	87,053
FUND BALANCE				
Beginning of Year, July 1		1,977,977		1,890,924
END OF YEAR, June 30		\$ 1,735,909		\$ 1,977,977

TOWN OF BISCOE, NORTH CAROLINA

Statement 6

CAPITAL RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 75,000	\$ 77,232	\$ 2,232	\$ 71,172
TOTAL REVENUES	75,000	77,232	2,232	71,172
EXPENDITURES	-	-	-	-
Revenues over expenditures	75,000	77,232	2,232	71,172
Fund balance appropriated	(75,000)	-	75,000	-
Revenues and appropriated fund balance over expenditures	\$ -	77,232	\$ 77,232	71,172
Fund balance Beginning of year		1,444,106		1,372,934
END OF YEAR		\$ 1,521,338		\$ 1,444,106

TOWN OF BISCOE, NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

Statement 7
Page 1 of 2

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Charges for services	\$ 436,500	\$ 562,360	\$ 125,860	\$ 488,533
TOTAL OPERATING REVENUES	<u>436,500</u>	<u>562,360</u>	<u>125,860</u>	<u>488,533</u>
Nonoperating revenues:				
Investment earnings		64,544		65,197
Tax refunds		5,105		4,920
Local option sales tax		19,708		17,880
Miscellaneous non-operating revenue		6,141		11,179
TOTAL NONOPERATING REVENUES	<u>88,500</u>	<u>95,498</u>	<u>6,998</u>	<u>99,176</u>
TOTAL REVENUES	<u>525,000</u>	<u>657,858</u>	<u>132,858</u>	<u>587,709</u>
EXPENDITURES				
Water and sewer department				
Salaries and employee benefits		83,888		83,685
Operating expenditures		161,370		162,539
Water purchased		238,248		238,011
Capital outlay		149,486		466,159
TOTAL OPERATING EXPENDITURES	<u>712,300</u>	<u>632,992</u>	<u>79,308</u>	<u>950,394</u>
TOTAL EXPENDITURES	<u>712,300</u>	<u>632,992</u>	<u>79,308</u>	<u>950,394</u>
Excess of revenues over (under) expenditures	(187,300)	24,866	212,166	(362,685)
Appropriated retained earnings	<u>187,300</u>	-	<u>187,300</u>	-
EXCESS OF REVENUES AND APPROPRIATED RETAINED EARNINGS OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 24,866</u>	<u>\$ 24,866</u>	<u>\$(362,685)</u>

TOWN OF BISCOE, NORTH CAROLINA
 WATER AND SEWER FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2000
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	<u>2000</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>
<u>Reconciliation of modified accrual basis to full accrual basis:</u>		
Excess of revenues, other financing and appropriated retained earnings over expenditures (Continued)	\$ 24,866	\$(362,685)
Depreciation	(92,179)	(79,968)
Capital outlay	<u>149,486</u>	<u>466,159</u>
NET INCOME - EXHIBIT D	<u>\$ 82,173</u>	<u>\$ 23,506</u>

OTHER SCHEDULES

TOWN OF BISCOE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2000

Statement 8

<u>Fiscal year</u>	<u>Uncollected balance June 30, 1999</u>	<u>Additions</u>	<u>Collections and credits</u>	<u>Uncollected balance June 30, 2000</u>
1999-2000	\$ -	\$ 404,576	\$ (393,640)	\$ 10,936
1998-1999	8,955	-	(5,709)	3,246
1997-1998	2,189	-	(844)	1,345
1996-1997	1,552	-	(703)	849
1995-1996	1,368	-	(18)	1,350
1994-1995	1,079	-	(19)	1,060
1993-1994	766	-	(60)	706
1992-1993	417	-	-	417
1991-1992	825	-	-	825
1990-1991	445	-	-	445
1989-1990	<u>465</u>	<u>-</u>	<u>(465)</u>	<u>-</u>
	<u>\$ 18,061</u>	<u>\$ 404,576</u>	<u>\$ (401,458)</u>	<u>\$ 21,179</u>

Reconciliation with revenues:

Taxes - ad valorem - General Fund	\$ 401,136
Reconciling items:	
Interest collected	(1,737)
Taxes written off	465
Discounts allowed	<u>1,594</u>
Total collections and credits	<u>\$ 401,458</u>

TOWN OF BISCOE, NORTH CAROLINA
 ANALYSIS OF CURRENT TAX LEVY
 June 30, 2000

Schedule 9

	<u>Total property valuation</u>	<u>Rate</u>	<u>Amount of levy</u>	<u>Total levy</u>	
				<u>Property excluding registered motor vehicles</u>	<u>Registered motor vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$87,643,261	\$0.46	\$ 403,159	\$ 358,658	\$ 44,501
Property taxed at prior year's rate	<u>596,087</u>		<u>2,742</u>	<u>-</u>	<u>2,742</u>
TOTAL	88,239,348		405,901	358,658	47,243
Discoveries:					
Current year taxes	-	0.46	-	-	-
Abatements	<u>(288,043)</u>	0.46	<u>(1,325)</u>	<u>(73)</u>	<u>(1,252)</u>
Total property valuation	<u>\$87,951,305</u>				
Net levy			404,576	358,585	45,991
Uncollected taxes			<u>10,936</u>	<u>3,169</u>	<u>7,767</u>
Current years taxes collected			<u>\$ 393,640</u>	<u>\$ 355,416</u>	<u>\$ 38,224</u>
Current levy collection percentage			<u>97.30%</u>	<u>99.12%</u>	<u>83.11%</u>

PERMANENT COPY

TOWN OF BISCOE
GENERAL PURPOSE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2000

TOWN OF BISCOE, NORTH CAROLINA

TABLE OF CONTENTS

	<u>Page No.</u>
<u>Exhibit</u>	
Independent Auditors' Report	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
A Combined Balance Sheet - All Fund Types and Account Groups	2
B Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	3
C Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds	4
D Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund	5
E Statement of Cash Flows - Proprietary Fund	6
F Statement of Changes in Plan Net Assets	7
Notes to the General Purpose Financial Statements	8
 <u>Statement/Schedule</u>	
REQUIRED SUPPLEMENTAL FINANCIAL DATA	
1 Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress	22
2 Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Employer Contributions	23
3 Law Enforcement Officers' Special Separation Allowance Notes to the Required Schedules.....	24
Individual Fund Financial Statements	
General Fund	
4 Comparative Balance Sheets.....	25
5 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	26

TOWN OF BISCOE, NORTH CAROLINA

TABLE OF CONTENTS

		<u>Page No.</u>
<u>Statement/Schedule</u>		
SUPPLEMENTARY INFORMATION (Continued)		
	Special Revenue Fund	
	Capital Reserve Fund	
6	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	29
	Enterprise Fund	
7	Water and Sewer Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)	30
OTHER SCHEDULES		
8	Schedule of Ad Valorem Taxes Receivable.....	32
9	Analysis of Current Tax Levy	33



DIXON ODOM PLLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Town of Biscoe
Biscoe, North Carolina

We have audited the accompanying general purpose financial statements of the Town of Biscoe, North Carolina as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Biscoe's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Biscoe, North Carolina as of June 30, 2000 and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements, taken as a whole. The combining and individual fund financial statements and schedules, and supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Except as noted below, such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Dixon Odom PLLC

August 2, 2000

TOWN OF BISCOE, NORTH CAROLINA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2000
With Comparative Totals June 30, 1999

Exhibit A

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Types	Account Group		Totals			
	General	Special Revenue			Enterprise	Trust	General	Fixed Assets	(Memorandum Only)	June 30 1999
	June 30, 2000	June 30, 1999			June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
ASSETS AND OTHER DEBITS										
Cash and investments	\$1,652,740	\$1,464,181	\$1,240,769	\$ 33,393	\$ -	\$ -	\$ 4,391,083	\$ 4,761,447		
Taxes receivable	21,179	-	-	-	-	-	21,179	18,061		
Accounts receivable	63,711	-	185,340	-	-	-	249,051	96,238		
Accrued interest receivable	42,369	57,157	26,980	1,478	-	-	127,984	113,232		
Inventories	-	-	18,343	-	-	-	18,343	16,901		
Restricted cash and investments	-	-	10,444	-	-	-	10,444	10,818		
Fixed assets, net	-	-	1,923,205	-	-	2,432,082	4,355,287	3,885,812		
	<u>\$1,779,999</u>	<u>\$1,521,338</u>	<u>\$3,405,081</u>	<u>\$ 34,871</u>	<u>\$2,432,082</u>	<u>\$ 9,173,371</u>	<u>\$ 8,902,509</u>			
LIABILITIES EQUITY AND OTHER CREDITS										
Accounts payable and accrued liabilities	\$ 20,968	-	\$ 39,789	-	-	-	\$ 60,757	\$ 126,845		
Deposits	-	-	10,444	-	-	-	10,444	10,818		
Deferred revenues	23,122	-	-	-	-	-	23,122	19,503		
	<u>44,090</u>	<u>-</u>	<u>50,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,323</u>	<u>157,166</u>		
TOTAL LIABILITIES										
	<u>44,090</u>	<u>-</u>	<u>50,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,323</u>	<u>157,166</u>		
EQUITY AND OTHER CREDITS										
Contributed capital (net)	-	-	1,232,466	-	-	-	1,232,466	1,268,691		
Investment in general fixed assets	-	-	-	-	2,432,082	-	2,432,082	2,019,914		
Retained earnings	-	-	2,122,382	-	-	-	2,122,382	2,003,984		
Fund balances	-	-	-	-	-	-	-	-		
Reserved by State statute	106,080	-	-	-	-	-	106,080	90,259		
Reserved for streets - Powell Bill	58,368	-	-	-	-	-	58,368	15,547		
Reserved for employees' pension benefits	-	-	-	34,871	-	-	34,871	30,671		
Unreserved:	-	-	-	-	-	-	-	-		
Designated for subsequent years' expenditures	664,505	-	-	-	-	-	664,505	591,864		
Designated for capital projects	-	1,521,338	-	-	-	-	1,521,338	1,444,106		
Undesignated	906,956	-	-	-	-	-	906,956	1,280,307		
	<u>1,735,909</u>	<u>1,521,338</u>	<u>3,354,848</u>	<u>34,871</u>	<u>2,432,082</u>	<u>9,079,048</u>	<u>\$ 9,173,371</u>	<u>\$ 8,745,343</u>		
TOTAL EQUITY AND OTHER CREDITS										
	<u>\$1,779,999</u>	<u>\$1,521,338</u>	<u>\$3,405,081</u>	<u>\$ 34,871</u>	<u>\$2,432,082</u>	<u>\$ 9,173,371</u>	<u>\$ 8,902,509</u>			
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS										
	<u>\$1,779,999</u>	<u>\$1,521,338</u>	<u>\$3,405,081</u>	<u>\$ 34,871</u>	<u>\$2,432,082</u>	<u>\$ 9,173,371</u>	<u>\$ 8,902,509</u>			

TOWN OF BISCOE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2000
With Comparative Totals for Year Ended June 30, 1999

Exhibit B

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>June 30 2000</u>	<u>June 30 1999</u>
REVENUES				
Ad valorem taxes	\$ 401,136	\$ -	\$ 401,136	\$ 393,634
Other taxes and licenses	185,601	-	185,601	170,336
Unrestricted intergovernmental revenues	281,641	-	281,641	266,864
Restricted intergovernmental revenues	122,794	-	122,794	74,319
Sales and services	32,707	-	32,707	24,083
Investment earnings	71,529	77,232	148,761	153,507
Miscellaneous	<u>20,978</u>	<u>-</u>	<u>20,978</u>	<u>235,750</u>
TOTAL REVENUES	<u>1,116,386</u>	<u>77,232</u>	<u>1,193,618</u>	<u>1,318,493</u>
EXPENDITURES				
Current:				
General government	616,121	-	616,121	446,505
Public safety	382,562	-	382,562	336,368
Transportation	272,294	-	272,294	287,861
Cultural and recreational	<u>87,477</u>	<u>-</u>	<u>87,477</u>	<u>89,534</u>
TOTAL EXPENDITURES	<u>1,358,454</u>	<u>-</u>	<u>1,358,454</u>	<u>1,160,268</u>
REVENUES OVER (UNDER) EXPENDITURES	(242,068)	77,232	(164,836)	158,225
FUND BALANCE				
Beginning of year, July 1	<u>1,977,977</u>	<u>1,444,106</u>	<u>3,422,083</u>	<u>3,263,858</u>
END OF YEAR, JUNE 30	<u>\$1,735,909</u>	<u>\$1,521,338</u>	<u>\$3,257,247</u>	<u>\$3,422,083</u>

TOWN OF BISCOE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2000

Exhibit C

	General Fund			Special Revenue Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance favorable (Unfavorable)	Budget	Actual	Variance favorable (Unfavorable)	Budget	Actual	Variance favorable (Unfavorable)
REVENUES									
Ad valorem taxes	\$ 367,500	\$ 401,136	\$ 33,636	\$ -	\$ -	\$ -	\$ 367,500	\$ 401,136	\$ 33,636
Other taxes and licenses	147,500	185,601	38,101	-	-	-	147,500	185,601	38,101
Unrestricted intergovernmental revenues	252,170	281,641	29,471	-	-	-	252,170	281,641	29,471
Restricted intergovernmental revenues	60,000	122,794	62,794	-	-	-	60,000	122,794	62,794
Sales and services	14,600	32,707	18,107	-	-	-	14,600	32,707	18,107
Investment earnings	60,500	71,529	11,029	75,000	77,232	2,232	135,500	148,761	13,261
Miscellaneous	8,500	20,978	12,478	-	-	-	8,500	20,978	12,478
TOTAL REVENUES	910,770	1,116,386	205,616	75,000	77,232	2,232	985,770	1,193,618	207,848
EXPENDITURES									
Current:									
General government	735,267	616,121	119,146	-	-	-	735,267	616,121	119,146
Public safety	419,529	382,562	36,967	-	-	-	419,529	382,562	36,967
Transportation	338,600	272,294	66,306	-	-	-	338,600	272,294	66,306
Cultural and recreational	88,238	87,477	761	-	-	-	88,238	87,477	761
TOTAL EXPENDITURES	1,581,634	1,358,454	223,180	-	-	-	1,581,634	1,358,454	223,180
Revenues over (under) expenditures	(670,864)	(242,068)	428,796	75,000	77,232	2,232	(595,864)	(164,836)	431,028
Appropriated fund balance	670,864	-	670,864	(75,000)	-	75,000	595,864	-	(595,864)
Revenues and appropriated fund balance over (under) expenditures and other uses	\$ -	(242,068)	\$ 242,068	\$ -	77,232	\$ 77,232	\$ -	(164,836)	\$ (164,836)
FUND BALANCE									
Beginning of year, July 1		1,977,977			1,444,106			3,422,083	
END OF YEAR, JUNE 30		\$ 1,735,909			\$ 1,521,338			\$ 3,257,247	

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND
WATER AND SEWER FUND
For the Fiscal Year Ended June 30, 2000
With Comparative Totals for Year Ended June 30, 1999

Exhibit D

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
OPERATING REVENUES		
Charges for services	\$ 562,360	\$ 488,533
TOTAL OPERATING REVENUES	<u>562,360</u>	<u>488,533</u>
OPERATING EXPENSES		
Water and sewer department	483,506	484,235
Depreciation	<u>92,179</u>	<u>79,968</u>
TOTAL OPERATING EXPENSES	<u>575,685</u>	<u>564,203</u>
OPERATING LOSS	<u>(13,325)</u>	<u>(75,670)</u>
NONOPERATING REVENUES		
Interest earned on investments	64,544	65,197
Miscellaneous revenue	6,141	11,179
Tax refunds	5,105	4,920
Local option sales tax (1/2 cents)	<u>19,708</u>	<u>17,880</u>
TOTAL NONOPERATING REVENUES	<u>95,498</u>	<u>99,176</u>
	NET INCOME	
	82,173	23,506
ADD DEPRECIATION ON CONTRIBUTED CAPITAL	<u>36,225</u>	<u>36,225</u>
INCREASE IN RETAINED EARNINGS	118,398	59,731
RETAINED EARNINGS, JULY 1	<u>2,003,984</u>	<u>1,944,253</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 2,122,382</u>	<u>\$ 2,003,984</u>

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
WATER AND SEWER FUND
For the Fiscal Year Ended June 30, 2000
With Comparative Totals for Year Ended June 30, 1999

Exhibit E

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/contributions	\$ 419,656	\$ 493,556
Cash paid for goods and services	(459,606)	(338,678)
Cash paid to employees	(82,491)	(82,265)
Net (decrease) customer deposits	<u>(374)</u>	<u>(1,256)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(122,815)</u>	<u>71,357</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(149,486)	(466,159)
Miscellaneous non-operating revenue	6,141	11,179
1/2 cent local option sales tax	19,708	17,880
Tax refunds	<u>5,105</u>	<u>4,920</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(118,532)</u>	<u>(432,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>63,280</u>	<u>81,735</u>
NET DECREASE IN CASH	(178,067)	(279,088)
CASH AT BEGINNING OF YEAR	<u>1,429,280</u>	<u>1,708,368</u>
CASH AT END OF YEAR	<u>\$ 1,251,213</u>	<u>\$ 1,429,280</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (13,325)	\$ (75,670)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	92,179	79,968
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(142,704)	5,023
Inventory	(1,442)	(710)
Increase (decrease) in:		
Accounts payable	(57,149)	64,002
Customer deposits	<u>(374)</u>	<u>(1,256)</u>
Total adjustments	<u>(109,490)</u>	<u>147,027</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (122,815)</u>	<u>\$ 71,357</u>

TOWN OF BISCOE, NORTH CAROLINA
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
For the Fiscal Years Ended June 30, 2000 and 1999

Exhibit F

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
ADDITIONS		
Employer contributions	\$ 2,500	\$ 2,500
Interest income	<u>1,700</u>	<u>1,617</u>
	TOTAL ADDITIONS	4,117
	4,200	4,117
DEDUCTIONS	<u>-</u>	<u>-</u>
	NET INCREASE	4,117
	4,200	4,117
FUND BALANCE RESERVED FOR EMPLOYEE'S PENSION BENEFITS		
Beginning of year	<u>30,671</u>	<u>26,554</u>
End of year	<u>\$ 34,871</u>	<u>\$ 30,671</u>

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Biscoe is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, the Town includes any component unit for which it is financially accountable. For the year ended June 30, 2000, no component units were included in the financial statements.

B. Basis of Presentation - Fund Accounting

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

The Town uses the following fund categories (further divided by fund type) and account groups:

GOVERNMENTAL FUNDS are used to account for the Town's governmental functions. Governmental Funds include the following fund types:

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 and State-shared revenues. The primary expenditures are for public safety, streets and highways, and general government services.

Special Revenue Fund - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town maintains one Special Revenue Fund, the Capital Reserve Fund.

PROPRIETARY FUNDS include the following fund type:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Biscoe has one Enterprise Fund - the Water and Sewer Fund.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FIDUCIARY FUNDS

Fiduciary Funds account for the assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following fund:

Pension Trust Fund - The Town has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is used to account for all fixed assets of the Town, other than those accounted for in the proprietary funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing uses) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements for these funds present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting. The governmental fund types are presented in the financial statements on this same basis. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgements, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, 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, Montgomery County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Biscoe. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Montgomery County from March 1999 through February 2000 apply to the fiscal year ended June 30, 2000. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2000-2001 fiscal year and are not shown as receivables at June 30, 2000. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2000 because they are intended to finance the Town's operations during the 2000-2001 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. 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. On-behalf of payments made by the State to the Firemen's and Rescue Squad Worker's Pension Plan for volunteer firemen, as well as employees of the Town, are recognized as revenues and expenditures during the period in which the State makes the contributions to the plan. Also, the State's contributions to the Firemen's Relief Fund, which have been spent by the local board of trustees for various salary supplements and stipends for employees and volunteers, have been recognized as revenues and expenditures during the period in which those payments were received.

Proprietary funds and the Pension Trust Fund are presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period when incurred. As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations and Pension Trust Fund.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Town Finance Officer is authorized to transfer appropriations between functional areas within a fund up to \$1,000; however, any revisions that alter the total expenditures of any fund or that changes functional appropriations by more than \$1,000 must be approved by the governing board. During the year several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

F. Assets, Liabilities and Fund Equity

Deposits and Investments

1. Deposits

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

State law (G.S. 159-30(c)) authorizes the Town 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, (NCCMT).

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Ad Valorem Taxes Receivable

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes are levied on property other than motor vehicles on July 1, the beginning of the fiscal year and are due on September 1 (lien date); however, interest does not accrue until the following January 6. The taxes levied are based on the assessed values as of January 1, 1999. As allowed by state law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

Inventories are maintained for all enterprise fund supplies. They are valued at cost (first-in, first-out), which approximates market. The cost of these inventories are recorded as an expense when the inventory is purchased.

7. Fixed Assets

General fixed assets are recorded at original cost. Donated assets are listed at the market value at the time of donation. The original cost of certain items acquired before July 1, 1970, are recorded at an estimated original cost. The total of such estimates is not considered large enough that errors would be material when the fixed assets are considered as a whole.

It is the Town's policy not to capitalize infrastructure type assets. Infrastructure, or public domain assets include roads, bridges, curbs and gutters, street and sidewalks, drainage systems and lighting systems. Such assets are immovable and of value only to the Town.

Enterprise fixed assets are recorded at original cost at the time of acquisition. Property, plant and equipment donated to the enterprise fund are recorded at the estimated fair market value at the date of donation. Plant assets are depreciated on a composite straight-line basis for the entire plant regardless of year of acquisition, at a 2.5% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets are depreciated on a class life basis at the following rates:

Furniture and office equipment	10%
Maintenance and construction equipment	10%
Medium and heavy motor vehicles	20%
Automobiles and light trucks	20%

8. Fund Equity

Reservations or restrictions of equity represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law (G.S. 159-13(b)(16)) restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance not available for appropriation under State law (G.S. 159-8(a)). This amount is usually comprised of receivables and interfund receivables which have not been offset by deferred revenues.

Reserved for streets - Powell Bill - portion of fund balance available for appropriation but legally segregated for street construction and maintenance expenditures. It represents the balance of the total unexpended Powell Bill funds.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2000-2001 budget ordinance.

Designated for Capital Projects - portion of fund balance available for appropriation which has been designated for Capital Projects.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

G. Revenues, Expenditures, and Expenses

1. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Operating transfers-out" in the General Fund and "Operating transfers-in" to the receiving fund.

2. Compensated Absences

The policies of the Town provide for no accumulation of earned vacation as of June 30, 2000.

The Town's sick leave policy provides for a maximum of 90 days 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.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Total (Memorandum Only) Columns

The total columns on the accompanying financial statements are captioned as "Total (Memorandum Only)" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Material Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

Expenditures of on-behalf payments are not considered to be violations of state statute budget requirements (see Note D).

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

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 agent in the Town'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 the Town's 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 undercollateralization, 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.

At year-end, the Town's deposits had a carrying amount of \$4,399,430 and a bank balance of \$4,432,397. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$4,232,397 was covered by collateral held by authorized escrow agents in the name of the Town.

**TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000**

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in Exhibit A, the Combined Balance Sheet, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2000</u>
Proprietary Funds	
Accounts receivable	<u>\$10,000</u>

3. Fixed Assets

Changes in General Fixed Assets

A summary of changes in the Town's general fixed assets is as follows:

	General fixed assets <u>7-1-99</u>	<u>Additions</u>	<u>Retirement</u>	General fixed assets <u>6-30-00</u>
By asset type:				
Land and buildings	\$1,396,636	\$330,899	\$ -	\$ 1,727,535
Equipment	273,275	34,643	4,975	302,943
Vehicles and motorized equipment	<u>350,003</u>	<u>63,532</u>	<u>11,931</u>	<u>401,604</u>
	<u>\$2,019,914</u>	<u>\$429,074</u>	<u>\$ 16,906</u>	<u>\$ 2,432,082</u>
By function:				
General government	\$1,441,387	\$338,484	\$ 4,975	\$ 1,774,896
Public safety	451,245	64,247	11,931	503,561
Street and sanitation	57,480	26,343	-	83,823
Cultural and recreational	<u>69,802</u>	<u>-</u>	<u>-</u>	<u>69,802</u>
	<u>\$2,019,914</u>	<u>\$429,074</u>	<u>\$ 16,906</u>	<u>\$ 2,432,082</u>
Reconciliation of additions:				
Capital outlay expenditures		\$450,968		
Items under capitalization threshold		<u>(21,894)</u>		
		<u>\$429,074</u>		

TOWN OF BISCOE, NORTH CAROLINA
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

4. Proprietary Fund Fixed Assets

The fixed assets of the Enterprise Fund at June 30, 2000 are composed as follows:

<u>Water and Sewer Fund</u>	<u>Fixed assets</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Plant and distribution systems	\$2,976,454	\$ 1,111,202	\$ 1,865,252
Furniture and maintenance equipment	94,196	45,307	48,889
Vehicles	68,637	59,573	9,064
	<u>\$3,139,287</u>	<u>\$ 1,216,082</u>	<u>\$ 1,923,205</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Biscoe contributes to 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 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. 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, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 10.29% and 10.12%, respectively, of annual covered payroll. The contribution requirements of member of the Town of Biscoe is established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for years ended June 30, 2000, 1999, and 1998 were \$36,159, \$33,404, and \$29,638, respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF BISCOE, NORTH CAROLINA
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

b. Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation allowance. At December 31, 1999, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>7</u>
Total	<u>7</u>

Summary of Significant Accounting Policies

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term debt, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

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 by making contributions based on actuarial valuations. For the current year, the Town contributed \$2,500, or 1.49% of annual covered payroll. 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. Administrative costs of the Separation Allowance are financed through investment earnings.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The annual required contribution for the current year was determined as part of the December 31, 1997 actuarial valuation using the aggregate method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.4% – 8.5% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 1997 was 22 years.

At June 30, 2000, the Town's total contributions to the Separation Allowance equaled \$26,006.

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.

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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2000 were \$10,022, which consisted of \$8,407 from the Town and \$1,615 from the law enforcement officers.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Biscoe, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund 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 the Fund. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund which is paid by the Town. The State, a nonemployer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by North Carolina General Assembly.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

e. Postemployment Benefits

At retirement, all employees have the option to purchase basic medical insurance at the Town's group rate. The entire cost of this insurance is borne by the employees.

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership 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 \$20,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2000, the Town made contributions to the State for death benefits of \$235. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

2. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	<u>General Fund</u>
Prepaid taxes not yet earned	\$ 1,943
Taxes receivable	<u>21,179</u>
Total deferred revenues	<u>\$ 23,122</u>

3. Commitments

The Town had a commitment to purchase land in the amount of approximately \$23,000 at June 30, 2000.

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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 obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, worker's compensation coverage up to the statutory limits, and employee health coverage up to \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000, and \$300,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

5. Long-term Debt

At June 30, 2000, the Town had a legal debt margin of approximately \$7,036,104.

C. Fund Equity

Enterprise Fund - Contributed Capital

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets are recorded as contributed capital. The Town utilizes an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Exhibit D) whereby it closes depreciation expense on assets acquired or constructed through grants, entitlements, or shared revenues to the contributed capital account rather than to retained earnings.

The following is a summary of the changes in contributed capital of the Town of Biscoe for the fiscal year ended June 30, 2000:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Contributed capital, 7/1/99	\$445,029	\$823,662	\$ 1,268,691
Less: amortization	<u>(13,345)</u>	<u>(22,880)</u>	<u>(36,225)</u>
Contributed capital, 6/30/00	<u>\$431,684</u>	<u>\$800,782</u>	<u>\$ 1,232,466</u>

TOWN OF BISCOE, NORTH CAROLINA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2000

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Revenues, Expenditures, and Expenses

On-behalf of payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2000, the Town of Biscoe recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$13,654 for the 32 volunteer firemen and one employed fireman who perform firefighting duties for the Town's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

IV. JOINT VENTURE

The Town participates in a joint venture to operate the Montgomery Municipal Board of Alcoholic Beverage Control with four other local governments. Each participating government appoints one board member to the five-member ABC board. None of the participating governments have any equity interest in the Montgomery municipal Board of Alcoholic Beverage Control, so no equity interest has been reflected in the financial statements at June 30, 2000. Complete financial statements for the Montgomery Municipal Board of Alcoholic Beverage can be obtained at the ABC's offices at P. O. Box 279, Biscoe, NC 27209.

V. SIGNIFICANT TAXPAYER

The Town, a political subdivision of Montgomery County, North Carolina, is located near the center of the State. It has one taxpayer that comprises approximately 17% of its total tax levy. If this taxpayer were to leave its present location, it would materially affect the financial situation of the Town.

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

**TOWN OF BISCOE, NORTH CAROLINA
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Statement 1

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) projected unit credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>UAAL as a Covered payroll (c)</u>	<u>% of covered payroll ((b - a)/c)</u>
12-31-97	\$ 25,413	\$ 26,399	\$ 986	96.27%	\$ 144,342	0.68%
12-31-98*	N/A	N/A	N/A	N/A	N/A	N/A
12-31-99*	N/A	N/A	N/A	N/A	N/A	N/A

*N/A denotes a year in which no actuarial study was performed.

TOWN OF BISCOE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Statement 2

<u>Year ended June 30</u>	<u>Annual required contribution</u>	<u>Percentage contributed</u>
2000*	\$ N/A	N/A
1999*	N/A	N/A
1998	2,044	122%

*N/A denotes a year in which no actuarial study was performed.

**TOWN OF BISCOE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SCHEDULES**

Statement 3

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

Valuation date	12-31-97
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4 – 8.5%
Includes inflation at	3.75%
Cost of living adjustments	N/A

INDIVIDUAL FUND

FINANCIAL STATEMENTS

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2000 and June 30, 1999

Statement 4

	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>1999</u>
ASSETS		
Cash and investments	\$1,652,740	\$1,919,067
Taxes receivable	21,179	18,061
Accounts receivable	63,711	53,602
Accrued interest receivable	<u>42,369</u>	<u>36,657</u>
	<u>\$1,779,999</u>	<u>\$2,027,387</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 20,968	\$ 29,907
Deferred revenues	<u>23,122</u>	<u>19,503</u>
Total liabilities	<u>44,090</u>	<u>49,410</u>
FUND BALANCE		
Reserved by State statute	106,080	90,259
Reserved for streets - Powell Bill	58,368	15,547
Unreserved		
Designated for subsequent year's expenditures	664,505	591,864
Undesignated	<u>906,956</u>	<u>1,280,307</u>
Total fund balance	<u>1,735,909</u>	<u>1,977,977</u>
	<u>\$1,779,999</u>	<u>\$2,027,387</u>

TOWN OF BISCOE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Taxes		\$ 399,399		\$ 392,146
Penalties and interest		1,737		1,488
	<u>\$ 367,500</u>	<u>401,136</u>	<u>\$ 33,636</u>	<u>393,634</u>
Other taxes and licenses				
ABC mixed beverage		3,645		3,645
Local option sales tax		177,992		162,844
Cablevision franchise tax		3,964		3,847
	<u>147,500</u>	<u>185,601</u>	<u>38,101</u>	<u>170,336</u>
Unrestricted intergovernmental revenues				
Inventory tax reimbursement		32,236		31,996
Intangibles tax reimbursement		10,597		10,344
Senior citizens exemption reimbursement		1,171		1,556
Franchise tax		221,772		209,046
Beer and wine		7,130		6,945
Tax refunds		8,735		6,977
	<u>252,170</u>	<u>281,641</u>	<u>29,471</u>	<u>266,864</u>
Restricted intergovernmental revenues				
FEMA Grant		49,969		15,492
"State Street-Aid" allocation		59,171		58,827
On-behalf of payments-fire		13,654		-
	<u>60,000</u>	<u>122,794</u>	<u>62,794</u>	<u>74,319</u>
Sales and service				
Cemetery lots		7,520		2,955
Park fees and concessions		19,416		16,984
Tennis courts and softball field		5,771		4,144
	<u>14,600</u>	<u>32,707</u>	<u>18,107</u>	<u>24,083</u>
Investment earnings	<u>60,500</u>	<u>71,529</u>	<u>11,029</u>	<u>82,335</u>
Miscellaneous				
Sale of fixed assets		4,000		33,690
Proceeds from cleared land		-		182,486
Other		16,978		19,574
	<u>8,500</u>	<u>20,978</u>	<u>12,478</u>	<u>235,750</u>
TOTAL REVENUES	<u>910,770</u>	<u>1,116,386</u>	<u>205,616</u>	<u>1,247,321</u>

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
EXPENDITURES				
General government				
Governing body				
Salaries and employee benefits		\$ 12,600		\$ 12,600
Operating expenses		1,876		417
	<u>\$ 15,100</u>	<u>14,476</u>	<u>\$ 624</u>	<u>13,017</u>
Administration				
Salaries and employee benefits		94,117		86,154
Operating expenses		86,024		74,426
Capital outlay		335,384		180,178
	<u>539,967</u>	<u>515,525</u>	<u>24,442</u>	<u>340,758</u>
Legal and professional services				
Operating expenses	<u>53,000</u>	<u>39,412</u>	<u>13,588</u>	<u>26,119</u>
Public buildings and grounds				
Operating expenses		43,608		59,223
Capital outlay		3,100		7,388
	<u>127,200</u>	<u>46,708</u>	<u>80,492</u>	<u>66,611</u>
TOTAL GENERAL GOVERNMENT	<u>735,267</u>	<u>616,121</u>	<u>119,146</u>	<u>446,505</u>
Public safety				
Police department				
Salaries and employee benefits		231,447		237,499
Operating expenses		33,739		30,900
Capital outlay		25,205		23,340
	<u>337,694</u>	<u>290,391</u>	<u>47,303</u>	<u>291,739</u>
Fire department				
Salaries and employee benefits		4		2,729
Operating expenses		35,181		26,408
Capital outlay		43,332		-
	<u>81,835</u>	<u>78,517</u>	<u>3,318</u>	<u>29,137</u>
On behalf of payments	<u>-</u>	<u>13,654</u>	<u>(13,654)</u>	<u>15,492</u>
TOTAL PUBLIC SAFETY	<u>419,529</u>	<u>382,562</u>	<u>36,967</u>	<u>336,368</u>

TOWN OF BISCOE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2000
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Transportation				
Street repair and maintenance				
Salaries and employee benefits		\$ 83,455		\$ 63,355
Operating expenses		144,892		120,395
Capital outlay		43,947		104,111
TOTAL TRANSPORTATION	\$ 338,600	272,294	\$ 66,306	287,861
Cultural and recreational				
Recreation				
Salaries and employee benefits		59,101		28,268
Operating expenses		28,376		54,160
Capital outlay		-		7,106
	88,238	87,477	761	89,534
TOTAL CULTURAL AND RECREATIONAL	88,238	87,477	761	89,534
TOTAL EXPENDITURES	1,581,634	1,358,454	223,180	1,160,268
REVENUES OVER (UNDER) EXPENDITURES	(670,864)	(242,068)	428,796	87,053
Appropriated fund balance	670,864	-	(670,864)	-
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES	\$ -	(242,068)	\$ 242,068	87,053
FUND BALANCE				
Beginning of Year, July 1		1,977,977		1,890,924
END OF YEAR, June 30		\$ 1,735,909		\$ 1,977,977

TOWN OF BISCOE, NORTH CAROLINA
 CAPITAL RESERVE FUND

Statement 6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 75,000	\$ 77,232	\$ 2,232	\$ 71,172
TOTAL REVENUES	75,000	77,232	2,232	71,172
EXPENDITURES	-	-	-	-
Revenues over expenditures	75,000	77,232	2,232	71,172
Fund balance appropriated	(75,000)	-	75,000	-
Revenues and appropriated fund balance over expenditures	\$ -	77,232	\$ 77,232	71,172
Fund balance				
Beginning of year		1,444,106		1,372,934
END OF YEAR		\$ 1,521,338		\$ 1,444,106

TOWN OF BISCOE, NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	2000		Variance favorable (unfavorable)	1999
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Charges for services	\$ 436,500	\$ 562,360	\$ 125,860	\$ 488,533
TOTAL OPERATING REVENUES	436,500	562,360	125,860	488,533
Nonoperating revenues:				
Investment earnings		64,544		65,197
Tax refunds		5,105		4,920
Local option sales tax		19,708		17,880
Miscellaneous non-operating revenue		6,141		11,179
TOTAL NONOPERATING REVENUES	88,500	95,498	6,998	99,176
TOTAL REVENUES	525,000	657,858	132,858	587,709
EXPENDITURES				
Water and sewer department				
Salaries and employee benefits		83,888		83,685
Operating expenditures		161,370		162,539
Water purchased		238,248		238,011
Capital outlay		149,486		466,159
TOTAL OPERATING EXPENDITURES	712,300	632,992	79,308	950,394
TOTAL EXPENDITURES	712,300	632,992	79,308	950,394
Excess of revenues over (under) expenditures	(187,300)	24,866	212,166	(362,685)
Appropriated retained earnings	187,300	-	187,300	-
EXCESS OF REVENUES AND APPROPRIATED RETAINED EARNINGS OVER EXPENDITURES	\$ -	\$ 24,866	\$ 24,866	\$(362,685)

TOWN OF BISCOE, NORTH CAROLINA
 WATER AND SEWER FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1999

	<u>2000</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>
<u>Reconciliation of modified accrual basis</u>		
<u>to full accrual basis:</u>		
Excess of revenues, other financing and appropriated retained earnings over expenditures (Continued)	\$ 24,866	\$(362,685)
Depreciation	(92,179)	(79,968)
Capital outlay	<u>149,486</u>	<u>466,159</u>
NET INCOME - EXHIBIT D	<u>\$ 82,173</u>	<u>\$ 23,506</u>

OTHER SCHEDULES

TOWN OF BISCOE, NORTH CAROLINA
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2000

Statement 8

<u>Fiscal year</u>	<u>Uncollected balance June 30, 1999</u>	<u>Additions</u>	<u>Collections and credits</u>	<u>Uncollected balance June 30, 2000</u>
1999-2000	\$ -	\$ 404,576	\$ (393,640)	\$ 10,936
1998-1999	8,955	-	(5,709)	3,246
1997-1998	2,189	-	(844)	1,345
1996-1997	1,552	-	(703)	849
1995-1996	1,368	-	(18)	1,350
1994-1995	1,079	-	(19)	1,060
1993-1994	766	-	(60)	706
1992-1993	417	-	-	417
1991-1992	825	-	-	825
1990-1991	445	-	-	445
1989-1990	<u>465</u>	<u>-</u>	<u>(465)</u>	<u>-</u>
	<u>\$ 18,061</u>	<u>\$ 404,576</u>	<u>\$ (401,458)</u>	<u>\$ 21,179</u>

Reconciliation with revenues:

Taxes - ad valorem - General Fund	\$ 401,136
Reconciling items:	
Interest collected	(1,737)
Taxes written off	465
Discounts allowed	<u>1,594</u>
Total collections and credits	<u>\$ 401,458</u>

TOWN OF BISCOE, NORTH CAROLINA
 ANALYSIS OF CURRENT TAX LEVY
 June 30, 2000

Schedule 9

	Total property valuation	Rate	Amount of levy	Total levy	
				Property excluding registered motor vehicles	Registered motor vehicles
Original Levy:					
Property taxed at current year's rate	\$ 87,643,261	\$0.46	\$ 403,159	\$ 358,658	\$ 44,501
Property taxed at prior year's rate	<u>596,087</u>		<u>2,742</u>	<u>-</u>	<u>2,742</u>
TOTAL	88,239,348		405,901	358,658	47,243
Discoveries:					
Current year taxes	-	0.46	-	-	-
Abatements	<u>(288,043)</u>	0.46	<u>(1,325)</u>	<u>(73)</u>	<u>(1,252)</u>
Total property valuation	<u>\$ 87,951,305</u>				
Net levy			404,576	358,585	45,991
Uncollected taxes			<u>10,936</u>	<u>3,169</u>	<u>7,767</u>
Current years taxes collected			<u>\$ 393,640</u>	<u>\$ 355,416</u>	<u>\$ 38,224</u>
Current levy collection percentage			<u>97.30%</u>	<u>99.12%</u>	<u>83.11%</u>