

TOWN OF BISCOE

Annual Comprehensive Financial Report
For Fiscal Year Ending June 30, 2021



110 West Main Street – Biscoe NC 27209

www.townofbiscoe.com



TOWN OF BISCOE

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending June 30, 2021

Prepared by the Town of Biscoe

Finance Department:

Laura B. Morton, Town Clerk/Finance Officer

Town of Biscoe, North Carolina
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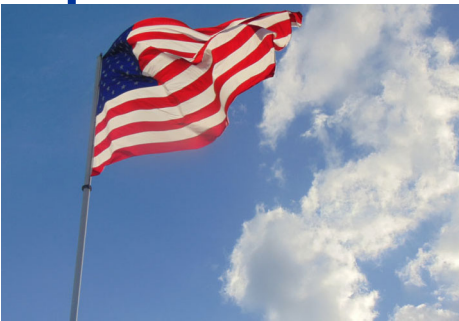
INTRODUCTORY SECTION

Transmittal Letter

Certificate of Achievement

Principal Officials

Organizational Chart



TOWN OF BISCOE

Elected Officials

W. Eddie Reynolds, Mayor
Gene Anderson, Mayor Pro-tem
Barry Jackson, Commissioner
Daryl Anliker, Commissioner
Kay Cagle-Kinch, Commissioner

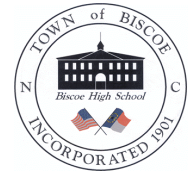
Appointed Officials

Brandon Holland, Town Manager
Laura B. Morton, Town Clerk

Town Staff

Laura Jordan, Deputy Town Clerk
Sam Stewart, Public Works Director
T. Shane Armstrong, Police Chief
Sam Stewart, Fire Chief
Gene Stevens, Parks & Rec Director

TOWN OF BISCOE 2021 ORGANIZATIONAL CHART



CITIZENS OF BISCOE

Mayor, Mayor Pro-tem & Commissioners

TOWN MANAGER

POLICE CHIEF

PUBLIC WORKS DIRECTOR

**TOWN CLERK
FINANCE OFFICER**

Police Lieutenant

*Assistant
Public Works Director*

*Deputy Clerk
Water Billing
Accounts Payable*

*Police
Sergeant*

*Public Works
Sewer Operations
ORC*

*Police
Officer*

*Police
Officer*

*Police
Officer*

*Police
Officer*

*Public
Works
Employee*

*Public
Works
Employee*

*Public
Works
Employee*

*Part Time
Public Works
Employee*

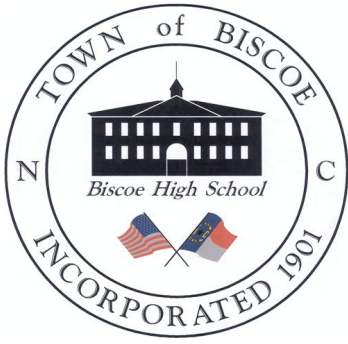
*Part Time
Office
Assistant*

*Part Time
Office
Assistant*

*Part Time
Office
Assistant*

*Part Time
Office
Assistant*

Fire Chief Appointment by Fire Department Board & Confirmed by Town Board



FINANCIAL SECTION

Independent Auditors'

Report Management's Discussion and Analysis

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Data

Fund Statements

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Biscoe, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Biscoe, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Biscoe, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 45 and 46, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

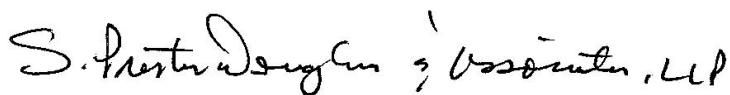
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Biscoe, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

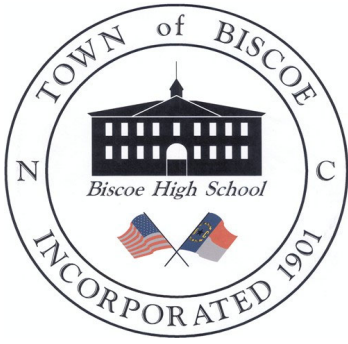
The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2021 on our consideration of the Town of Biscoe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Biscoe's internal control over financial reporting and compliance.



Lumberton, North Carolina
November 5, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Biscoe, North Carolina
Management's Discussion and Analysis
June 30, 2021



110 West Main Street
Post Office Box 1228
Biscoe, North Carolina 27209
Phone (910) 428-4112
Fax (910) 428-3975

Management's Discussion and Analysis

As management of the Town of Biscoe (the "Town"), we offer readers of the Town of Biscoe's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

The MD&A is an opportunity for management to proactively address any issues that might be affecting the unit's financial status or questions that might be posed by readers of the financial statements. A thoughtful discussion and analysis of economic, financial, or budgetary factors that might influence the unit should be presented.

Financial Highlights

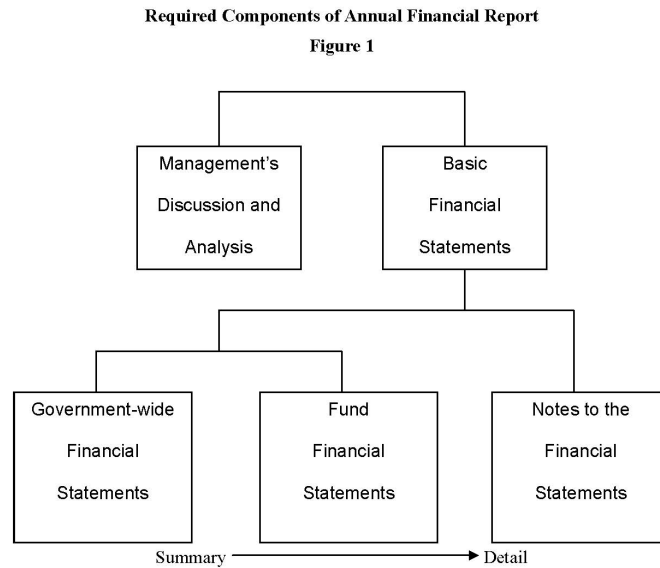
- The assets and deferred outflows of the Town of Biscoe exceeded its liabilities and deferred inflows at the close of the fiscal year by \$10,357,082 (net position).
- Governmental activities reported a increase in total net position of \$158,553. Business-type activities reported a increase in the current year of \$1,033,053.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,868,998 an increase of \$222,400 in comparison with the prior year. Approximately 60% of this total amount, or \$1,733,607 is available or spending at the government's discretion (unassigned fund balance). In addition, the Town maintains a capital reserve fund with money dedicated to large capital expenditures.

Overview of the Financial Statements

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

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Overview of the Financial Statements (continued)



Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements.

There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

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

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, highways/streets, sanitation, economic development, culture and recreation, and debt service. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water services offered by the Town of Biscoe.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Fund Financial Statements. The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The Town of Biscoe, like other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories, governmental funds and proprietary funds.

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

The Town of Biscoe adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities.

The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document.

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

Proprietary Funds. The Town of Biscoe maintains one type of proprietary fund called an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered a major fund of the Town.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

Supplementary Information. The combining statements, referred to earlier about nonmajor governmental funds and details of the enterprise fund, can be found on pages 52-55 of this report.

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Government-Wide Financial Analysis

The Town of Biscoe's Net Position
Figure 2

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Totals 2021	Totals 2020
Current and other assets	\$ 2,919,477	\$ 2,689,616	\$ 1,440,756	\$ 1,427,600	\$ 4,360,233	\$ 4,117,216
Capital assets	1,186,667	1,272,264	6,394,468	5,479,007	7,581,135	6,751,271
Total assets	<u>4,106,144</u>	<u>3,961,880</u>	<u>7,835,224</u>	<u>6,906,607</u>	<u>11,941,368</u>	<u>10,868,487</u>
Deferred Outflows of Resources	<u>162,542</u>	<u>128,575</u>	<u>69,565</u>	<u>60,938</u>	<u>232,107</u>	<u>189,513</u>
Current liabilities	76,325	88,435	106,019	157,224	182,344	245,659
Long-term liabilities	465,488	503,752	1,056,330	1,107,797	1,521,818	1,611,549
Total liabilities	<u>541,813</u>	<u>592,187</u>	<u>1,162,349</u>	<u>1,265,021</u>	<u>1,704,162</u>	<u>1,857,208</u>
Deferred Inflows of Resources	<u>96,568</u>	<u>26,516</u>	<u>15,663</u>	<u>8,800</u>	<u>112,231</u>	<u>35,316</u>
Net position						
Net investment in capital assets	1,057,705	1,127,367	5,402,138	4,402,019	6,459,843	5,529,386
Restricted	323,772	261,347	-	-	323,772	261,347
Unrestricted	2,248,828	2,083,038	1,324,639	1,291,705	3,573,467	3,374,743
Total net position	<u>\$ 3,630,305</u>	<u>\$ 3,471,752</u>	<u>\$ 6,726,777</u>	<u>\$ 5,693,724</u>	<u>\$ 10,357,082</u>	<u>\$ 9,165,476</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$10,357,082 at the close of the current fiscal year. By far the largest portion of the Town's net position, 62%, reflects its net investment in capital assets.

The restricted portion of net position, 3%, represents the Town's resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted assets at \$3,573,467 or 35% of the total which is (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Ad valorem taxes were the largest revenue contributor for the governmental funds with 47% of total governmental fund revenues.

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Town of Biscoe's Changes in Net Position
Figure 3

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Totals 2021	Totals 2020
Revenues:						
Program revenues:						
Charges for services	\$ 43,636	\$ 36,135	\$ 1,452,742	\$ 1,233,349	\$ 1,496,378	\$ 1,269,484
Operating grants and contributions	180,713	142,813	-	-	180,713	142,813
Capital grants and contributions	-	-	1,145,743	176,330	1,145,743	176,330
General revenues:						
Property taxes	1,021,798	906,113	-	-	1,021,798	906,113
Local option sales tax	500,783	458,163	8,107	7,225	508,890	465,388
Unrestricted intergovernmental	273,847	266,824	-	-	273,847	266,824
Other	141,015	102,733	62	1,010	141,077	103,743
Total revenues	<u>2,161,792</u>	<u>1,912,781</u>	<u>2,606,654</u>	<u>1,417,914</u>	<u>4,768,446</u>	<u>3,330,695</u>
Expenses:						
General government	794,131	631,988	-	-	794,131	631,988
Public safety	885,353	945,888	-	-	885,353	945,888
Transportation	276,102	311,749	-	-	276,102	311,749
Cultural and Recreation	121,318	167,459	-	-	121,318	167,459
Interest on long-term debt	5,432	12,664	-	-	5,432	12,664
Water and Sewer	-	-	1,494,504	1,495,628	1,494,504	1,495,628
Total expenses	<u>2,082,336</u>	<u>2,069,748</u>	<u>1,494,504</u>	<u>1,495,628</u>	<u>3,576,840</u>	<u>3,565,376</u>
Increase (decrease) in net position before transfers	79,456	(156,967)	1,112,150	(77,714)	1,191,606	(234,681)
Transfers	79,097	77,049	(79,097)	(77,049)	-	-
Increase (decrease) in net position	158,553	(79,918)	1,033,053	(154,763)	1,191,606	(234,681)
Net position - July 1	3,471,752	3,551,670	5,693,724	5,848,487	9,165,476	9,400,157
Net position - June 30	<u>\$ 3,630,305</u>	<u>\$ 3,471,752</u>	<u>\$ 6,726,777</u>	<u>\$ 5,693,724</u>	<u>\$ 10,357,082</u>	<u>\$ 9,165,476</u>

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Government-wide Financial Analysis (continued)

Capital and operating grants for governmental activities furnished resources to support the five functions of the Town: general government, public safety, transportation, and cultural and recreation.

Business-type activities. Business-type activities increased the Town's net position by \$1,033,053. Key elements of this increase are as follows:

- The Town received the amount of \$1,145,473 in CDBG State Grant this fiscal year.
- The increase in operating revenues of \$219,393 from last fiscal year.
- The Town had a decrease in expenditures of \$1,124

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the principal operating fund of the Town of Biscoe. At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,733,607 with a total fund balance of \$2,868,998. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 87% of total General Fund expenditures.

Proprietary Funds. The Town of Biscoe's proprietary fund provides the same type of information found in the governmental-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,324,639. Other factors concerning this fund have been discussed in the Town's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories:

- Amendments that adjust for the estimates that are prepared for the original budget ordinance, which reflect actual cost.
- Amendments that recognize new funding from external sources, such as federal and State grants.
- Amendments that appropriate increases that becomes necessary to maintain services and obligations from prior years not completed.

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Capital Assets and Debt Administration

The Town of Biscoe's investments in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$7,581,135 (net of accumulated depreciation). The investments in capital assets includes land, buildings, improvements, furniture and equipment, infrastructure (including distribution systems), and vehicles.

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

Governmental Funds:

Additions

- Dodge Charger - \$33,538
- Chevrolet Tahoe - \$15,544
- Rugged Laptops - \$16,434
- Dell Server - \$15,240
- Ford F-250 - \$ 19,757
- SKAG Mower Equipment - \$13,002
- Turf Power Edger - \$5,981

Retirements and Dispositions

- None

Proprietary Funds:

Additions

- Ford F-250 - \$20,949
- Fire Hydrants - \$31,145
- Meters - \$26,433
- Myers VS HP Grinder - \$4915
- Construction in progress - \$1,145,498

Retirements and Dispositions

- None

The Town of Biscoe's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Totals 2021	Totals 2020
Land and construction in progress	\$ 351,794	\$ 351,794	\$ 1,337,995	\$ 192,497	\$ 1,689,789	\$ 544,291
Buildings and improvements	329,912	517,680	-	-	329,912	517,680
Equipment, vehicles, and infrastructure	504,961	402,790	173,259	195,214	678,220	598,004
Water distribution systems	-	-	4,883,214	5,091,296	4,883,214	5,091,296
Total capital assets, net	<u>\$ 1,186,667</u>	<u>\$ 1,272,264</u>	<u>\$ 6,394,468</u>	<u>\$ 5,479,007</u>	<u>\$ 7,581,135</u>	<u>\$ 6,751,271</u>

Additional information on the Town's capital assets can be found in the notes on page 30 of this report.

Long-term debt. As shown in Note 3, the Town has notes payable related to two enterprise capital projects totaling \$992,330 along with a note payable for a new ladder fire truck totaling \$128,962. These notes are backed by the full faith and credit of the Town. The principal and interest on these notes are being serviced by the Water and Sewer Fund and General Fund, respectively.

Town of Biscoe, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

The Town of Biscoe's Outstanding Debt
Figure 5

	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Totals	Totals
	2021	2020	2021	2020	2021	2020
Installment purchase	\$ 128,962	\$ 144,897	\$ 992,330	\$ 1,076,988	\$ 1,121,292	\$ 1,221,885
Compensated absnecees	37,003	35,847	29,881	27,216	66,884	63,063
Net pension obligation (LGRS)	247,913	221,802	130,155	115,467	378,068	337,269
Total pension obligation (LEO)	105,147	152,988	-	-	105,147	152,988
Total	\$ 519,025	\$ 555,534	\$ 1,152,366	\$ 1,219,671	\$ 1,671,391	\$ 1,775,205

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Biscoe is \$14,615,043.

Additional information pertaining to the Town of Biscoe's long-term debt can be found in the notes on page 42 of this report.

Economic Factors and Next Year's Budgets and Rates

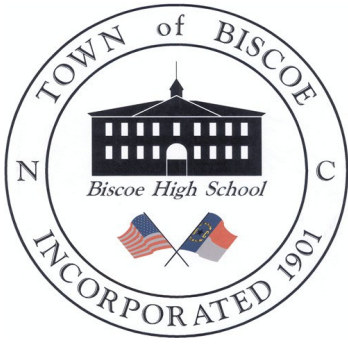
Biscoe has experienced a rise in real estate development due to national, regional (RTP), and local (Campbell University) development pressures. Underutilized parcels and vacant buildings are in the process of being developed and repurposed. Entire residential blocks which had previously been abandoned, are now being invested in and revitalized. This private sector investment has been enhanced by the Town's rezoning and condemnation and demolition efforts. Overall, these trends of steady growth are contributing to a steady increase of residential housing supply and commercial and retail use that are beginning to take shape.

Property tax revenue are experiencing modest increases due to this steady expansion of the property tax base. Added retail business and commercial traffic will continue to positively impact sales tax revenue received. Overall, modest tax revenue increases have been used to fund modest employee salary increases.

The Town has not appropriated fund balance in the fiscal year 2022 budget. The Town has kept capital expenditures in the General Fund and Water Fund to a minimum. There are no large capital expenditures that would require a property tax rate increase in the foreseeable future. However, the Town's water system has improvement needs (short and long term) for which the Town must consider future water rate increases.

Request for Information

This financial report is designed to provide a general overview of the Town of Biscoe's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 110 West Main Street, Biscoe NC 27209.



BASIC FINANCIAL STATEMENTS

Town of Biscoe, North Carolina
Statement of Net Position
For the Year Ended June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,568,014	\$ 1,250,147	\$ 3,818,161
Receivables, net:			
Property taxes, net	27,691	-	27,691
Accounts receivable, net	580	151,119	151,699
Due from other governments	234,486	-	234,486
Inventories	-	39,490	39,490
Restricted cash and cash equivalents	88,706	-	88,706
Total current assets	<u>2,919,477</u>	<u>1,440,756</u>	<u>4,360,233</u>
Non-current assets:			
Capital assets (Note 3):			
Land and non-depreciable improvements	351,794	1,337,995	1,689,789
Other capital assets, net of depreciation	834,873	5,056,473	5,891,346
Total capital assets	<u>1,186,667</u>	<u>6,394,468</u>	<u>7,581,135</u>
Total assets	<u>4,106,144</u>	<u>7,835,224</u>	<u>11,941,368</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	162,542	69,565	232,107
Total deferred outflows of resources	<u>162,542</u>	<u>69,565</u>	<u>232,107</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	22,788	9,983	32,771
Current portion of long-term liabilities	16,534	66,155	82,689
Compensated absences	37,003	29,881	66,884
Total current liabilities	<u>76,325</u>	<u>106,019</u>	<u>182,344</u>
Long-term liabilities:			
Net pension liability	247,913	130,155	378,068
Total pension liability	105,147	-	105,147
Due in more than one year	112,428	926,175	1,038,603
Total liabilities	<u>541,813</u>	<u>1,162,349</u>	<u>1,704,162</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	96,568	15,663	112,231
Total deferred inflows of resources	<u>96,568</u>	<u>15,663</u>	<u>112,231</u>
NET POSITION			
Net investment in capital assets	1,057,705	5,402,138	6,459,843
Restricted for:			
Stabilization by State Statute	235,066	-	235,066
Streets	88,706	-	88,706
Unrestricted	2,248,828	1,324,639	3,573,467
Total net position	<u>\$ 3,630,305</u>	<u>\$ 6,726,777</u>	<u>\$ 10,357,082</u>

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

Town of Biscoe, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 794,131	\$ 2,679	\$ -	\$ -	\$ (791,452)	\$ -	\$ (791,452)
Public safety	885,353	-	-	-	(885,353)	-	(885,353)
Transportation	276,102	-	180,713	-	(95,389)	-	(95,389)
Cultural and recreation	121,318	40,957	-	-	(80,361)	-	(80,361)
Interest on long-term debt	5,432	-	-	-	(5,432)	-	(5,432)
Total governmental activities	<u>2,082,336</u>	<u>43,636</u>	<u>180,713</u>	<u>-</u>	<u>(1,857,987)</u>	<u>-</u>	<u>(1,857,987)</u>
Business-type activities:							
Water and sewer	1,494,504	1,452,742	-	1,145,743	-	1,103,981	1,103,981
Total business-type activities	<u>1,494,504</u>	<u>1,452,742</u>	<u>-</u>	<u>1,145,743</u>	<u>-</u>	<u>1,103,981</u>	<u>1,103,981</u>
Total primary government	<u>\$ 3,576,840</u>	<u>\$ 1,496,378</u>	<u>\$ 180,713</u>	<u>\$ 1,145,743</u>	<u>(1,857,987)</u>	<u>1,103,981</u>	<u>(754,006)</u>
General revenues:							
Taxes:							
Ad valorem taxes					1,021,798	-	1,021,798
Local option taxes					500,783	8,107	508,890
Unrestricted intergovernmental					273,847	-	273,847
Miscellaneous, unrestricted					136,438	-	136,438
Investment earnings, unrestricted					4,577	62	4,639
Total general revenues not including transfers					<u>1,937,443</u>	<u>8,169</u>	<u>1,945,612</u>
Transfers					79,097	(79,097)	-
Total general revenues and transfers					<u>2,016,540</u>	<u>(70,928)</u>	<u>1,945,612</u>
Change in net position					158,553	1,033,053	1,191,606
Net position, beginning					<u>3,471,752</u>	<u>5,693,724</u>	<u>9,165,476</u>
Net position, ending					<u>\$ 3,630,305</u>	<u>\$ 6,726,777</u>	<u>\$ 10,357,082</u>

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

Town of Biscoe, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major Fund	Total
	General Fund	Governmental
		Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,568,014	\$ 2,568,014
Restricted cash and cash equivalents	88,706	88,706
Receivables, net:		
Taxes	27,691	27,691
Accounts	580	580
Due from other governments	234,486	234,486
Total assets	\$ 2,919,477	\$ 2,919,477
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 22,788	\$ 22,788
Total liabilities	22,788	22,788
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Property taxes receivable	27,691	27,691
Total deferred inflows of resources	27,691	27,691
<u>FUND BALANCES</u>		
Restricted:		
Stabilization by State Statute	235,066	235,066
Streets	88,706	88,706
Committed:		
LEO Special Separation Allowance	66,622	66,622
Capital reserve fund	744,997	744,997
Unassigned	1,733,607	1,733,607
Total fund balances	2,868,998	2,868,998
Total liabilities, deferred inflows of resources and fund balances	\$ 2,919,477	\$ 2,919,477

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

Town of Biscoe, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2021

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

Total Fund Balance, Governmental Funds	\$	2,868,998
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$	5,358,392
Accumulated depreciation	<u>(4,171,725)</u>	1,186,667
Deferred outflows of resources related to pensions are not reported in the funds.		
		162,542
Earned revenues considered deferred inflows of resources in fund statements.		
		27,691
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt		(128,962)
Compensated absences		(37,003)
Total pension liability		(105,147)
Net pension liability		(247,913)
Deferred inflows of resources related to pension are not reported in the funds.		
		<u>(96,568)</u>
Net position of governmental activities	<u>\$</u>	<u><u>3,630,305</u></u>

Town of Biscoe, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Fund</u> <u>General Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:		
Ad valorem taxes	\$ 1,015,149	\$ 1,015,149
Unrestricted intergovernmental	774,630	774,630
Restricted intergovernmental	180,713	180,713
Permits and fees	2,679	2,679
Sales and services	40,957	40,957
Investment earnings	4,577	4,577
Miscellaneous	121,761	121,761
Total revenues	<u>2,140,466</u>	<u>2,140,466</u>
Expenditures:		
Current:		
General government	776,019	776,019
Public safety	827,422	827,422
Transportation	269,207	269,207
Cultural and recreational	103,148	103,148
Debt service:		
Principal retirement	15,935	15,935
Interest	5,432	5,432
Total expenditures	<u>1,997,163</u>	<u>1,997,163</u>
Excess (deficiency) of revenues over expenditures	<u>143,303</u>	<u>143,303</u>
Other financing sources (uses):		
Transfers from (to) other funds	79,097	79,097
Total other financing sources (uses)	<u>79,097</u>	<u>79,097</u>
Net change in fund balances	222,400	222,400
Fund balances, beginning	<u>2,646,598</u>	<u>2,646,598</u>
Fund balances, ending	<u>\$ 2,868,998</u>	<u>\$ 2,868,998</u>

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

Town of Biscoe, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$	222,400
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	119,498	
Depreciation expense for governmental assets	<u>(205,095)</u>	(85,597)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		48,465
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		6,649
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	15,935	
Decrease in accrued interest expense	<u>14,677</u>	30,612
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences	(1,156)	
LEO revenue (expense)	8,620	
Pension revenue (expense)	<u>(71,440)</u>	<u>(63,976)</u>
Total changes in net position of governmental activities	\$	<u>158,553</u>

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

Town of Biscoe, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 783,863	\$ 883,003	\$ 1,015,149	\$ 132,146
Unrestricted intergovernmental	720,358	741,960	774,630	32,670
Restricted intergovernmental	76,792	151,404	180,713	29,309
Permits and fees	3,500	3,500	2,679	(821)
Sales and services	37,650	40,264	40,957	693
Investment earnings	750	1,100	4,577	3,477
Miscellaneous	-	89,609	121,761	32,152
Total revenues	1,622,913	1,910,840	2,140,466	229,626
Expenditures:				
Current:				
General government	594,239	815,491	776,019	39,472
Public safety	654,546	870,404	827,422	42,982
Transportation	229,318	307,559	269,207	38,352
Cultural and recreational	123,443	114,225	103,148	11,077
Debt service:				
Principal retirement	15,935	15,968	15,935	33
Interest	5,432	5,432	5,432	-
Total expenditures	1,622,913	2,129,079	1,997,163	131,916
Revenues over (under) expenditures	-	(218,239)	143,303	361,542
Other financing sources (uses):				
Transfers to other funds	-	79,097	79,097	-
Total other financing sources (uses)	-	79,097	79,097	-
Fund balance appropriated	-	139,142	-	(139,142)
Net change in fund balance	\$ -	\$ -	222,400	\$ 222,400
Fund balance, beginning			2,646,598	
Fund balance, ending			\$ 2,868,998	

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

Town of Biscoe, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Water and Sewer Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,250,147
Accounts receivable, net	151,119
Inventories	39,490
Total current assets	1,440,756
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,337,995
Other capital assets, net of depreciation	5,056,473
Total noncurrent assets	6,394,468
Total assets	7,835,224
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension deferrals	69,565
Total deferred outflows of resources	69,565
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	9,983
Compensated absences	29,881
Current portion of long-term debt	66,155
Total current liabilities	106,019
Noncurrent liabilities:	
Long-term debt, less current portion	926,175
Net pension liability	130,155
Total noncurrent liabilities	1,056,330
Total liabilities	1,162,349
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension deferrals	15,663
<u>NET POSITION</u>	
Net investment in capital assets	5,402,138
Unrestricted	1,324,639
Total net position	\$ 6,726,777

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

Town of Biscoe, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

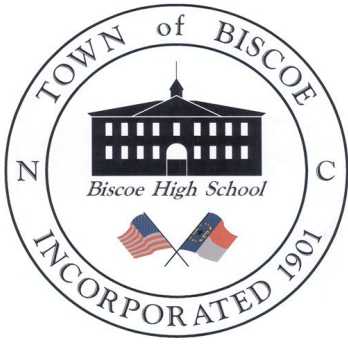
	Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 1,414,882
Water and sewer taps and connection fees	3,825
Other operating revenues	34,035
Total operating revenues	1,452,742
Operating expenses:	
Salaries and employee benefits	445,529
Water purchases resale	428,787
Other operating expenditures	306,615
Depreciation	313,479
Total operating expenses	1,494,410
Operating income (loss)	(41,668)
Nonoperating revenues (expenses):	
Tax refunds	8,107
Interest revenue	62
Interest and other charges	(94)
Total nonoperating revenues (expenses)	8,075
Income (loss) before contributions and transfers	(33,593)
Capital contributions	1,145,743
Transfers to General Fund	(79,097)
Change in net position	1,033,053
Total net position, beginning	5,693,724
Total net position, ending	\$ 6,726,777

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

Town of Biscoe, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Water and Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,422,811
Cash paid for goods and services	(770,577)
Cash paid to employees	(429,940)
Increase (decrease) in meter deposits	192
Net cash provided (used) by operating activities	222,486
Cash flows from non-capital financing activities	
Transfers to other funds	(79,097)
Other	8,107
Net cash provided (used) by non-capital financing activities	(70,990)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(83,442)
Payments on long-term debt	(84,658)
Interest on long-term debt	(94)
Net cash provided (used) by non-capital financing activities	(168,194)
Cash flows from investing activities	
Interest on investments	62
Net cash provided (used) by investing activities	62
Net increase (decrease) in cash	(16,636)
Cash and cash equivalents - beginning of year	1,266,783
Cash and cash equivalents - end of year	\$ 1,250,147
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (41,668)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	313,479
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(29,931)
(Increase) decrease in inventory	-
Increase (decrease) in accounts payable and accrued liabilities	(35,175)
Increase (decrease) in customer meter deposits	192
(Increase) decrease in deferred outflows of resources for pensions	(8,627)
Increase (decrease) in deferred inflows of resources for pensions	6,863
Increase (decrease) in net pension liability	14,688
Increase (decrease) in compensated absences	2,665
Total adjustments	264,154
Net cash provided (used) by operating activities	\$ 222,486

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



NOTES TO THE FINANCIAL STATEMENTS

Town of Biscoe, North Carolina
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A - Reporting Entity

The Town of Biscoe is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the financial activity of the Town.

B - Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. This town has no fiduciary funds to report. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - Basis of Presentation (continued)

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, parks and recreations, and general government services. Under GASB 54 guidance, the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

The Town reports the following major enterprise fund:

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

C - Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting (continued)

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

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D - Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments to the original budget must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

1. Deposits and Investments (continued)

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 or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT---Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Tourism Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

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

Town of Biscoe Restricted Cash

Governmental Activities:

General Fund:

Streets	\$ 88,706
Total Governmental Activities	88,706
 Total Restricted Cash	 \$ 88,706

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenue is reported net of such discounts.

5. Allowance 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. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

7. Capital Assets

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

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

	<u>Estimated Useful Lives</u>
Buildings	29
Furniture and office equipment	7-10
Maintenance and construction equipment	5-7
Medium and heavy motor vehicle	5-7
Computer software	5
Automobiles and light trucks	3-5

8. Deferred Outflows/Inflows of Resources

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to thirty (30) days of earned vacation leave with such leave being fully vested when earned. For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. For the Town's proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded within the fund as the leave is earned.

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

11. Net Position / Fund Balances (continued)

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

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

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

Committed for LEO Special Separation Allowance – portion of fund balance that will be used for the Law Enforcement Officers’ Special Separation Allowance obligations.

Capital Reserve Fund Allowance – portion of fund balance that the Town intends to use for specific purposes.

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

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

11. Net Position / Fund Balances (continued)

The Town of Biscoe has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the General Fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Defined Benefit Cost-Sharing Plans

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A - Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None

2. Contractual Violations

None

B - Deficit in Fund Balance or Net Position of Individual Funds

None

C - Excess of Expenditures over Appropriations

None

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A - Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$3,259,663 and a bank balance of \$3,710,102. Of the bank balance, \$500,000 was covered by federal depository insurance. At June 30, 2021, the Town's cash on hand totaled \$225.

2. Investments

At June 30, 2021, the Town had \$646,979 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	\$ 42,848
Total General Fund	42,848
Enterprise Fund:	
Water and Sewer - Accounts receivable	24,500
Total Enterprise Fund	24,500
Total	\$ 67,348

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 351,794	\$ -	\$ -	\$ 351,794
Total capital assets not being depreciated	351,794	-	-	351,794
Capital assets being depreciated:				
Buildings and improvements	2,427,496	-	-	2,427,496
Equipment and vehicles	2,231,293	119,498	-	2,350,791
Infrastructure	228,311	-	-	228,311
Total capital assets being depreciated	4,887,100	119,498	-	5,006,598
Less accumulated depreciation for:				
Buildings and improvements	1,909,816	85,335	-	1,995,151
Equipment and vehicles	1,914,247	106,632	-	2,020,879
Infrastructure	142,567	13,128	-	155,695
Total accumulated depreciation	3,966,630	205,095	-	4,171,725
Total capital assets being depreciated, net	920,470			834,873
Governmental activities capital assets, net	\$ 1,272,264			\$ 1,186,667

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

General government	\$ 27,677
Public safety	118,777
Transportation	43,515
Culture and recreation	15,126
Total depreciation expense	<u>\$ 205,095</u>

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets (continued)

Business-type activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 14,900	\$ -	\$ -	\$ 14,900
Construction in progress	177,597	1,145,498	-	1,323,095
Total capital assets not being depreciated	<u>14,900</u>	<u>1,145,498</u>	<u>-</u>	<u>1,337,995</u>
Capital assets being depreciated:				
Plant, substations, lines and related	8,683,669	57,578	-	8,741,247
Equipment and vehicles	975,544	25,864	-	1,001,408
Total capital assets being depreciated	<u>9,659,213</u>	<u>83,442</u>	<u>-</u>	<u>9,742,655</u>
Less accumulated depreciation for:				
Plant, substations, lines and related	3,592,373	265,660	-	3,858,033
Equipment and vehicles	780,330	47,819	-	828,149
Total accumulated depreciation	<u>4,372,703</u>	<u>313,479</u>	<u>-</u>	<u>4,686,182</u>
Total capital assets being depreciated, net	<u>5,286,510</u>			<u>5,056,473</u>
Business-type activity capital assets, net	<u>\$ 5,301,410</u>			<u>\$ 6,394,468</u>

B - Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Biscoe employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Biscoe's contractually required contribution rate for the year ended June 30, 2021, was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Biscoe were \$75,726 for the year ended June 30, 2021.

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

At June 30, 2021, the Town reported a liability of \$378,068 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.01058%, which was a decrease of 0.00178% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$111,625. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,743	\$ -
Changes of assumptions	28,136	-
Net difference between projected and actual earnings on pension plan investments	53,203	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	637	44,833
Town contributions subsequent to the measurement date	75,726	-
Total	\$ 205,445	\$ 44,833

\$75,726 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	20,854
2023		32,262
2024		16,026
2025		15,745
2026		-
Thereafter		-

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

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

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

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

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

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

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00 percent. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 767,060	\$ 378,068	\$ 54,789

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers’ Special Separation Allowance

1. Plan Description

The Town of Biscoe administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the Town. At December 31, 2019, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	6
Total	7

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers’ Special Separation Allowance (continued)

4. Contributions.

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

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

At June 30, 2021, the Town reported a total pension liability of \$105,147. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$3,451.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 63,750
Changes of assumptions and other inputs	26,662	3,648
Benefit payment and administrative expenses subsequent to the measurement date	-	-
Total	\$ 26,662	\$ 67,398

No amount was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (7,936)
2023	(7,476)
2024	(8,036)
2025	(7,459)
2026	(7,297)
Thereafter	(2,532)

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers’ Special Separation Allowance (continued)

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

Sensitivity of the Town’s total pension liability to changes in the discount rate. The following presents the Town’s total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease (0.93%)</u>	<u>Current Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Total pension liability	\$114,211	\$105,147	\$97,041

	<u>2021</u>
Beginning balance	\$ 152,988
Service Cost	6,301
Interest on the total pension liability	4,796
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(71,942)
Changes of assumptions or other inputs	24,734
Benefit payments	(11,730)
Other changes	-
Ending balance of the total pension liability	<u>\$ 105,147</u>

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

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$111,625	\$ 3,451	\$115,076
Pension Liability	378,068	105,147	483,215
Proportionate share of the net pension liability	0.01058%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	47,743	-	47,743
Changes of assumptions	28,136	26,662	54,798
Net difference between projected and actual earnings on plan investments	53,203	-	53,203
Changes in proportion and differences between contributions and proportionate share of contributions	637	-	637
Benefit payments and administrative costs paid subsequent to the measurement date	75,726	-	75,726
 Deferred of Inflows of Resources			
Differences between expected and actual experience	-	63,750	63,750
Changes of assumptions	-	3,648	3,648
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	44,833	-	44,833

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers and General Employees

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$52,075, which consisted of \$35,166 from the Town and \$3,300 from the law enforcement officers. General employees of the Town are also permitted to make voluntary contributions to the Plan. Contribution made by general employees for the year ended June 30, 2021 was \$13,609.

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees’ Retirement System (Death Benefit Plan), a multi-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 month’s salary in a row during the 24 months prior to the employees death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of the contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 47,743
Changes of assumptions	54,798
Net difference between projected and actual earnings on pension plan investments	53,203
Changes in proportion and differences between Town contributions and proportionate share of contributions	637
Town contributions subsequent to the measurement date	75,726
Total	\$ 232,107

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

3. Deferred Outflows and Inflows of Resources (continued)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 27,691
Changes in assumptions	3,648	
Differences between expected and actual experience	63,750	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,833	-
Total	\$ 112,231	\$ 27,691

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 insured values of the property policy, workers’ compensation coverage up to statutory limits, and employee health coverage up to \$2 million lifetime coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$50,000 and \$300,000 up to 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 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.

Because the Town is in an area of the State that has been mapped and designated moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain flood insurance.

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B – Liabilities (continued)

5. Long-Term Obligations

a. Notes Payable

In March 2015, the Town entered into a direct placement note with the Department of Environment and Natural Resources for improvement for the Town’s wastewater treatment plant. The note provided for funding for the project up to \$1,402,500. The note carries no interest and is payable in annual installments of \$66,155 beginning May 2017 for a period of 20 years. At June 30, 2021, the balance on this note was \$992,330.

In November 2015, the Town entered into a \$350,000 direct placement note with a financial institution for funding the Industrial Park Pump Station capital project. The financing agreement requires monthly payments of principal, plus accrued interest at 1.75%, of \$6,199 beginning December 2015 for a period of 5 years. The balance of this note was paid off this fiscal year.

In May 2018, the Town entered into a \$175,000 direct placement note with a financial institution for a new ladder fire truck. The financing agreement requires annual payments of principal, plus accrued interest at 3.75%, beginning May 2019 for a period of 10 years. At June 30, 2021, the balance on this note was \$128,962.

Annual debt service payments are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2022	\$ 16,534	\$ 4,836
2023	17,155	4,216
2024	17,799	3,573
2025	18,468	2,905
2026	19,161	2,213
2027-2028	39,845	2,906
Total	\$ 128,962	\$ 20,649

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2022	\$ 66,155	\$ -
2023	66,155	-
2024	66,155	-
2025	66,155	-
2026	66,155	-
2027-2031	330,775	-
2032-2036	330,780	-
Total	\$ 992,330	\$ -

At June 30, 2021 the Town of Biscoe had a legal debt margin of \$14,615,043.

Compensated absences for governmental activities have generally been liquidated in the General Fund.

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

b. Changes in Debt

The General Fund and Water and Sewer Funds are used to liquidated the liabilities for compensated absences, net pension liability, and total pension liabilities for governmental activities.

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Direct placement notes payable	\$ 144,897	\$ -	\$ (15,935)	\$ 128,962	\$ 16,534
Compensated absences	35,847	1,156	-	37,003	-
Total pension liability (LEO)	152,988	-	(47,841)	105,147	-
Net pension liability (LGERS)	221,802	26,111	-	247,913	-
Governmental activity long-term liabilities	<u>\$ 555,534</u>	<u>\$ 27,267</u>	<u>\$ (63,776)</u>	<u>\$ 519,025</u>	<u>\$ 16,534</u>
Business-type activities:					
Direct placement notes payable	\$ 1,076,988	\$ -	\$ (84,658)	\$ 992,330	\$ 66,155
Compensated absences	27,216	2,665	-	29,881	-
Net pension liability (LGERS)	115,467	14,688	-	130,155	-
Business-type activity long-term liabilities	<u>\$ 1,219,671</u>	<u>\$ 17,353</u>	<u>\$ (84,658)</u>	<u>\$ 1,152,366</u>	<u>\$ 66,155</u>

C - Interfund Balances and Activity

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

From the Water and Sewer Fund to General Fund to cover annual insurance premiums	\$ 79,097
Total	<u>\$ 79,097</u>

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

Town of Biscoe, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

D - Fund Balance

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

Total Fund Balance - General Fund	\$ 2,868,998
Less:	
Stabilization by State Statute	235,066
Streets - Powell Bill	88,706
LEO Special Separation Allowance	66,622
Capital reserve fund	744,997
Remaining Fund Balance	\$ 1,733,607

NOTE 4 - JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

Jointly Governed Organization

The Town, in conjunction with 7 counties and 42 other municipalities, established the Piedmont Triad Regional Council of Governments “Council”. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$550 to the Council during the fiscal year ended June 30, 2021.

NOTE 5 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 5, 2021, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Biscoe, North Carolina
Town of Biscoe Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Biscoe proportion of the net pension liability (asset) (%)	0.01058%	0.01235%	0.01250%	0.01330%	0.01150%	0.01240%	0.01310%	0.01330%
Biscoe proportion of the net pension liability (asset) (\$)	\$ 378,068	\$ 337,269	\$ 297,792	\$ 203,798	\$ 243,007	\$ 55,741	\$ (77,316)	\$ 160,316
Biscoe covered-employee payroll	\$ 649,639	\$ 650,024	\$ 642,647	\$ 648,555	\$ 581,921	\$ 653,042	\$ 591,129	\$ 577,872
Biscoe proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.20%	51.89%	46.34%	31.42%	41.76%	8.54%	-13.08%	27.74%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

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

Town of Biscoe, North Carolina
Town of Biscoe Contributions
Required Supplementary Information
Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 75,726	\$ 59,260	\$ 52,136	\$ 50,034	\$ 49,036	\$ 40,119	\$ 47,375	\$ 42,384
Contributions in relation to the contractually required contribution	<u>75,726</u>	<u>59,260</u>	<u>52,136</u>	<u>50,034</u>	<u>49,036</u>	<u>40,119</u>	<u>47,375</u>	<u>42,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Biscoe covered-employee payroll	\$ 728,805	\$ 649,639	\$ 650,024	\$ 642,647	\$ 648,555	\$ 581,921	\$ 653,042	\$ 591,129
Contributions as a percentage of covered-employee payroll	10.39%	9.12%	8.02%	7.79%	7.56%	6.89%	7.25%	7.17%

Town of Biscoe, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 152,988	\$ 150,082	\$ 157,529	\$ 162,168	\$ 173,519
Service cost	6,301	5,902	6,935	6,858	7,314
Interest on the total pension liability	4,796	5,249	4,793	5,853	5,819
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(71,942)	(906)	(1,650)	(5,145)	-
Changes of assumptions or other inputs	24,734	4,391	(5,795)	8,850	(3,429)
Benefit payments	(11,730)	(11,730)	(11,730)	(21,055)	(21,055)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 105,147</u>	<u>\$ 152,988</u>	<u>\$ 150,082</u>	<u>\$ 157,529</u>	<u>\$ 162,168</u>

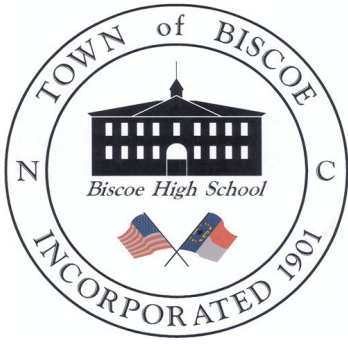
The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Town of Biscoe, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 105,147	\$ 152,988	\$ 150,082	\$ 157,529	\$ 162,168
Covered payroll	240,156	234,797	261,751	291,268	281,857
Total pension liability as a percentage of covered payroll	43.78%	65.16%	57.34%	54.08%	57.54%

Notes to the schedule:

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



INDIVIDUAL FUND FINANCIAL STATEMENTS SECTION

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 1,008,929	\$
Penalties and interest		6,220	
Total	<u>883,003</u>	<u>1,015,149</u>	<u>132,146</u>
Unrestricted intergovernmental:			
Local option sales taxes		500,783	
Telecommunications sales tax		6,288	
Utility sales tax		229,105	
Beer and wine tax		6,992	
Video programming		4,907	
Solid waste disposal fee		1,490	
Tax refunds		25,065	
Total	<u>741,960</u>	<u>774,630</u>	<u>32,670</u>
Restricted intergovernmental:			
Powell Bill allocation		48,036	
Grant funds		132,677	
Total	<u>151,404</u>	<u>180,713</u>	<u>29,309</u>
Permits and fees	<u>3,500</u>	<u>2,679</u>	<u>(821)</u>
Sales and services:			
ABC revenue		9,357	
Cemetery lot sales		17,300	
Recreation department fees		14,300	
Total	<u>40,264</u>	<u>40,957</u>	<u>693</u>
Investment earnings	<u>1,100</u>	<u>4,567</u>	<u>3,467</u>
Other revenues:			
Fire department donations		1,000	
Miscellaneous		120,761	
Total	<u>89,609</u>	<u>121,761</u>	<u>32,152</u>
Total revenues	<u>\$ 1,910,840</u>	<u>\$ 2,140,456</u>	<u>\$ 229,616</u>

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	\$	\$ 297,784	\$
Other operating expenditures		351,121	
Capital outlay		15,241	
Total	<u>692,061</u>	<u>664,146</u>	<u>27,915</u>
Legal and professional:			
Other operating expenditures		31,069	
Total	<u>39,000</u>	<u>31,069</u>	<u>7,931</u>
Public buildings and grounds:			
Other operating expenditures		80,804	
Total	<u>84,430</u>	<u>80,804</u>	<u>3,626</u>
Total general government	<u>815,491</u>	<u>776,019</u>	<u>39,472</u>
Public safety:			
Police:			
Salaries and employee benefits		528,905	
Other operating expenditures		122,140	
Capital outlay		65,516	
Total	<u>748,074</u>	<u>716,561</u>	<u>31,513</u>
Fire:			
Salaries and employee benefits		5,512	
Other operating expenditures		105,349	
Total	<u>122,330</u>	<u>110,861</u>	<u>11,469</u>
Total public safety	<u>870,404</u>	<u>827,422</u>	<u>42,982</u>
Transportation:			
Streets and highways:			
Other operating expenditures		219,110	
Capital outlay		38,741	
Total	<u>258,679</u>	<u>257,851</u>	<u>828</u>
Powell Bill:			
Other operating expenditures		11,356	
Total	<u>48,880</u>	<u>11,356</u>	<u>37,524</u>
Total transportation	<u>\$ 307,559</u>	<u>\$ 269,207</u>	<u>\$ 38,352</u>

Town of Biscoe, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Culture and recreational:			
Recreation:			
Salaries and employee benefits	\$	\$ 33,106	\$
Other operating expenditures		70,042	
Total	114,225	103,148	11,077
Debt service:			
Principal retirement		15,935	
Interest and other charges		5,432	
Total	21,400	21,367	33
Total expenditures	2,129,079	1,997,163	131,916
Revenues over (under) expenditures	(218,239)	143,293	361,532
Other financing sources (uses):			
Transfers from (to) other funds:			
Water and Sewer Fund	79,097	79,097	-
Total other financing sources (uses)	79,097	79,097	-
Fund balance appropriated	139,142	-	(139,142)
Net change in fund balance	\$ -	222,390	\$ 222,390
Fund balance, beginning		1,901,611	
Fund balance, ending		\$ 2,124,001	
Fund balance, end of year (General Fund)		\$ 2,124,001	
<p>Amounts reported for Revenues, Expenditures and Changes in Fund Balance (deficit) are different from the Budget and Actual Statement due to consolidation of the Capital Reserve Fund:</p>			
Investment earnings		10	
Fund balance, beginning of year (Capital Reserve Fund)		744,987	
Fund balance, end of year (Consolidated General Fund)		\$ 2,868,998	

Town of Biscoe, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$	\$ 10	\$
Total	<u>-</u>	<u>10</u>	<u>10</u>
Net change in fund balance	<u>\$ -</u>	<u>10</u>	<u>\$ 10</u>
Fund balance, beginning		<u>744,987</u>	
Fund balance, ending		<u>\$ 744,997</u>	

Town of Biscoe, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Operating revenues:			
Water and sewer charges	\$	\$ 1,414,882	\$
Water and sewer taps and connection fees		3,825	
Late fees		29,060	
Other revenues		4,975	
Total	<u>1,413,543</u>	<u>1,452,742</u>	<u>39,199</u>
Nonoperating revenues:			
Tax refunds		8,107	
Interest revenue		62	
Total	<u>10,105</u>	<u>8,169</u>	<u>(1,936)</u>
Total revenues	<u>1,423,648</u>	<u>1,460,911</u>	<u>37,263</u>
<u>Expenditures:</u>			
Operating expenditures:			
Salaries and employee benefits		429,940	
Water purchases		428,787	
Other operating expenditures		306,615	
Capital outlay		83,442	
Total operating expenditures	<u>1,258,091</u>	<u>1,248,784</u>	<u>9,307</u>
Debt service:			
Principal retirement		84,658	
Interest and other charges		94	
Total debt service	<u>86,460</u>	<u>84,752</u>	<u>1,708</u>
Total expenditures	<u>1,344,551</u>	<u>1,333,536</u>	<u>11,015</u>
Revenues over expenditures	<u>79,097</u>	<u>127,375</u>	<u>26,248</u>
<u>Other financing sources (uses):</u>			
Transfers to General Fund	(79,097)	(79,097)	-
Total other financing sources (uses)	<u>(79,097)</u>	<u>(79,097)</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 48,278</u>	<u>\$ 26,248</u>

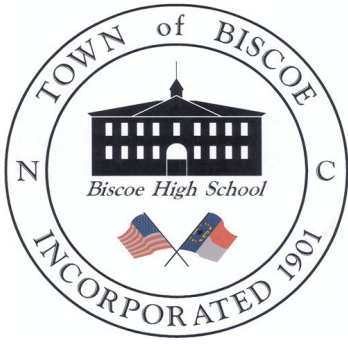
Town of Biscoe, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP) (continued)
For the Year Ended June 30, 2021

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

Revenues over (under) expenditures and other financing (uses)	<u>\$ 48,278</u>
Reconciling items:	
Increase in accrued vacation	(2,665)
Increase in deferred outflows of resources - pensions	8,627
Increase in net pension liability	(14,688)
Increase in deferred inflows of resources - pensions	(6,863)
Capital outlay	83,442
Principal retirement	84,658
Capital contribution	1,145,743
Transfers to Industrial Park Lift Station Fund	-
Depreciation	<u>(313,479)</u>
Total reconciling items	<u>984,775</u>
Change in net position	<u><u>\$ 1,033,053</u></u>

Town of Biscoe, North Carolina
Enterprise Capital Project Fund
CDBG Bruton Street Project
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Federal grant	\$ 1,865,000	\$ 153,338	\$ 1,145,483	\$ 1,298,821	\$ (566,179)
Investment earnings	-	50,877	260	51,137	51,137
Total revenues	<u>1,865,000</u>	<u>204,215</u>	<u>1,145,743</u>	<u>1,349,958</u>	<u>(515,042)</u>
Expenditures:					
Public sewer improvements	1,766,500	177,597	1,145,498	1,323,095	443,405
Administration	98,500	77	-	77	98,423
Total expenditures	<u>1,865,000</u>	<u>177,674</u>	<u>1,145,498</u>	<u>1,323,172</u>	<u>541,828</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 26,541</u>	245	<u>\$ 26,786</u>	<u>\$ 26,786</u>
Fund balance, beginning			26,541		
Fund balance, ending			<u>\$ 26,786</u>		



OTHER SCHEDULES

This section contains additional information on property taxes.

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

Town of Biscoe, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2021</u>
	\$ -	\$ 1,002,811	\$ 982,593	\$ 20,218
2020-2021	27,835	-	18,288	9,547
2019-2020	14,074	-	7,526	6,548
2018-2019	5,359	-	964	4,395
2017-2018	4,598	18,000	1,459	21,139
2016-2017	3,219	-	875	2,344
2015-2016	2,521	-	833	1,688
2014-2015	2,408	-	744	1,664
2013-2014	2,180	-	124	2,056
2012-2013	1,065	-	125	940
2011-2012	631	-	631	-
	<u>\$ 63,890</u>	<u>\$ 1,020,811</u>	<u>\$ 1,014,162</u>	<u>70,539</u>

Less: allowance for uncollectible accounts - General Fund 42,848

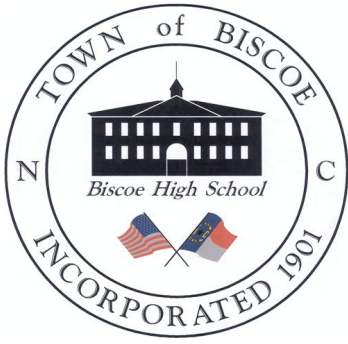
Ad valorem taxes receivable - net \$ 27,691

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 1,015,149
Interest and penalties collected	(6,220)
Reconciling items:	
Other adjustments	5,233
Total collections and credits	<u><u>\$ 1,014,162</u></u>

Town of Biscoe, North Carolina
Analysis of Current Year Tax Levy
For the Year Ended June 30, 2021

	<u>Town-Wide Levy</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</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	\$ 182,688,036	\$ 0.56	\$ 1,023,053	\$ 945,466	\$ 77,587
Total	<u>\$ 182,688,036</u>		<u>1,023,053</u>	<u>945,466</u>	<u>77,587</u>
Discoveries	<u>536</u>	0.56	<u>3</u>	<u>3</u>	<u>-</u>
Abatements	<u>(3,615,179)</u>	0.56	<u>20,245</u>	<u>20,245</u>	<u>-</u>
Total property valuation	<u><u>179,073,393</u></u>				
Net levy			1,002,811	925,224	77,587
Uncollected taxes at June 30, 2021			<u>(20,218)</u>	<u>(20,218)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 982,593</u>	<u>\$ 905,006</u>	<u>\$ 77,587</u>
Current levy collection percentage			<u>97.98%</u>	<u>97.81%</u>	<u>100.00%</u>



FINANCIAL TRENDS INFORMATION

TABLE 1

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	1,531,990	1,590,098	1,616,838	1,554,588	1,369,111	1,173,319	1,434,866	1,284,338	1,127,367	1,057,705
Restricted	205,602	228,123	181,766	246,636	242,355	213,633	258,839	293,456	261,347	323,772
Unrestricted	2,065,613	1,883,669	1,867,312	1,902,002	2,104,481	2,000,815	1,946,230	1,973,876	2,083,038	2,248,828
Total governmental activities net position	3,803,205	3,701,890	3,665,916	3,703,226	3,715,947	3,387,767	3,639,935	3,551,670	3,471,752	3,630,305
Business-type activities										
Net investment in capital assets	2,348,341	3,425,375	4,349,353	4,696,828	4,598,166	4,475,712	4,373,793	4,273,200	4,402,019	5,402,138
Restricted										
Unrestricted	1,791,164	993,708	965,540	1,020,728	1,086,679	1,061,525	1,203,235	1,575,287	1,291,705	1,324,639
Total business-type activities net position	4,139,505	4,419,083	5,314,893	5,717,556	5,684,845	5,537,237	5,577,028	5,848,487	5,693,724	6,726,777
Primary government										
Net investment in capital assets	3,880,331	5,015,473	5,966,191	6,251,416	5,967,277	5,649,031	5,808,659	5,557,538	5,529,386	6,459,843
Restricted	205,602	205,602	181,766	246,636	242,355	213,633	258,839	293,456	261,347	323,772
Unrestricted	3,856,777	3,856,777	2,832,852	2,922,730	3,191,160	3,062,340	3,149,465	3,549,163	3,374,743	3,573,467
Total primary government activities net position	7,942,710	8,120,973	8,980,809	9,420,782	9,400,792	8,925,004	9,216,963	9,400,157	9,165,476	10,357,082

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	391,805	461,713	513,692	1,163,927	483,615	509,083	583,425	585,096	631,988.00	794,131.00
Public safety	700,723	695,390	705,941	799,983	743,150	729,300	826,784	803,488	945,888.00	885,353.00
Transportation	293,008	268,557	258,072	243,926	230,675	245,616	246,735	266,975	311,749.00	276,102.00
Cultural and recreational	120,065	131,390	111,910	122,864	121,230	157,932	163,225	177,014	167,459.00	121,318.00
Total governmental activities expense	1,505,601	1,557,050	1,589,615	2,330,700	1,578,670	1,641,931	1,820,169	1,832,573	2,057,084	2,076,904
Business-type activities										
Water and sewer	783,495	829,767	926,471	1,096,228	1,234,190	1,258,536	1,352,639	1,464,092	1,495,628	1,494,504
Total business-type activities - water and sewer	783,495	829,767	926,471	1,096,228	1,234,190	1,258,536	1,352,639	1,464,092	1,495,628	1,494,504
TOTAL PRIMARY GOVERNMENT EXPENSES	2,289,096	2,386,817	2,516,086	3,426,928	2,812,860	2,900,467	3,172,808	3,296,665	3,552,712	3,571,408
Program revenues										
Governmental activities										
Charges for services										
General government	2,966	3,389	3,390	4,391	5,607	5,040	3,291	1,711	5,267	2,679
Cultural and recreation	36,560	33,213	37,275	46,258	49,726	45,254	51,369	48,891	30,868	40,957
Operating grants and contributions	100,864	102,929	163,849	81,790	77,687	62,113	142,672	90,375		180,713
Capital grants and contributions	28,617	95,779	4,594	778,278	25,251					
Total governmental activities program revenues	169,007	235,310	209,108	910,717	158,271	112,407	197,332	140,977	36,135	224,349
Business-type activities - water and sewer										
Charges for services	863,845	945,134	978,220	980,802	1,114,438	1,093,878	1,305,938	1,656,353	1,233,349	1,452,742
Total business activities program revenues	863,845	945,134	978,220	980,802	1,114,438	1,093,878	1,305,938	1,656,353	1,233,349	1,452,742
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	1,032,852	1,180,444	1,187,328	1,891,519	1,272,709	1,206,285	1,503,270	1,797,330	1,269,484	1,677,091
Net revenue (expense)										
Governmental activities										
Business-type activities	(1,336,594)	(1,321,740)	(1,380,507)	(1,419,983)	(1,420,399)	(1,529,524)	(1,622,837)	(1,691,596)	(1,890,800)	(1,852,555)
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(1,256,244)	(1,206,373)	(1,328,758)	(1,535,409)	(1,540,151)	(1,694,182)	(1,669,538)	(1,499,335)	(1,976,749)	(1,894,317)
General revenues and other changes in net position										
Governmental activities										
Taxes	889,874	980,902	1,010,333	954,509	1,064,085	1,162,405	1,182,719	1,256,115	909,411	1,021,798
Unrestricted intergovernmental revenues	236,698	213,677	231,858	273,682	268,590	254,542	277,114	276,036	724,987	273,847
Investment earnings, unrestricted	8,877	5,686	1,823	2,148	2,376	2,632	6,632	24,243	11,248	4,577
Miscellaneous revenue	126,592	20,160	100,519	313,896	57,467	54,845	28,328	46,937	270,432	136,438
Total governmental activities	1,262,041	1,220,425	1,344,533	1,544,235	1,392,518	1,474,424	1,494,793	1,603,331	1,916,078	1,436,660
Business-type activities										
Investment earnings	3,798	3,301	-	-	-	-	-	-	-	62
Miscellaneous	(99,192)	120,910	2,473	16,279	37,041	17,050	57,236	79,198	77,933	8,107
Total business-type activities	(95,394)	124,211	2,473	16,279	37,041	17,050	57,236	79,198	77,933	8,169
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	1,166,647	1,344,636	1,347,006	1,560,514	1,429,559	1,491,474	1,552,029	1,682,529	1,994,011	1,444,829
Change in net position										
Governmental activities										
Business-type activities	\$ (74,553)	\$ (101,315)	\$ (35,974)	\$ 124,252	\$ (27,881)	\$ (55,100)	\$ (128,044)	\$ (88,265)	\$ (104,871)	\$ (415,895)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	(4,251)	178,263	859,836	557,905	(60,592)	(202,708)	(117,509)	183,194	(289,217)	(449,488)

TABLE 3

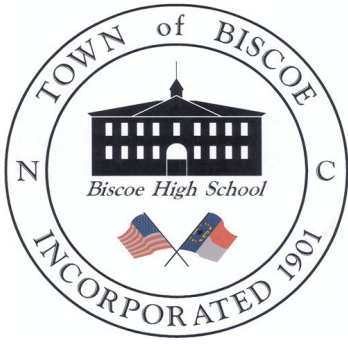
Town of Biscoe, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	3,857	-	-	-	-
Restricted	205,602	228,123	181,766	246,636	242,355	213,633	258,839	293,456	261,805	323,772
Committed	-	-	-	-	141,060	118,612	101,756	66,611	66,611	66,622
Assigned	1,442,442	1,208,194	1,085,067	1,045,799	861,996	901,499	859,462	824,729	744,987	744,997
Unassigned	583,018	582,553	669,279	803,704	1,029,977	1,174,702	1,215,099	1,314,635	1,573,195	1,733,607
Total general fund balance	\$ 2,231,062	\$ 2,018,870	\$ 1,936,112	\$ 2,096,139	\$ 2,275,388	\$ 2,412,303	\$ 2,435,156	\$ 2,499,431	\$ 2,646,598	\$ 2,868,998

TABLE 4

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ad valorem taxes	\$ 889,874	\$ 979,163	\$ 726,677	\$ 674,478	\$ 731,362	\$ 758,647	\$ 777,541	\$ 808,363	\$ 909,411	\$ 1,015,149
Unrestricted intergovernmental	236,696	213,677	523,978	592,659	605,726	644,377	698,548	718,865	724,987	774,630
Restricted intergovernmental	136,016	198,708	168,443	860,068	102,938	62,113	142,672	90,375	142,813	180,713
Permits and fees	2,966	3,389	3,390	4,391	5,607	5,040	3,291	1,711	5,267	2,679
Sales and services	43,633	45,205	47,220	46,258	49,726	45,254	51,369	48,891	30,868	40,957
Investment earnings	8,875	5,686	1,823	2,148	2,376	2,632	6,632	24,243	11,248	4,577
Miscellaneous	51,390	152,807	62,693	249,753	57,040	57,439	28,330	50,631	91,484	121,761
TOTAL REVENUES	1,369,450	1,598,635	1,534,224	2,429,755	1,554,775	1,575,502	1,708,383	1,743,079	1,916,078	2,140,466
EXPENDITURES										
Current:										
General government	407,378	454,926	468,910	1,180,013	474,414	470,445	542,647	533,801	627,900	776,019
Public safety	752,837	829,780	726,765	953,973	619,689	583,702	993,092	767,343	797,532	827,422
Transportation	273,242	248,790	345,933	213,853	198,964	229,434	238,980	244,448	256,984	269,207
Cultural and recreation	136,960	136,137	104,174	114,509	125,363	155,006	247,963	129,515	142,177	103,148
TOTAL EXPENDITURES	1,570,417	1,669,633	1,645,782	2,462,348	1,418,430	1,438,587	2,022,682	1,675,107	1,824,593	1,975,796
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(200,967)	(70,998)	(111,558)	(32,593)	136,345	136,915	(314,299)	67,972	91,485	164,670
OTHER FINANCING SOURCES (USES)										
Transfers in	-	16,322	28,800	192,620	2,302	-	175,000	118,089	77,049	79,097
Transfers out	-	(157,516)	-	-	-	(58,559)	-	(121,786)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(141,194)	28,800	192,620	2,302	(58,559)	175,000	(3,697)	77,049	79,097
NET CHANGE IN FUND BALANCE	\$ (200,967)	\$ (212,192)	\$ (82,758)	\$ 160,027	\$ 138,647	\$ 78,356	\$ (139,299)	\$ 64,275	\$ 168,534	\$ 243,767



REVENUE CAPACITY INFORMATION

TABLE 5

TOWN OF BISCOE, NORTH CAROLINA
Program Revenues by Function/Program
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/program										
Governmental activities:										
General government	\$ 2,966	\$ 3,389	\$ 3,390	\$ 754,391	\$ 5,607	\$ 5,040	\$ 3,291	\$ 1,711	\$ 5,267	\$ 2,679
Public safety	77,741	104,945	114,837	56,342	49,235	9,200	90,197	38,988	-	-
Transportation	51,740	53,220	53,606	53,726	53,703	52,913	52,475	51,387	142,813	180,713
Cultural and recreation	36,560	73,756	37,275	46,258	49,726	45,254	51,369	48,891	30,868	40,957
Total governmental activities	169,007	235,310	209,108	910,717	158,271	112,407	197,332	140,977	178,948	224,349
Business-type activities:										
Water and sewer	949,191	985,134	1,819,808	1,513,602	1,164,438	1,093,878	1,305,938	1,656,353	1,233,349	1,452,742
TOTAL PRIMARY GOVERNMENT	\$ 1,118,198	\$ 1,220,444	\$ 2,028,916	\$ 2,424,319	\$ 1,322,709	\$ 1,206,285	\$ 1,503,270	\$ 1,797,330	\$ 1,412,297	\$ 1,677,091

TOWN OF BISCOE, NORTH CAROLINA
Tax Revenue by Source, Governmental Funds (a)
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Ad Valorem Taxes
2012	619,852
2013	694,637
2014	726,677
2015	674,478
2016	731,362
2017	758,647
2018	777,541
2019	808,363
2020	909,411
2021	1,015,149
Change 2012-2020	395,297

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

TABLE 7

TOWN OF BISCOE, NORTH CAROLINA
Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Assessed Value			Total Assessed Value	Total Direct Tax Rate	Assessed Value as a Percent of Actual Value
	Real Property	Personal Property	Public Service Companies			
2012	86,839,350	2,421,518	1,724,273	106,271,183	0.5800	100%
2013	86,459,050	27,022,458	2,388,051	125,623,883	0.5600	100%
2014	86,371,650	28,968,541	2,199,195	129,923,714	0.5600	100%
2015	89,819,529	25,430,396	2,683,604	118,144,351	0.5600	100%
2016	90,553,798	30,281,992	2,598,079	129,277,971	0.5600	100%
2017	90,841,675	41,911,523	2,896,314	135,649,512	0.5600	100%
2018	103,424,485	33,089,118	2,896,313	139,409,916	0.5600	100%
2019	104,166,379	40,537,694	3,040,683	147,744,756	0.5600	100%
2020	159,861,786	88,495,086	2,896,313	251,253,185	0.5600	100%
2021	115,068,396	46,909,141	3,134,303	165,111,840	0.5600	100%

Source: Annual County Report of Valuation and Property Tax Levies

* Real property values exclude tax-exempt property.

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

TABLE 8

TOWN OF BISCOE, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Government
Last Ten Fiscal Years
(Rate per \$100 of Assessed Value)

Fiscal Year	Municipality Rates		Overlapping Rates
	Basic Rate	Total Direct	County
2012	0.5800	0.5800	0.5700
2013	0.5600	0.5600	0.5700
2014	0.5600	0.5600	0.5700
2015	0.5600	0.5600	0.6200
2016	0.5600	0.5600	0.6200
2017	0.5600	0.5600	0.6200
2018	0.5600	0.5600	0.6200
2019	0.5600	0.5600	0.6200
2020	0.5600	0.5600	0.6200
2021	0.5600	0.5600	0.6150

Source: Montgomery County

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

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

TABLE 9

TOWN OF BISCOE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	616,830	587,527	95.25%	25,370	612,897	99.36%
2013	704,960	671,734	95.29%	28,816	700,550	99.37%
2014	728,203	704,027	96.68%	19,888	723,915	99.41%
2015	663,812	647,503	97.54%	12,095	659,598	99.37%
2016	724,815	712,015	98.23%	5,473	717,488	98.99%
2017	774,730	746,981	96.42%	8,528	755,509	97.52%
2018	781,758	768,511	98.31%	-	768,511	98.31%
2019	828,742	807,572	97.45%	-	807,572	97.45%
2020	895,226	867,391	96.89%	-	867,391	96.89%
2021	925,225	905,007	97.81%	-	905,007	97.81%

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

TABLE 10

TOWN OF BISCOE, NORTH CAROLINA
Principal Property Taxpayer
Current Year and Ten Years Prior

Town of Biscoe Employer	2021				2012		
	Total Town Taxable Asset Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Wright Foods Inc.	\$ 165,111,840	\$ 18,752,321	1	11.36%			0.00%
Grede II LLC	\$ 165,111,840	11,290,749	2	6.84%			1.83%
Wal-mart Real Estate Bus Trust	\$ 165,111,840	7,956,490	3	4.82%			0.73%
OHI Asset (NC) Biscoe LLC <i>formerly Autumn Care</i>	\$ 165,111,840	5,975,653	4	3.62%			0.43%
Mongomery Solar LLC	\$ 165,111,840	2,762,853	5	1.67%			0.00%
Dreamy Hollow Apts Co.	\$ 165,111,840	2,564,649	6	1.55%			0.29%
Jordan Forest Products LLC	\$ 165,111,840	5,360,836	7	3.25%			0.00%
Duke Energy	\$ 165,111,840	2,918,784	8	1.77%			0.00%
Jordan Lumber & Supply INC	\$ 165,111,840	2,226,671	9	1.35%			0.16%
Kellam Properties I LLC	\$ 165,111,840	2,594,333	10	1.57%			0.21%
Total		<u>\$ 62,403,339</u>		<u>37.79%</u>	<u>\$ -</u>		<u>3.65%</u>

Source: Montgomery County Property Assessment Division

TABLE 11

TOWN OF BISCOE, NORTH CAROLINA
Water Sold by Type of Customer and In and Out of Town
 Last Ten Fiscal Years

Type of Customer	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gallons billed										
In-town residential	25,034,350	26,389,600	19,447,080	38,086,500	27,913,800	33,121,844	27,131,200	24,334,800	24,503,100	23,788,635
Out-of-town residential	13,766,800	9,084,000	8,448,060	12,443,100	28,589,900	12,342,200	10,712,700	9,832,070	9,263,500	7,937,800
In-town commercial	22,089,820	25,787,100	34,948,150	43,492,090	57,500,990	55,034,060	64,520,890	66,870,600	58,047,380	69,567,110
Out-of-town commercial	1,909,600	4,879,700	2,932,200	1,865,700	2,024,700	686,300	668,500	606,100	802,100	900,400
Total gallons billed	<u>62,800,570</u>	<u>66,140,400</u>	<u>65,775,490</u>	<u>95,887,390</u>	<u>116,029,390</u>	<u>101,184,404</u>	<u>103,033,290</u>	<u>101,643,570</u>	<u>92,616,080</u>	<u>102,193,945</u>
Total water and sewer charges (revenue)	\$ 982,765	\$ 790,354	\$ 965,485	\$ 1,076,211	\$ 1,011,763	\$ 1,183,298	\$ 1,285,371	1,706,401.0	\$ 1,241,584	\$ 1,375,574
Total average rate per 1,000 gallons	\$ 15.65	\$ 11.95	\$ 14.68	\$ 11.22	\$ 8.72	\$ 11.69	\$ 12.80	11.69	\$ 13.41	\$ 13.46

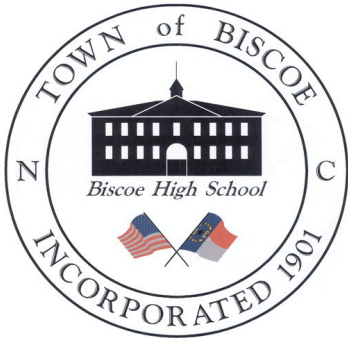
Source: Town of Biscoe, Water Billing Office.

Revenue collected includes late payment penalties.

TABLE 12

TOWN OF BISCOE, NORTH CAROLINA
Water and Sewer Rates
Last Ten Fiscal Years

Fiscal Year	In-Town Water		In-Town Sewer		Out-of-Town Water		Out-of-Town Sewer	
	Rate per 3,000 Gallons	0- Rate per 1,000 Gallons	Rate per 3,000 Gallons	0- Rate per 1,000 Gallons	Rate per 3,000 Gallons	0- Rate per 1,000 Gallons	Rate per 3,000 Gallons	0- Rate per 1,000 Gallons
2012	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2013	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2014	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2015	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2016	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2017	32.00	5.50	32.00	5.50	53.00	11.00	53.00	11.00
2018	34.00	5.50	34.00	5.50	55.00	11.00	55.00	11.00
2019	34.00	5.50	34.00	5.50	55.00	11.00	55.00	11.00
2020	34.00	5.50	34.00	5.50	55.00	11.00	55.00	11.00
2021	34.00	5.50	34.00	5.50	55.00	11.00	55.00	11.00



DEBT CAPACITY INFORMATION

TOWN OF BISCOE, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental -Type Activities	Business -Type Activities	Total Primary Government	Ratio of Outstanding Debt to Personal Income	Total Outstanding Debt per Capita ^(a)
	Installment Loans	Installment Loans			
2012	\$ -	\$ -	\$ -	-	\$ -
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	655,257	655,257	1.35%	389.80
2016	-	1,621,188	1,621,188	3.20%	960.42
2017	-	1,491,332	1,491,332	2.85%	888.23
2018	175,000	1,354,486	1,529,486	2.74%	910.95
2019	160,254	1,216,377	1,376,631	2.56%	809.78
2020	144,897	1,076,988	1,221,885	1.64%	708.75
2021	128,962	992,330	1,121,292	1.30%	650.40

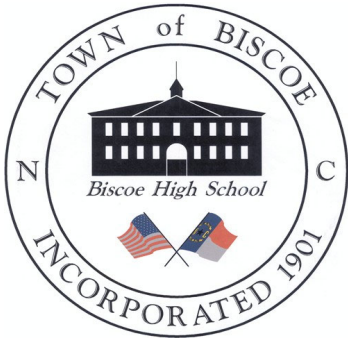
Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

^(a) See Table 15 for population data. These ratios are calculated using population for the prior calendar year.

TOWN OF BISCOE, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2021											
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed value	<u>\$ 182,688,036</u>										
Debt limit (8% of assessed value)	14,615,042										
Debt applicable to limit:											
Installment loans	<u>1,121,292</u>										
Legal debt margin	<u>\$ 13,493,750</u>										
Debt limit		\$ 8,501,695	\$ 10,049,911	\$ 10,393,897	\$ 10,281,060	\$ 8,715,396	\$ 10,851,961	\$ 11,152,792	\$ 11,820,142	11,960,983	14,615,042
Total net debt applicable to limit		-	-	-	655,257	1,621,188	1,491,332	1,529,486	1,376,631	1,221,885	1,121,292
Legal debt margin		\$ 8,501,695	\$ 10,049,911	\$ 10,393,897	\$ 9,625,803	\$ 7,094,208	\$ 9,360,629	\$ 9,623,306	\$ 10,443,511	\$ 10,739,098	\$ 13,493,750
Total net debt applicable to the limit as a percentage of debt limit		0.00%	0.00%	0.00%	6.37%	18.60%	13.74%	13.71%	11.65%	10.22%	7.67%

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



DEMOGRAPHIC AND ECONOMIC INFORMATION

TABLE 15

**Town of Biscoe, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (in thousands) ⁽²⁾</u>	<u>Per Capita Income ⁽³⁾</u>	<u>Median Age ⁽⁴⁾</u>	<u>Unemployment Rate ⁽⁵⁾</u>
2012	1,706	45,563,848	26,708	37.30	11.8%
2013	1,694	46,278,386	27,319	37.40	10.5%
2014	1,692	47,687,328	28,184	37.50	8.2%
2015	1,681	48,562,409	28,889	37.70	6.1%
2016	1,688	50,604,552	29,979	37.80	5.7%
2017	1,679	52,263,912	31,128	37.90	5.2%
2018	1,679	55,739,442	33,198	41.00	4.6%
2019	1,700	53,850,900	31,677	31.70	3.6%
2020	1,724	74,500,936	43,214	24.80	6.6%
2021	1,724	86,138,184	49,676	24.80	5.7%

Sources:

(1) NCOSBM Certified Municipal Population Estimates

(2) N.C. Division of Employment Security; information is available at the county level and presented on that basis (unadjusted rate - average for fiscal year).

(3) U.S. Bureau of Economic Analysis; information is available at the county level and presented on that basis (not adjusted for inflation).

Notes:

N/A - information not yet available.

TABLE 16

TOWN OF BISCOE, NORTH CAROLINA
Principal Employers
Current year and ten years ago.

Employer	2021		2012	
	Employees	Percentage of Total Town Population	Employees	Percentage of Total Town Population
AAM (MPG) (GREDE)	380	22.04%	350	20.77%
Wal-mart	152	8.82%	150	8.90%
Carolina Dairy (<i>formerly Wright Foods</i>)	125	7.25%	Opened in 2014	0.00%
Autumn Care of Biscoe	116	6.73%	100	5.93%
Kellam Properties I LLC	95	5.51%	81	4.81%
McDonalds	60	3.48%	50	2.97%
Myrick Construction	55	3.19%	130	7.72%
Town of Biscoe (Government)	50	2.90%	56	3.32%
Jordan Forest Products LLC	40	2.32%	Opened in 2013	0.00%
Bojangles	35	2.03%	Opened in 2014	0.00%

Source: Town Economic Development Division and Employment Security Commission

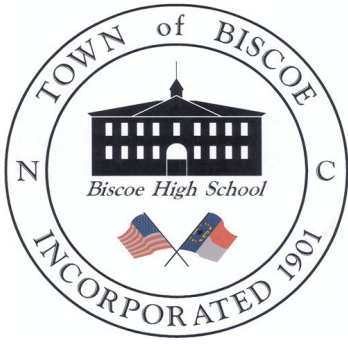
Note: Information regarding Town's total employment is not available.

TABLE 17

TOWN OF BISCOE, NORTH CAROLINA
Full Time Employees by Function
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration	3	3	3	3	3	3	3	3	4	4
Police										
Officers	12	12	10	10	9	9	9	9	9	9
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets	3	3	4	4	4	4	4	4	4	4
Sanitation	1	1	1	1	1	1	1	1	1	1
Utilities										
Water distribution/ wastewater collection	1	1	1	1	1	1	1	1	1	1
Total	21	21	20	20	19	19	19	19	20	20

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



OPERATING INFORMATION

TABLE 18

TOWN OF BISCOE, NORTH CAROLINA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrest	412	356	275	207	140	150	185	543	487	175
Calls for service	2,380	2,187	6,360	3,156	2,960	2,754	5,193	4,337	4,555	4,669
Traffic citations	822	796	2,141	1,571	1,377	1,354	1,112	692	2,651	1,223
Number of policeman positions	12	12	10	10	9	9	9	9	8	9
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Emergency responses	150	150	150	150	150	150	139	163	172	186
Fires extinguished	65	65	65	65	65	65	48	48	48	44
Number of volunteers	24	24	25	29	29	28	24	23	24	23
Other public works										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	16	19	15	16	18	20	-	25.00	35.00	-
Parks and recreation										
Number of parks	1	1	1	1	1	1	1	1	1	1
Water										
New connections	-	-	-	-	-	-	4	10	3	4
Water main breaks	8	7	8	9	10	8	12	17	6	6
Average daily consumption (millions of gallons per day)	0.2200	0.2200	0.2500	0.2500	0.0300	0.0307	0.0300	0.2500	0.3479	0.4172
Peak daily consumption (millions of gallons)	0.2500	0.2500	0.2300	0.2500	0.0340	0.0350	0.0370	0.2520	0.3459	0.3175
Wastewater										
Average daily sewage treatment (millions of gallons)	2.3000	2.3000	2.3000	2.3000	2.3000	2.3000	2.5000	1.8000	0.2350	0.2350

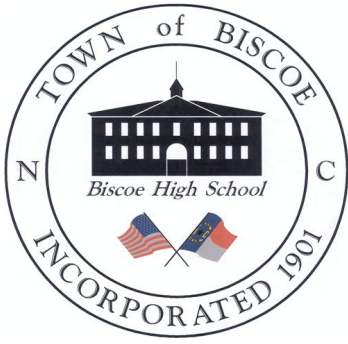
Sources: Various town departments

TABLE 19

TOWN OF BISCOE, NORTH CAROLINA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	12	11	11	11	11	11	11	11	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles) - paved	11.06	11.06	11.06	11.06	11.06	11.40	11.40	11.40	11.4	11.53
Streets (miles) - unpaved	0.21	0.21	0.21	0.21	0.21	0.18	0.18	0.18	0.18	0.18
Streetlights	287	285	290	285	285	285	310	310	310	310
Traffic signals (all state owned)	2	2	2	2	3	3	3	3	3	3
Parks and recreation										
Acreage	20.76	20.76	20.76	20.76	20.76	20.76	20.76	20.76	20.76	20.76
Playgrounds	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	14	14	14	14	14	14	14	14	14	14
Fire hydrants	126	127	127	128	129	130	130	130	130	130
Storage capacity (thousands of gallons)	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80000	80000
Wastewater										
Sanitary sewers (miles)	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Treatment capacity (millions of gallons)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Area (square miles)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2	2

Sources: Various town departments



COMPLIANCE SECTION

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Biscoe, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Biscoe, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Biscoe' basic financial statements and have issued our report thereon dated November 5, 2021.

Internal Control over Financial Reporting

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

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

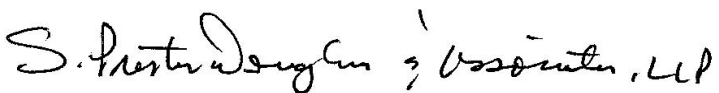
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "S. Preston Douglas & Associates, LLP". The signature is written in a cursive style.

Lumberton, North Carolina
November 5, 2021

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Biscoe, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Biscoe's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Biscoe's major federal programs for the year ended June 30, 2021. The Town of Biscoe's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion the Town of Biscoe complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

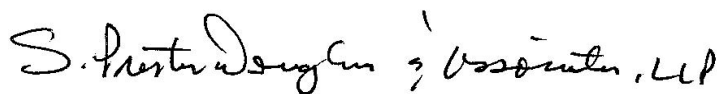
Report on Internal Control Over Compliance

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

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

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

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



Lumberton, North Carolina
November 5, 2021

Town of Biscoe, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results
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Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ yes <u> X </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses	_____ yes <u> X </u> none reported
• Noncompliance material to financial statements	_____ yes <u> X </u> no

Federal Awards

Internal control over major federal programs	
• Material weakness(es) identified?	_____ yes <u> X </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses	_____ yes <u> X </u> no

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes <u> X </u> no

Identification of major federal programs:

<u>Names of Federal Program or Cluster</u>	<u>CFDA</u> <u>Numbers</u>
Community Development Block Grant	14.228

Dollar threshold used to distinguish between Type A And Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no
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Town of Biscoe, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2021

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Town of Biscoe, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2021

Grantor/Pass-through Grant/Program Title	Federal CFDA Number	Award Number/State Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Federal Grants:				
Direct Programs:				
<u>US Department of Health and Human Resources</u>				
CARES Act Provider Relief Fund	93.498		66,566	-
Passed Through:				
<u>US Department of Housing and Urban Development</u>				
NC Department of Environmental Quality				
Community Development Block Grant	14.228	CDBG 17-I-2955	1,145,498	-
State Grants:				
Direct Programs:				
<u>NC Department of Transportation</u>				
Powell Bill			-	11,356
<u>Total assistance</u>			<u>\$ 1,212,064</u>	<u>\$ 11,356</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Biscoe under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Biscoe, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Biscoe.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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