

Town of La Grange, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2018



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Town of La Grange, North Carolina
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Introductory Section



**Town of La Grange, North Carolina
List of Principal Officials
June 30, 2018**

Mayor

Woodard H. Gurley

Council Members

Bobby Wooten (Mayor Pro-Tem)

Veronica Lee

Clifton Harrison

Larry Gladney

David Holmes

Albert Gray

Town Manager

John P. Craft

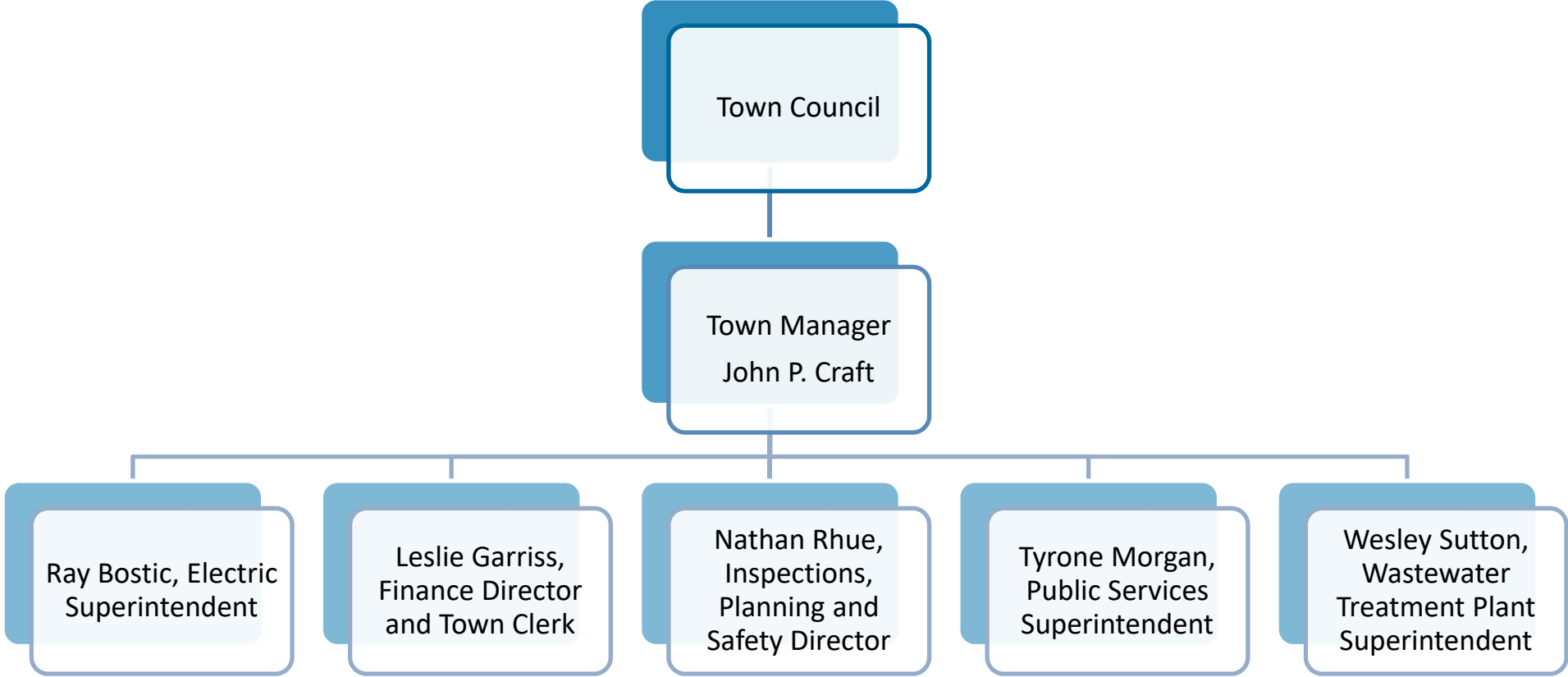
Finance Director and Town Clerk

Leslie Garriss

Town Attorney

David M. Rief

Town of La Grange, North Carolina
Organizational Chart
June 30, 2018





Honorable Mayor and
Members of the La Grange Town Council
Town of La Grange, North Carolina

The Town of La Grange Finance Department and management of the Town are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of La Grange, North Carolina for fiscal year ended June 30, 2018. The report includes financial statements that have been audited by an independent firm of certified public accountants, Carr Riggs and Ingram, LLC, whose opinion also is a part of the report. However, responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Town.

This report is the official comprehensive publication of the Town's financial position at June 30, 2018, and results of operations for the fiscal year then ended. The organization, form, and contents of this report plus the accompanying financial statements are formulated in accordance with the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board. We believe that the report, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs have been included.

GOVERNMENT PROFILE

The Town of La Grange is located in the east-central part of North Carolina. The Town of La Grange was incorporated on April 10, 1869. La Grange is the second largest incorporated municipality in Lenoir County with 2,854 residents, and a land area of approximately 2.3 square miles. The Town is situated in Northwestern Lenoir County.

The Town operates under the Council-Manager form of government. The Mayor and six members of the Council are elected at large by the citizenry, with the Mayor being the presiding officer. The Mayor and Council members serve staggered four-year terms. The Manager is appointed by the Council and serves as the chief administrative officer of the Town and is responsible for

administering the policies and ordinances of the Council. Other primary duties of the Town Council are adoption of the annual budget, establishment of the annual property tax rate, enactment of policies concerning the operation of the Town, enactment of local ordinances and appointment of Town official members of various boards and commissions. The Town Council also has authority to call bond referendums, enter into contracts, and establish new programs and departments.

The Town provides a full range of services to its citizens. These services include police protection through a contract with the Lenoir County Sheriff's Office, a library in conjunction with Neuse Regional Public Library, fire protection, refuse collection, street maintenance, planning and zoning, community development, cemeteries, parks and recreation, and general administrative services. The Town owns and operates its own electric distribution system as an enterprise fund, and is part owner in the North Carolina Eastern Municipal Power Agency (NCEMPA) and a member of Electricities. The Town also owns and operates its own water infrastructure system, which distributes treated groundwater from wells. In addition, the Town also owns and operates its own wastewater infrastructure system which collects and transfers waste to the Town's newly upgraded wastewater facility. The Water and Sewer systems are accounted for together as a single enterprise fund.

The Town continues to maintain a system of budgetary controls as required by state statutes that promote sound financial management and fiscal accountability. The Town Manager annually submits to the Town Council by May 15th, a proposed budget for the upcoming fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a financial budget no later than June 30th. The annual budget is prepared by fund and department. During the fiscal year, the Town Manager is authorized to transfer resources within a department as he sees fit. Transfers between and within departments may not exceed \$50,000 within the same fund; and official report of such transfers must be made at the next Council Meeting. Transfers between funds may not be made without Ordinance from the Town Council.

ECONOMIC CONDITION

Although the recession has been declared over, Eastern North Carolina continues to experience the effects of the recession, as do many areas throughout the country. The recession has resulted in less spending by consumers, slowdowns in the construction market, and higher unemployment rates.

Agriculture and small business are the largest part of the economic base in Lenoir County. Cotton, tobacco, soybeans, and corn continue to be major contributors to agricultural income. Local businesses in our area consist of Lenoir County Schools, Food Lion, Bojangles, P & D Precast, Carr Riggs and Ingram, LLC, Town of La Grange, and Cooper Crouse- Hinds.

The main north-south highway arteries serving La Grange are NC Hwy 903. The main east-west highway is US Hwy 70. La Grange's railway system is served by CSX Transportation railroad and a number of certified freight carriers.

The Town of La Grange hosts the annual Garden Spot Festival. The festival is attended by approximately 2,000 people and offers many activities including live local music, arts and crafts, and various vendors. The Town works cooperatively with the Chamber of Commerce to carry out the festival each year.

La Grange is the beneficiary of progressive and effective elected and appointed leadership. The human factor is the Town's greatest asset at the present time. The Town has positioned itself for improvement and growth in the coming years by working with the State to complete the US Hwy 70 Bypass. Other attributes of the Town that contribute to its prospect for improvement and growth include a Chamber of Commerce, and an active Planning Board. These efforts assure the quality design of well planned residential developments, at places like Sutton Acres, and for future commercial developments provided by the US Hwy 70 Bypass.

La Grange has ample water and electrical capacity to support substantial growth and has focused recent efforts on assuring adequate sewer facilities for future growth as well.

La Grange is a "Public Power" community and an NCEMPA and Electricities participant. La Grange purchases its power at wholesale from the power agency, and re-sells it to La Grange customers. The customer base is approximately 1,500. The system encompasses 45 miles of service line and its average peak demand is 5 megawatts. The Town has successfully implemented a peak shaving generation project, also called load management, in conjunction with high use commercial electric customers on the electrical system. NCEMPA has identified attaining more competitive power rates and reducing debt as its top priorities. However, the additional cost to obtain non-renewable energy resources, as mandated by the North Carolina General Assembly, and capital addition projects at generation facilities necessary to ensure continued operations at the plants through their useful life, have conversely raised the retail rates for La Grange's citizenry.

The Town recently completed water infrastructure expansion with the completion of two new wells. Grant funding received from the North Carolina Rural Center and USDA loans made this expansion possible. The wells draw from the surficial Black Creek aquifer and will further assist in meeting the Town's needs for an estimated 40 years. Currently the Town has approximately 30 miles of water line. The average daily water use is approximately 300,000 gallons. The water treatment capacity for La Grange's 4 active deep wells is approximately 645,000 gallons daily. The Town recently received funding to build two (2) additional wells which will ensure an adequate and affordable water supply for the town for decades to come. The project will also make internal improvements to improve water pressure and expand the town's water system into areas that currently do not have access to a public water system and have requested water services from the town on numerous occasions.

The Wastewater treatment plant has a capacity of 750,000 gallons per day, and the average daily flow is 350,000 gallons per day. In 2004 & 2005, projects were completed to replace identified sewer lines to reduce inflow and infiltration into the system and delay the need for plant expansion, and more work is required to delay that process which will begin in FY19-20 and is funded by the USDA through a 40-year loan and \$2.9 million grant. Recent improvements to the wastewater treatment plant has allowed for improved effluent water quality and a re-use system to be built. The Town of La Grange's water and sewer customer base is approximately 1,526 and 1,293, respectively.

LONG TERM FINANCIAL PLANNING

The General Statutes of North Carolina provide that net debt may not exceed 8% of the present assessed value of taxable property as certified by the county tax assessor. This provision, when compared to the net debt of the Town, provides a legal debt margin for the Town at June 30, 2018 of \$10,783,567.

RELEVANT FINANCIAL POLICIES

The Town did not establish any new or modify any existing policies during the fiscal year ending June 30, 2018. In its regularly scheduled board meetings, the Town Board recognized the need to amend the budget to properly reflect the Town's operations and approved three year-end ordinance amendments that amended the Town's budget ordinance for the fiscal year.

The Town utilized the pooled cash and investment concept in investing temporarily idle cash. The criteria for selecting investments are safety, liquidity, and yield. The investment guidelines that the Town uses are based on state statute; and as a result, investments are in Certificates of Deposits, NOW accounts, and the North Carolina Capital Management Trust, an SEC registered mutual fund. All deposits are either insured by Federal Depository Insurance Corporation or collateralized by pledged securities.

RISK MANAGEMENT

The Town of La Grange emphasizes risk control and work place safety. The Town implemented a loss control program that provides staff with training in safety procedures and protocol. Employees are covered by workers compensation as required by state statute.

All full-time employees are provided with health care coverage for hospitalization and major medical expenses with specified limits. The policies are purchased from commercial carriers. The Town is not self-insured.

In accordance with G.S. 159-29, the Finance Officer is bonded, as well as the Town Manager.

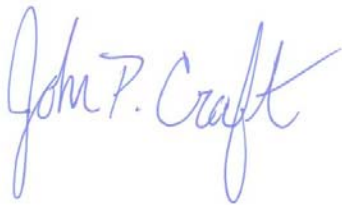
PENSION PLANS

The permanent full-time employees of the Town participate in the statewide North Carolina Local Government Employees' Retirement System (NCLGERS), a cost-sharing multi-employer public employee defined benefit plan administered by the State of North Carolina. The NCLGERS plan is funded by contributions from the Town that equal 7.54% of earnings for employees for the period of July 1, 2017 to June 30, 2018. All employees contribute 6.0% of their earnings to the state retirement system.

ACKNOWLEDGEMENT

Preparation of this report could not have been accomplished without the efficient and dedicated efforts of the Finance Department staff, the various employees who assisted in obtaining information, and our independent auditor, Carr, Riggs & Ingram, LLC. We would also like to thank the Mayor and Town Council for their interest and support in planning and conducting the financial operation of the Town in a responsible and professional manner.

Respectfully submitted,



John P. Craft
Town Manager



Leslie Garriss
Finance Director



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the Town Council
Town of La Grange, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of La Grange, North Carolina as of and for the year ended June 30, 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of La Grange, North Carolina, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 26, and the Other Post-employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 77 through 78, be presented to supplement the basic financial statements. Such information, although not a 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 La Grange, North Carolina. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Goldsboro, North Carolina
July 26, 2019

Town of La Grange, North Carolina Management's Discussion and Analysis

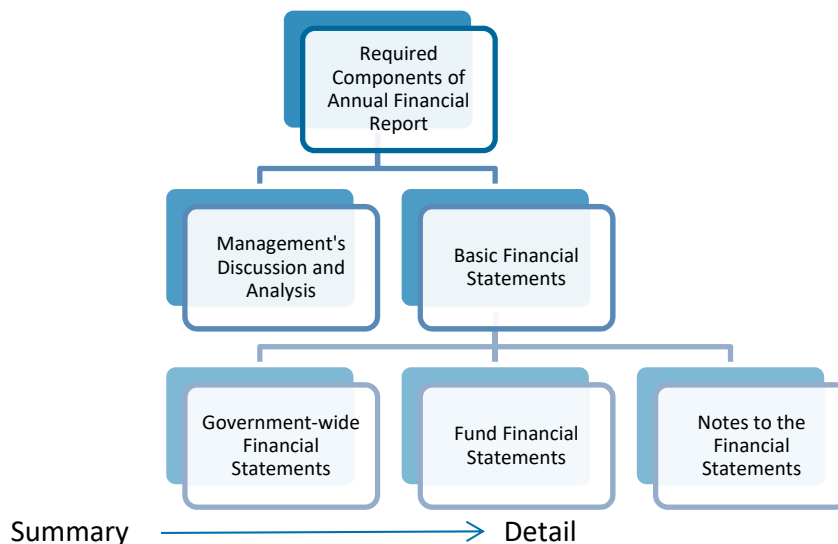
As management of the Town of La Grange, we offer readers of the Town of La Grange's financial statements this narrative overview and analysis of the financial activities of the Town of La Grange for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of La Grange exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,399,833 (net position).
- The government's total net position increased by \$103,544, primarily due to an increase in governmental activities of \$271,839 and a decrease in business-type activities of \$168,295., before restatements.
- At the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$1,545,459. Approximately 41.37% of this total amount or \$639,365 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$639,365, or 44.29% of total general fund expenditures for the fiscal year.
- The Town of La Grange's total debt increased by \$22,215 (2.5%) during the current fiscal year which consists of new debt issued of \$187,187 and debt service payments of \$164,972.

Overview of the Financial Statements

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



Town of La Grange, North Carolina Management's Discussion and Analysis

Basic 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 statement; 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 to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplementary Information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short-term 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 and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the refuse collection, electric, water, and sewer services offered by the Town of La Grange.

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 La Grange, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Requirements of the Town's budget ordinance. All of the funds of the Town of La Grange can be divided into two categories: governmental funds and proprietary funds.

Town of La Grange, North Carolina Management's Discussion and Analysis

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

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

Proprietary Funds – The Town of La Grange has only one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of La Grange uses enterprise funds to account for its electric and water and sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 40 to 75 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of La Grange's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found beginning on page 76 of this report.

Town of La Grange, North Carolina Management's Discussion and Analysis

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

Government-wide Financial Analysis:

Figure 1
Town of La Grange, North Carolina
Condensed Statement of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 2,020,896	\$ 1,646,167	\$ 2,314,034	\$ 2,103,449	\$ 4,334,930	\$ 3,749,616
Capital assets	2,105,189	2,317,202	8,643,231	8,893,703	10,748,420	11,210,905
Total assets	4,126,085	3,963,369	10,957,265	10,997,152	15,083,350	14,960,521
Deferred outflows of resources	41,472	76,819	128,565	230,802	170,037	307,621
Current liabilities	134,592	194,780	543,302	516,490	677,894	711,270
Long-term liabilities	255,941	351,300	879,070	866,331	1,135,011	1,217,631
Total liabilities	390,533	546,080	1,422,372	1,382,821	1,812,905	1,928,901
Deferred inflows of resources	9,937	6,568	30,712	19,907	40,649	26,475
Net investment in capital assets	1,887,497	1,975,234	7,948,839	8,345,803	9,836,336	10,321,037
Restricted	710,004	557,310	-	-	710,004	557,310
Unrestricted	1,169,586	954,996	1,683,907	1,479,423	2,853,493	2,434,419
Total net position	\$ 3,767,087	\$ 3,487,540	\$ 9,632,746	\$ 9,825,226	\$ 13,399,833	\$ 13,312,766

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of La Grange exceed liabilities and deferred inflows by \$13,399,833 as of June 30, 2018. The largest portion, 73.41%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, equipment, and construction in progress). The Town of La Grange uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of La Grange's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of La Grange's net position, \$710,004 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,853,493 is unrestricted.

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

Town of La Grange, North Carolina Management's Discussion and Analysis

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 95.05%, which remains below the statewide average of 98.13%.
- Significant decrease in operating expenses in the General, Electric, and Water and Sewer Funds.

Figure 2
Town of La Grange, North Carolina
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 422,322	\$ 584,118	\$ 4,867,691	\$ 4,756,939	\$ 5,290,013	\$ 5,341,057
Operating grants and contributions	219,349	140,515	-	156,585	219,349	297,100
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	707,470	633,669	-	-	707,470	633,669
Grants and contributions not restricted to specific programs	401,955	407,977	48,729	36,801	450,684	444,778
Other	68,036	71,028	70,004	84,748	138,040	155,776
Total revenues	1,819,132	1,837,307	4,986,424	5,035,073	6,805,556	6,872,380
Expenses:						
General government	140,767	147,153	-	-	140,767	147,153
Public safety	759,116	847,376	-	-	759,116	847,376
Human services	4,681	4,580	-	-	4,681	4,580
Transportation	260,942	485,303	-	-	260,942	485,303
Environmental protection	317,605	330,652	-	-	317,605	330,652
Cultural and recreational	145,547	159,780	-	-	145,547	159,780
Interest on long-term debt	8,635	11,551	-	-	8,635	11,551
Electric	-	-	3,379,845	3,455,594	3,379,845	3,455,594
Water and sewer	-	-	1,684,874	1,688,987	1,684,874	1,688,987
Total expenses	1,637,293	1,986,395	5,064,719	5,144,581	6,702,012	7,130,976
Transfers	90,000	-	(90,000)	-	-	-
Change in net position	271,839	(149,088)	(168,295)	(109,508)	103,544	(258,596)
Net position, beginning of year, as previously reported	3,487,540	3,636,628	9,825,226	9,934,734	13,312,766	13,571,362
Cumulative effect of change in accounting principle	(29,790)	-	(29,790)	-	(59,580)	-
Prior period adjustment	37,498	-	5,605	-	43,103	-
Net position, beginning of year, as restated	3,495,248	3,636,628	9,801,041	9,934,734	13,296,289	13,571,362
Net position, ending	\$ 3,767,087	\$ 3,487,540	\$ 9,632,746	\$ 9,825,226	\$ 13,399,833	\$ 13,312,766

Town of La Grange, North Carolina Management's Discussion and Analysis

Governmental activities:

Revenues for general governmental functions (General Fund, Capital Reserve Fund, Volunteer Fire Department Fund and Community Center Project Fund) amounted to \$1,817,517 for the fiscal year ended June 30, 2018.

Figure 3
Town of La Grange, North Carolina
Summary of Revenues – Governmental Funds
For the Year Ended June 30, 2018 and 2017

Revenue Source	Year Ended June 30, 2018		Year Ended June 30, 2017	
	% of Total	Amount	% of Total	Amount
Ad valorem taxes	38.98%	\$ 708,474	34.81%	\$ 633,669
Local option sales taxes	12.49%	226,971	11.77%	214,271
Unrestricted intergovernmental	9.63%	174,984	10.64%	193,706
Restricted intergovernmental	12.07%	219,349	13.22%	240,623
Permits and fees	0.56%	10,129	0.69%	12,601
Sales and services	24.04%	436,972	21.98%	400,079
Investment earnings	0.52%	9,505	0.24%	4,393
Miscellaneous	1.71%	31,133	6.65%	121,136
Total	100.00%	\$ 1,817,517	100.00%	\$ 1,820,478

Assessed valuation of all taxable property in the Town is approximately \$132.5 million.

Expenditures for general government purposes (General Fund, Capital Reserve Fund, Volunteer Fire Department Fund and Community Center Project Fund) total \$1,555,260 for the fiscal year ended June 30, 2018.

Figure 4
Town of La Grange, North Carolina
Summary of Expenditures by Function – Governmental Funds
For the Year Ended June 30, 2018 and 2017

Expenditure Function	Year Ended June 30, 2018		Year Ended June 30, 2017	
	% of Total	Amount	% of Total	Amount
General Government	7.4%	\$ 115,066	7.4%	\$ 148,126
Public safety	46.0%	715,207	45.5%	914,207
Human services	0.2%	3,460	0.2%	3,359
Transportation	15.9%	246,758	11.3%	228,236
Environmental protection	15.1%	234,559	21.6%	433,494
Cultural and recreational	6.8%	106,174	5.9%	119,077
Debt service	8.6%	134,036	8.2%	164,598
Total	100.0%	\$ 1,555,260	100.0%	\$ 2,011,097

Fund Balance in the General Fund at June 30, 2018, was \$1,545,459 and continues to remain at a level that compliments the Town's financial position, maintains credit worthiness, and provides a resource for unforeseen emergencies.

Town of La Grange, North Carolina Management's Discussion and Analysis

Business-type activities:

The Town's enterprise operations consist of water and sewer utilities and electric utilities. The Water and Sewer net position at June 30, 2018 was \$7,882,117 compared to \$8,199,955 the preceding year. Operating loss after depreciation totaled \$345,013 and \$296,030 for the years ended June 30, 2018 and 2017, respectively. The primary reason for this increase was a slight decrease in operating revenues in the water and sewer fund.

The Town's water system average daily use is approximately 300,000 gallons daily with a capacity of approximately 645,000 gallons daily. The Town also receives 500,000 of water rights per day from the Town of Farmville, North Carolina.

The Town's sewer system average daily use is approximately 335,000 gallons per day with a permitted capacity of 750,000 gallons per day.

The Electric net position at June 30, 2018 was \$1,750,629 compared to \$1,601,086 the preceding year. Operating income after depreciation totaled \$166,345 for the year ended June 30, 2018, whereas 2017 showed an operating loss after depreciation of \$74,651. The primary reason for this increase was an increase in revenues and a decrease of operating expenses in the electric fund.

Electric system revenues for the year ended June 30, 2018 was \$3,541,838. System power cost for power purchased from NCEMPA for the year ended June 30, 2018 was \$2,304,683.

The Town of La Grange's electrical customer base is approximately 1,500. The systems average peak demand is 5 megawatts. The Town encourages use of timers for hot water heaters and load management for heating/cooling systems. We have worked with our largest load users toward installation of peak shaving load management generation projects as well as installing regulators to regulate voltage during load management periods. The purpose of these projects are to reduce the overall peak demand on the system thereby reducing the power costs to the Town and the consumers. Reduction of the peak demand also allows for future growth.

Financial Analysis of the Town's Funds:

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

Governmental Funds: The focus of the Town of La Grange's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of La Grange's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Town of La Grange, North Carolina Management's Discussion and Analysis

The general fund is the integral operating fund of the Town of La Grange. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$639,365, while the total General Fund balance increased by \$314,356 to a total of \$1,545,459. These funds are required to be maintained to ensure that the Town has sufficient funds to operate for the first part of the fiscal year as revenues are collected to operate during the next year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned available fund balance represents 44.29% of total General Fund expenditures, while total fund balance represents 107.06% of that same amount.

Additional comments regarding the Town's governmental funds are:

- An overall decrease of revenues of \$2,961.
- An overall decrease of expenses of \$455,837.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that became necessary to maintain/increase services. For 2018, significant budget amendments were made for the transportation function (decrease of \$22,725), the environmental protection function (decrease of \$43,100) and the cultural and recreation function (decrease of \$48,500).

Total revenues were greater than final budgeted amounts and expenditures were less than budgeted amounts.

Proprietary Funds: The Town of La Grange's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$989,377. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$694,530. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of La Grange's business-type activities.

Additional comments regarding the Town's proprietary funds are:

- On a budgetary basis, revenues exceeded expenditures in the Electric Fund by \$81,944.
- On a budgetary basis, revenues exceeded expenditures in the Water and Sewer Fund by \$7,946.

Capital Asset and Debt Administration

Capital Assets: The Town of La Grange's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totals \$10,748,420 (net of accumulated depreciation).

Town of La Grange, North Carolina Management's Discussion and Analysis

These assets include buildings, land, construction in process, machinery and equipment, park facilities, vehicles, and infrastructure.

Major capital asset transactions during the year include the following:

- Purchase of 2 Kubota 60" Mowers at a cost of \$12,750 each.
- Purchase of an Electrical Bucket Truck at a cost of \$189,193.
- Purchase of a Case 580 Super N Backhoe at a cost of \$91,269.
- Purchase of a 2004 Yale Forklift at a cost of \$6,400.

Figure 5
Town of La Grange, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 41,050	\$ 41,050	\$ 418,760	\$ 418,760	\$ 459,810	\$ 459,810
Construction in progress	-	-	36,755	-	36,755	-
Buildings and improvements	1,489,162	1,549,466	-	-	1,489,162	1,549,466
Equipment	92,974	109,366	503,496	429,157	596,470	538,523
Vehicles	239,028	354,580	350,494	246,175	589,522	600,755
Infrastructure and utility systems	242,975	262,740	7,333,726	7,799,611	7,576,701	8,062,351
Total	\$ 2,105,189	\$ 2,317,202	\$ 8,643,231	\$ 8,893,703	\$ 10,748,420	\$ 11,210,905

Additional information on the Town's capital assets can be found in Note 5 of the financial statements.

Long-term Debt: As of June 30, 2018 the Town of La Grange had total installment notes payable of \$912,084, of which \$217,692 belongs to governmental activities and \$694,392 belongs to business-type activities.

The Town of La Grange's total debt increased by \$22,215 during the past fiscal year, primarily due to purchase of an electric bucket truck.

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.

Additional information regarding the Town of La Grange's long-term debt can be found in Note 12 of the financial statements.

Town of La Grange, North Carolina Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- The Town's occupancy rate is 85.6% for the year, which is higher than the state average of 84.4%.
- The Town of La Grange's median household income is \$38,068, compared with \$46,291 for the state (US Census 2010)

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Overall expenditures in the General Fund decreased by approximately \$11,000 for the fiscal year 2018-2019 to \$1,680,124.

Business-type Activities: The water, sewer, and electrical rates in the Town are expected to remain at current rates next year.

Upcoming Challenges

General Fund

The primary challenge facing the Town in relation to the general fund is to find a new sustainable funding stream, or increase an existing stream, that will allow the Town to begin to repave the streets that are maintained by the Town. While the Town continues to slowly grow both residentially and commercially, the tax revenues generated from this growth will not keep pace with the increasing costs to fund the projects which will need to take place annually beginning soon and continue until all of the existing town maintained streets are resurfaced.

Proprietary Funds

The primary challenge for the electric fund will be federal or state regulations that increase the cost to purchase energy from NC Eastern Municipal Power Agency (NCEMPA) as a wholesale customer of Duke Energy Progress (DEP) on a formula-based rate. The cost of coal ash cleanup has increased the cost of power for all retail and wholesale customers of DEP. Energy prices are heavily influenced by the cost of fuel, and legislative actions both at the state and federal level. Climate Change Legislation, or USEPA decision to cap or tax carbon emissions could also adversely affect NCEMPA, and as a result the Town due to its contractual obligations with Duke Energy Progress associated which operates both coal fired and natural gas generation facilities. Our limited customer base, comprised primarily of residential customers, limits the Town's ability to generate additional revenues, without rate increases being passed directly on to our customers.

The Sewer fund continues to face challenges caused by infiltration and inflow into the sewer system causing excessive flows during periods of heavy rain. To date, the Town has expended in excess of \$4,200,000 in efforts to reduce or eliminate the sources of infiltration and inflow in portions of the wastewater collection system. The Town will begin a new 2-3-year \$7,200,000 sewer rehabilitation project in FY19-20 in its ongoing efforts to reduce inflow and infiltration. This project will be funded by a \$2,917,000 grant and a 40-year loan from USDA Rural Development.



Town of La Grange, North Carolina Management's Discussion and Analysis

In the Water Fund, the Town will begin a \$3,000,000 water system improvement project to build two additional wells to ensure an adequate and affordable water supply for current and future customers for decades to come. This project will also make improvements to the water system to improve system hydraulics and pressures which will result in improved fire flows across the system. In response to numerous requests from potential customers in two areas adjoining the Town's existing system, the Town's water distribution system will also be expanded to offer a reliable and safe drinking water supply. This project will be funded by a 40-year loan from USDA Rural Development.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of La Grange, North Carolina at 252-566-3186 or visit our website at www.lagrangenc.com.

Town of La Grange, North Carolina
Statement of Net Position
June 30, 2018
Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 770,061	\$ 706,823	\$ 1,476,884
Investments	478,347	743,281	1,221,628
Receivables, net	186,149	255,590	441,739
Internal balances	(30,714)	30,714	-
Note receivable - current maturities	-	14,126	14,126
Inventories	39,430	323,940	363,370
Restricted cash and investments	577,623	206,600	784,223
Total current assets	2,020,896	2,281,074	4,301,970
Noncurrent assets:			
Note Receivable - net of current maturities	-	32,960	32,960
Capital assets:			
Land and construction in progress	41,050	455,515	496,565
Other capital assets, net of depreciation	2,064,139	8,187,716	10,251,855
Total capital assets	2,105,189	8,643,231	10,748,420
Total assets	4,126,085	10,957,265	15,083,350
Deferred outflows of resources	41,472	128,565	170,037
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	42,131	269,713	311,844
Customer deposits	-	185,893	185,893
Current maturities of notes payable	90,809	87,696	178,505
Accounts payable from restricted assets	1,652	-	1,652
Total current liabilities	134,592	543,302	677,894
Long-term liabilities:			
Compensated absences	31,344	54,937	86,281
Net pension liability	57,010	176,733	233,743
Other post-employment benefits	40,704	40,704	81,408
Notes payable, net of current maturities	126,883	606,696	733,579
Total long-term liabilities	255,941	879,070	1,135,011
Total liabilities	390,533	1,422,372	1,812,905
Deferred inflows of resources	9,937	30,712	40,649
Net Position			
Net investment in capital assets	1,887,497	7,948,839	9,836,336
Restricted for:			
Stabilization by state statute	127,660	-	127,660
Transportation	218,551	-	218,551
Fire protection	363,793	-	363,793
Unrestricted	1,169,586	1,683,907	2,853,493
Total net position	\$ 3,767,087	\$ 9,632,746	\$ 13,399,833

The accompanying notes are an integral part of these financial statements

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 140,767	\$ 10,129	\$ -	\$ -
Public safety	759,116	-	124,939	-
Human services	4,681	-	-	-
Transportation	260,942	-	92,567	-
Environmental protection	317,605	364,242	1,843	-
Cultural and recreational	145,547	47,951	-	-
Interest on long-term debt	8,635	-	-	-
Total governmental activities	1,637,293	422,322	219,349	-
Business-type activities:				
Electric	3,379,845	3,541,838	-	-
Water and sewer	1,684,874	1,325,853	-	-
Total business type activities	5,064,719	4,867,691	-	-
Total primary government	\$ 6,702,012	\$ 5,290,013	\$ 219,349	\$ -

General revenues:

Property taxes, levied for general purpose

Local option sales taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Unrestricted miscellaneous revenue

Gain on disposal of capital assets

Total general revenues not including transfers

Transfers

Total general revenues and including transfers

Change in net position

Net position, beginning of year, as previously reported

Cummulative effect of change in accounting principle

Prior period adjustment

Net position, beginning of year, as restated

Net position, end of year

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2018
Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (130,638)	\$ -	\$	(130,638)
(634,177)	-		(634,177)
(4,681)	-		(4,681)
(168,375)	-		(168,375)
48,480	-		48,480
(97,596)	-		(97,596)
(8,635)	-		(8,635)
(995,622)	-		(995,622)
-	161,993		161,993
-	(359,021)		(359,021)
-	(197,028)		(197,028)
(995,622)	(197,028)		(1,192,650)
707,470	-		707,470
226,971	48,729		275,700
174,984	-		174,984
9,505	6,057		15,562
31,133	42,745		73,878
27,398	21,202		48,600
1,177,461	118,733		1,296,194
90,000	(90,000)		-
1,267,461	28,733		1,296,194
271,839	(168,295)		103,544
3,487,540	9,825,226		13,312,766
(29,790)	(29,790)		(59,580)
37,498	5,605		43,103
3,495,248	9,801,041		13,296,289
\$ 3,767,087	\$ 9,632,746	\$	13,399,833

Town of La Grange, North Carolina
Balance Sheet – Governmental Funds
June 30, 2018
Exhibit 3

	Major	Non-major Other	
	General Fund	Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 763,688	\$ 6,373	\$ 770,061
Investments	478,347	-	478,347
Restricted cash and investments	218,551	359,072	577,623
Receivables, net:			
Taxes	58,489	-	58,489
Accounts	13,730	-	13,730
Intergovernmental	112,312	1,618	113,930
Inventories	39,430	-	39,430
Total assets	\$ 1,684,547	\$ 367,063	\$ 2,051,610
Liabilities			
Accounts payable and accrued liabilities	\$ 36,763	\$ -	\$ 36,763
Accounts payable from restricted assets	-	1,652	1,652
Due to other funds	30,714	-	30,714
Total liabilities	67,477	1,652	69,129
Deferred Inflow of Resources			
Sanitation revenue receivable	13,092	-	13,092
Prepaid taxes	30	-	30
Property taxes receivable	58,489	-	58,489
Total deferred inflows of resources	71,611	-	71,611
Fund Balances			
Non Spendable:			
Inventories	39,430	-	39,430
Restricted for:			
Stabilization by state statute	126,042	1,618	127,660
Transportation	218,551	-	218,551
Fire protection	-	363,793	363,793
Committed for:			
Public safety	40,650	-	40,650
Transportation	11,215	-	11,215
Environmental protection	149,140	-	149,140
Cultural and recreational	321,066	-	321,066
Unassigned	639,365	-	639,365
Total fund balances	1,545,459	365,411	1,910,870
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,684,547	\$ 367,063	

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018
Exhibit 3

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

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

Total Fund Balances, Governmental Funds		\$ 1,910,870
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	17,342,643	
Accumulated depreciation	15,237,454	2,105,189
Deferred outflows of resources related to pensions are not reported in the funds		41,472
Earned revenues considered deferred inflows of resources in fund statements		
Sanitation revenue	13,092	
Tax revenue	58,489	71,581
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt		(217,692)
Net pension liability		(57,010)
Deferred inflows of resources related to pensions are not reported in the funds		(9,907)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest	(5,368)	
Compensated absences	(31,344)	
Other post-employment benefits	(40,704)	(77,416)
Net position of governmental activities		\$ 3,767,087

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 4

	Major	Non-major	
	General Fund	Other Governmental Funds	Total
Revenues			
Ad valorem taxes	\$ 708,474	\$ -	\$ 708,474
Local option sales taxes	226,971	-	226,971
Unrestricted intergovernmental	174,984	-	174,984
Restricted intergovernmental	94,410	124,939	219,349
Permits and fees	10,129	-	10,129
Sales and services	436,972	-	436,972
Investment earnings	8,434	1,071	9,505
Miscellaneous	11,802	19,331	31,133
Total revenues	1,672,176	145,341	1,817,517
Expenditures			
General government	115,066	-	115,066
Public safety	603,523	111,684	715,207
Human services	3,460	-	3,460
Transportation	246,758	-	246,758
Environmental protection	234,559	-	234,559
Cultural and recreational	106,174	-	106,174
Debt service:			
Principal retirement	124,277	-	124,277
Interest and fees	9,759	-	9,759
Total expenditures	1,443,576	111,684	1,555,260
Revenues over (under) expenditures	228,600	33,657	262,257
Other financing sources (uses)			
Transfers from other funds	90,000	-	90,000
Transfers to other funds	(40,650)	40,650	-
Sale of capital assets	27,558	-	27,558
Total other financing sources (uses)	76,908	40,650	117,558
Net change in fund balances	305,508	74,307	379,815
Fund balance, beginning of year as previously reported	1,193,224	295,081	1,488,305
Prior period adjustment	37,879	(3,977)	33,902
Fund balance, beginning of year as restated	1,231,103	291,104	1,522,207
Change in reserve for inventories	8,848	-	8,848
Fund balances, end of year	\$ 1,545,459	\$ 365,411	\$ 1,910,870

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018
Exhibit 4

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances	\$	379,815
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures which were capitalized	25,500		
Depreciation expense for governmental assets	(237,357)		
Basis of capital assets sold	(160)		
			(212,017)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		16,149
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax and sanitation revenues		(25,783)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt		124,277
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Increase in inventory		8,848
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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.

Accrued interest	1,124		
Pension expense	(17,022)		
Other post-employment benefits	7,851		
Compensated absences	(11,403)		(19,450)

Total changes in net position of governmental activities	\$	271,839
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The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit 5

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 610,394	\$ 659,194	\$ 708,474	\$ 49,280
Local option sales taxes	188,000	188,000	226,971	38,971
Unrestricted intergovernmental	176,667	176,667	174,984	(1,683)
Restricted intergovernmental	93,150	93,150	94,410	1,260
Permits and fees	10,420	10,420	10,129	(291)
Sales and services	417,960	417,960	436,972	19,012
Investment earnings	1,250	1,250	8,434	7,184
Miscellaneous	3,800	3,800	11,802	8,002
Total revenues	1,501,641	1,550,441	1,672,176	121,735
Expenditures				
Current:				
General government	152,808	167,608	115,066	52,542
Public safety	622,627	622,627	603,523	19,104
Human services	3,250	3,750	3,460	290
Transportation	361,253	338,528	246,758	91,770
Environmental protection	294,530	251,430	234,559	16,871
Cultural and recreational	176,932	128,432	106,174	22,258
Debt service:				
Principal retirement and interest	-	147,825	134,036	13,789
Total expenditures	1,611,400	1,660,200	1,443,576	216,624
Revenues over (under) expenditures	(109,759)	(109,759)	228,600	338,359
Other financing sources (uses)				
Proceeds from sale of capital assets	20,000	20,000	27,558	7,558
Transfers from other funds	120,000	120,000	90,000	(30,000)
Transfers to other funds	(40,650)	(40,650)	(40,650)	-
Total other financing sources (uses)	99,350	99,350	76,908	(22,442)
Appropriated fund balance	10,409	10,409	-	(10,409)
Net change in fund balance	\$ -	\$ -	305,508	\$ 305,508
Fund balance, beginning of year as previously reported			1,193,213	
Prior period adjustment			37,879	
Fund balance, beginning of year as restated			1,231,092	
Change in reserve for inventories			8,848	
Fund balance, end of year			\$ 1,545,448	

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit 5

A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:

	<u>Actual</u>
Fund balance, end of year - General Fund	\$ 1,545,448
Fund balance, beginning of year	11
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Fund balance, end of year (Exhibit 4)	\$ 1,545,459
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The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Statement of Fund Net Position – Proprietary Funds
June 30, 2018
Exhibit 6

	Major		Total
	Electric Fund	Water and Sewer Fund	
Assets			
Current assets:			
Cash and cash equivalents	\$ 392,832	\$ 313,991	\$ 706,823
Investments	381,332	361,949	743,281
Receivables, net:			
Accounts	165,246	61,014	226,260
Intergovernmental	23,765	2,408	26,173
Other	2,691	466	3,157
Due from other funds	21,653	10,615	32,268
Note receivable - current maturities	14,126	-	14,126
Inventories	261,849	62,091	323,940
Restricted cash and cash equivalents	179,847	26,753	206,600
Total current assets	1,443,341	839,287	2,282,628
Noncurrent assets:			
Note Receivable - net of current maturities	32,960	-	32,960
Capital assets:			
Land and construction in progress	6,000	449,515	455,515
Other capital assets, net of depreciation	1,010,839	7,176,877	8,187,716
Total capital assets	1,016,839	7,626,392	8,643,231
Total assets	2,493,140	8,465,679	10,958,819
Deferred outflow of resources	66,093	62,472	128,565
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	245,384	24,329	269,713
Customer deposits	179,847	6,046	185,893
Due to other funds	1,554	-	1,554
Current maturities of notes payable	80,997	6,699	87,696
Total current liabilities	507,782	37,074	544,856
Long-term liabilities:			
Compensated absences	19,587	35,350	54,937
Net pension liability	90,856	85,877	176,733
Other post-employment benefits	-	40,704	40,704
Notes payable, net of current maturities	174,590	432,106	606,696
Total long-term liabilities	285,033	594,037	879,070
Total liabilities	792,815	631,111	1,423,926
Deferred inflows of resources	15,789	14,923	30,712
Net Position			
Net investment in capital assets	761,252	7,187,587	7,948,839
Unrestricted	989,377	694,530	1,683,907
Total net position	\$ 1,750,629	\$ 7,882,117	\$ 9,632,746

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 7

	Major		
	Electric Fund	Water and Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 3,519,795	\$ 1,323,798	\$ 4,843,593
Other operating revenues	22,043	2,055	24,098
Total operating revenues	3,541,838	1,325,853	4,867,691
Operating Expenses			
Electrical operations	954,554	-	954,554
Electrical power purchases	2,304,683	-	2,304,683
Water operations	-	708,931	708,931
Sewer operations	-	383,580	383,580
Wastewater operations	-	172,565	172,565
Depreciation	116,256	405,790	522,046
Total operating expenses	3,375,493	1,670,866	5,046,359
Operating income (loss)	166,345	(345,013)	(178,668)
Nonoperating revenues (expenses)			
Investment earnings	4,540	1,517	6,057
Interest and fees	(4,352)	(14,008)	(18,360)
Gain (loss) on sale of capital assets	21,525	(323)	21,202
Sales tax refund	11,190	37,539	48,729
Miscellaneous revenues	20,295	22,450	42,745
Net nonoperating revenues (expenses)	53,198	47,175	100,373
Change in net position	219,543	(297,838)	(78,295)
Transfer to other funds	(70,000)	(20,000)	(90,000)
Change in net position	149,543	(317,838)	(168,295)
Total net position, beginning of year, as previously reported	1,595,481	8,229,745	9,825,226
Cumulative effect of change in accounting principle	-	(29,790)	(29,790)
Prior period adjustment	5,605	-	5,605
Total net position, beginning of year, as restated	1,601,086	8,199,955	9,801,041
Total net position, end of year	\$ 1,750,629	\$ 7,882,117	\$ 9,632,746

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 8

	Major		Total
	Electric Fund	Water and Sewer Fund	
Cash Flows From Operating Activities			
Cash received from customers	\$ 3,520,287	\$ 1,335,400	\$ 4,855,687
Cash paid for goods and services	(2,834,963)	(853,466)	(3,688,429)
Cash paid to employees for services	(450,594)	(421,793)	(872,387)
Customer deposits received	2,767	(593)	2,174
Net cash provided (used) by operating activities	237,497	59,548	297,045
Cash Flows From Non-Capital Financing Activities			
(Increase) decrease in due from other funds	(21,653)	(10,615)	(32,268)
Increase (decrease) in due to other funds	1,554	-	1,554
Transfers to other funds	(70,000)	(20,000)	(90,000)
Local option sales taxes received	(2,044)	35,275	33,231
Other revenues	20,295	22,450	42,745
Net cash provided (used) by non-capital and related financing activities	(71,848)	27,110	(44,738)
Cash Flows From Capital and Related Financing Activities			
Federal grants received	102,633	58,952	161,585
Acquisition and construction of capital assets	(199,478)	(128,024)	(327,502)
Proceeds from sale of capital assets	21,525	-	21,525
Principal received on note receivable	14,125	-	14,125
Proceeds from issuance of long-term debt	187,187	-	187,187
Principal paid on installment obligations	(34,200)	(6,495)	(40,695)
Interest paid on installment obligations	(1,866)	(14,212)	(16,078)
Net cash provided (used) by capital and related financing activities	89,926	(89,779)	147
Cash Flows From Investing Activities			
Purchase of investments	(237,231)	(186,280)	(423,511)
Interest on investments	4,540	1,517	6,057
Net cash provided (used) by investing activities	(232,691)	(184,763)	(417,454)
Net increase (decrease) in cash and cash equivalents	22,884	(187,884)	(165,000)
Cash and cash equivalents, beginning of year	549,795	528,628	1,078,423
Cash and cash equivalents, end of year	\$ 572,679	\$ 340,744	\$ 913,423

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 8

	Major		
	Electric Fund	Water and Sewer Fund	Total
Reconciliation of cash at end of year:			
Cash	\$ 392,832	\$ 313,991	\$ 706,823
Restricted cash	179,847	26,753	206,600
Total cash	\$ 572,679	\$ 340,744	\$ 913,423

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

	Water and		
	Electric Fund	Sewer Fund	Total
Operating income (loss)	\$ 166,345	\$ (345,013)	\$ (178,668)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	116,256	405,790	522,046
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(21,551)	9,547	(12,004)
(Increase) decrease in inventory	(13,025)	4,667	(8,358)
Increase (decrease) in accounts payable and accrued liabilities	(12,157)	(12,489)	(24,646)
Increase (decrease) in customer deposits	2,767	(593)	2,174
Increase (decrease) in compensated absences payable	(5,096)	7,086	1,990
(Increase) decrease in deferred outflows of resources for pensions	44,286	57,951	102,237
Increase (decrease) in net pension liability	(46,597)	(64,083)	(110,680)
Increase (decrease) in other post-employment benefits	-	(7,851)	(7,851)
Increase (decrease) in deferred inflows of resources for pensions	6,269	4,536	10,805
Total adjustments	71,152	404,561	475,713
Net cash provided (used) by operating activities	\$ 237,497	\$ 59,548	\$ 297,045

The accompanying notes are an integral part of these financial statements

Town of La Grange, North Carolina Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of La Grange, 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:

Reporting Entity

The Town is a municipal corporation, which is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements include all funds and account groups of the Town.

Basis of Presentation

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

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

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

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

Town of La Grange, North Carolina Notes to Financial Statements

The Town reports the following major governmental funds:

General Fund. This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

The Town reports the following non-major governmental funds:

Volunteer Fire Department Fund. This fund accounts for the restricted funds received from Lenoir and Wayne Counties to provide fire protection services.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's electrical operations.

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. The *Well Capital Project Fund* has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Well Capital project Fund has been included in the supplemental information.

Measurement Focus, Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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.

Town of La Grange, North Carolina Notes to Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise 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.

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 property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30th, taxes receivable for property other than registered 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 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 were received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax; collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Lenoir County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

Town of La Grange, North Carolina Notes to Financial Statements

Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, capital reserve fund, volunteer fire department fund, and the enterprise funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for capital project funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level (the legal level of budgetary control) for the general fund, capital reserve fund, and enterprise funds. All amendments must be approved by the governing board. The Town Manager is authorized to transfer appropriations within a fund. During the year, several amendments to the original budget were necessary, the effects of which were not material.

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

- April 30 Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.
- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board.

As required by State law [G.S. 159-26(d)], the Town maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The Town has no encumbrances outstanding at year-end and any unencumbered appropriations lapse at year-end.

Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by 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 Super NOW accounts, money market accounts, and certificates of deposit.

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

Town of La Grange, North Carolina Notes to Financial Statements

(NCCMT). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has elected to measure the investment at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The Town pools monies from several funds to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures, for financial reporting purposes, all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the County's access to 100 percent of their account value in either external investment pool.

Restricted Assets

Unexpended Powell Bill funds are classified as restricted cash and investments within the General Fund because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per NC GS 136-41.1 through 136-41.4. Also in the General fund is cash restricted due to a provision in a financing arrangement with the USDA. The provision states that the Town shall maintain a minimum of an annual debt payment in a separate cash account. Money in the Volunteer Fire Department Fund is classified as restricted because its use is restricted to providing fire protection services per the funding agreements in place with Lenoir and Wayne counties. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Money in project funds is classified as restricted because it may only be spent on the specific project to which it has been allocated.

Town of La Grange, North Carolina Notes to Financial Statements

A summary of restricted cash and investments as of June 30, 2018 follows.

<u>Governmental Activities:</u>	
General Fund:	
Streets - Powell bill	\$ 181,675
Streets - USDA loan provision	36,876
Volunteer Fire Department Fund:	
Fire protection - Lenoir and Wayne counties	359,072
Total governmental activities	577,623
 <u>Business-Type Activities:</u>	
Electric Fund:	
Customer deposits	179,847
Water and Sewer Fund:	
Customer deposits	6,046
USDA debt reserve	20,707
Total business-type activities	206,600
Total restricted cash and investments	\$ 784,223

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's general fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

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

Inventories and Prepaid Items

Inventories are maintained for all enterprise fund supplies. They are valued at cost (first-in, first-out), which approximates market. The cost of these inventories is expensed when consumed rather than when purchased.

Town of La Grange, North Carolina
Notes to Financial Statements

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Infrastructure	25 years
Furniture and office equipment	10 years
Maintenance and construction equipment	5-10 years
Building and improvements	10-50 years
Electric system	40 years
Water and sewer system	40 years
Vehicles	5 years
Computer software	5 years

Deferred Outflows/Inflows of Resources

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

Long-term Obligations

In the government-wide financial statements and in the 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. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Town of La Grange, North Carolina Notes to Financial Statements

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Transportation - portion of fund balance that is either restricted by revenue source to pay for the maintenance and upkeep of town streets or restricted by the lender due to a provision in the UDSA street improvement loan. This amounts includes the balance of the total unexpended Powell Bill funds.

Town of La Grange, North Carolina Notes to Financial Statements

Restricted for Fire Protection - portion of fund balance that is restricted by revenue source to provide fire protection services.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of Town of La Grange’s governing body (highest level of decision-making authority). 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 Public Safety - portion of fund balance that can only be used for public safety activities.

Committed for Transportation - portion of fund balance that can only be used for transportation activities.

Committed for Environmental Protection - portion of fund balance that can only be used for environmental protection activities.

Committed for Cultural and Recreational - portion of fund balance that can only be used for cultural and recreational activities.

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

Subsequent year’s expenditures - portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriation by resource or appropriation within funds not to exceed 10% of departmental expenditures.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposed or other funds.

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

Town of La Grange, North Carolina Notes to Financial Statements

Defined Benefit Cost-Sharing Plan

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 Government Employees' Retirement System (LGERS) and additions to/deductions from the LGERS' fiduciary net positions have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the LGERS. Investments are reported at fair value.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of New Financial Accounting Standards

The following GASB Statements recently issued and adopted by the GASB impacted the Town's financial statements:

The Town implemented GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Town has implemented this provision for the year ended June 30, 2018. The implementation of this statement resulted in a decrease of beginning net position of the governmental activities and business-type activities of the Town in the amount of \$29,790 and \$29,790, respectively.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. Currently, this new standard has no effect on the Town's financial statements.

Town of La Grange, North Carolina Notes to Financial Statements

GASB Statement No. 85, *Omnibus 2017* (“GASB 85”), seeks to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the Town’s financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”), seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has no effect on the Town’s financial statements.

Future Accounting Pronouncements

The Town is currently reviewing the financial impact of the following future accounting pronouncements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* (“GASB 83”), requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The Town is reviewing this standard to determine the effect on the Town’s financial statements.

GASB Statement No. 87, *Leases* (“GASB 87”), seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing

Town of La Grange, North Carolina Notes to Financial Statements

activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The Town is reviewing this standard to determine the effect on the Town's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt* ("GASB 88"), seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be effective for the fiscal years beginning after June 15, 2018. The Town is reviewing this standard to determine the effect on the Town's financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

All of the Town deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no 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, 2018, the Town's deposits had a carrying amount of \$2,042,056; \$1,476,384 was unrestricted and \$565,672 was restricted, and a bank balance of \$2,037,831. Of the bank balance, \$857,679 was covered by federal depository insurance and \$1,180,152 was covered by collateral held under the Pooling Method. At June 30, 2018, the Town had \$500 cash on hand.

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 3 – INVESTMENTS

At June 30, 2018, the Town of La Grange had the following investments and maturities:

Investment Type	Valuation Measurement Method	Value	Less than 6 Months	6-12 Months
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 1,440,179	N/A	N/A

Of the \$1,440,179, \$1,221,628 was unrestricted and \$218,551 was restricted.

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

Level or fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town’s investment policy limits at least half of the Town’s investment portfolio to maturities of less than 12 months. Also, the Town’s investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSRO’s); however, the Town had no formal policy on managing credit risk. The Town’s investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2018.

NOTE 4 – RECEIVABLES

Note Receivable

The Town entered into an agreement with the Lenoir Community College Foundation, Inc. in November 2012, to lease certain property located within the Town for monthly payments of \$1,177.16, through October 2021. Due to the substance of the transaction, including a bargain purchase option at the end of the term, the Town has accounted for transaction as a sale and recorded a note receivable for future payments to be received.

Town of La Grange, North Carolina
Notes to Financial Statements

The future minimum lease payments as of June 30, 2018 were as follows:

Year ending June 30,	
2019	\$ 14,126
2020	14,126
2021	14,126
2022	4,708
	\$ 47,086

Government-wide receivables as of June 30, 2018 are as follows:

	Taxes	Accounts	Inter- governmental	Other	Total
Governmental Activities:					
General Fund	\$ 89,981	\$ 39,688	\$ 112,312	\$ 638	\$ 242,619
Volunteer Fire Department Fund	-	-	1,618	-	1,618
Total	89,981	39,688	113,930	638	244,237
Allowance for doubtful accounts	(31,492)	(26,596)	-	-	(58,088)
Total governmental activities	\$ 58,489	\$ 13,092	\$ 113,930	\$ 638	\$ 186,149
Business-type Activities:					
Electric Fund	\$ -	\$ 321,855	\$ 23,765	\$ 2,691	\$ 348,311
Water and Sewer Fund	-	175,124	2,408	466	177,998
Total	-	496,979	26,173	3,157	526,309
Allowance for doubtful accounts	-	(270,719)	-	-	(270,719)
Total business-type activities	\$ -	\$ 226,260	\$ 26,173	\$ 3,157	\$ 255,590
Total primary government	\$ 58,489	\$ 239,352	\$ 140,103	\$ 3,795	\$ 441,739

The due from other governments that is owed to the Town consists of the following:

Sales tax refund	\$ 27,919
Local option sales taxes	74,878
Utility franchise taxes	36,912
Solid waste disposal tax	394
Total intergovernmental receivables	\$ 140,103

LEASE INCOME

The Town's leasing operations consists principally of two land rentals. The first agreement is with a cellular service company which provides rents for a term of five years with an automatic renewal of five years for five additional terms. This agreement commenced in August 2012 and was renewed on August 2017. The second agreement is a farm land rental which is a year to year lease dependent upon the type of crops planted and harvested each year. Therefore, under the second agreement there is no future minimum lease rental income.

Town of La Grange, North Carolina
Notes to Financial Statements

Year ending June 30,	
2019	\$ 13,621
2020	13,890
2021	14,171
2022	14,451
2023	14,743
Thereafter	1,340
	<u>\$ 72,216</u>

NOTE 5 – CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 41,050	\$ -	\$ -	\$ 41,050
Total capital assets not being depreciated	41,050	-	-	41,050
Capital assets being depreciated:				
Buildings	2,007,346	-	-	2,007,346
Improvements	205,866	10,707	-	216,573
Equipment	634,902	25,500	(27,688)	632,714
Vehicles	1,018,114	-	-	1,018,114
Infrastructure	13,437,553	-	(10,707)	13,426,846
Total capital assets being depreciated	17,303,781	36,207	(38,395)	17,301,593
Less accumulated depreciation:				
Buildings	578,895	57,525	-	636,420
Improvements	84,850	13,487	-	98,337
Equipment	525,535	41,733	(27,528)	539,740
Vehicles	663,532	115,554	-	779,086
Infrastructure	13,174,813	9,058	-	13,183,871
Total accumulated depreciation	15,027,625	237,357	(27,528)	15,237,454
Total capital assets being depreciated, net	2,276,156			2,064,139
Governmental activities capital assets, net	\$ 2,317,206			\$ 2,105,189

Town of La Grange, North Carolina
Notes to Financial Statements

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

General government	\$	21,276
Public safety		43,909
Transportation		48,648
Cultural and recreational		39,373
Environmental protection		82,930
Human services		1,221
Total depreciation expense	\$	237,357

Business-type capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities - Electric Fund				
Capital assets not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	6,000	-	-	6,000
Capital assets being depreciated:				
Electrical system	1,401,390	-	-	1,401,390
Equipment	324,962	10,284	-	335,246
Vehicles	361,508	189,193	(65,000)	485,701
Total capital assets being depreciated	2,087,860	199,477	(65,000)	2,222,337
Less accumulated depreciation:				
Electrical system	803,088	29,657	-	832,745
Equipment	162,949	21,027	-	183,976
Vehicles	194,206	65,571	(65,000)	194,777
Total accumulated depreciation	1,160,243	116,255	(65,000)	1,211,498
Total capital assets being depreciated, net	927,617			1,010,839
Electric fund capital assets, net	\$ 933,617			\$ 1,016,839

Town of La Grange, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type Activities - Water and Sewer Fund</u>				
Capital assets not being depreciated:				
Land	\$ 412,760	\$ -	\$ -	\$ 412,760
Construction in progress	-	36,755	-	36,755
Total capital assets not being depreciated	412,760	36,755	-	449,515
Capital assets being depreciated:				
Plant and distribution systems	14,873,440	-	-	14,873,440
Equipment	912,244	91,269	(19,377)	984,136
Vehicles	227,678	-	-	227,678
Total capital assets being depreciated	16,013,362	91,269	(19,377)	16,085,254
Less accumulated depreciation:				
Plant and distribution systems	7,777,737	330,622	-	8,108,359
Equipment	595,099	55,864	(19,053)	631,910
Vehicles	148,805	19,303	-	168,108
Total accumulated depreciation	8,521,641	405,789	(19,053)	8,908,377
Total capital assets being depreciated, net	7,491,721			7,176,877
Water and sewer fund capital assets, net	\$ 7,904,481			\$ 7,626,392
Total business-type activities capital assets, net	\$ 8,838,098			\$ 8,643,231

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Government-wide accounts payable and accrued liabilities as of June 30, 2018 are as follows:

Town of La Grange, North Carolina
Notes to Financial Statements

	Vendors	Salaries and Employee Benefits	Accrued Interest	Total
<u>Governmental Activities:</u>				
General Fund	\$ 19,065	\$ 17,698	\$ 5,368	\$ 42,131
Volunteer Fire Department Fund	1,652	-	-	1,652
Total governmental activities	\$ 20,717	\$ 17,698	\$ 5,368	\$ 43,783
<u>Business-type activities:</u>				
Electric Fund	\$ 237,150	\$ 5,748	\$ 2,486	\$ 245,384
Water and Sewer Fund	14,587	4,945	4,797	24,329
Total business-type activities	\$ 251,737	\$ 10,693	\$ 7,283	\$ 269,713
Total primary government	\$ 272,454	\$ 28,391	\$ 12,651	\$ 313,496

NOTE 7 – PENSION PLAN OBLIGATION

Local Governmental Employees’ Retirement System (LGERS)

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

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

Town of La Grange, North Carolina Notes to Financial Statements

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2018, was 7.01% of compensation for law enforcement officers and 6.46% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$66,567 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Town reported a liability of \$233,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was .01530%, which was an increase of .000271% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$104,324. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of La Grange, North Carolina
Notes to Financial Statements

		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	\$	13,466	\$	6,616
Prepaid taxes		-		30
Changes of assumptions		33,382		-
Net difference between projected and actual earnings on pension plan investments		56,753		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		224		34,003
Employer contributions subsequent to the measurement date		66,212		-
	\$	170,037	\$	40,649

\$66,212 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
	2019	\$	2,513
	2020		58,024
	2021		26,299
	2022		(23,630)
	2023		-
	Thereafter		-
		\$	63,206

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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.

Town of La Grange, North Carolina Notes to Financial Statements

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2012 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, 2016 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	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Town of La Grange, North Carolina Notes to Financial Statements

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.20 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 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 701,698	\$ 233,742	\$ (156,854)

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

Supplemental Retirement Income Plan of North Carolina (NC 401(k) Plan)

Plan Description. The Town participates in in the Supplemental Retirement Income Plan of North Carolina (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan primarily provides retirement benefits to law enforcement officers employed by state and local government entities in the State of North Carolina. However, all general employees of state and local government entities are permitted to participate in the Plan. 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 of North Carolina is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan. That 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 law enforcement officer's salary, and all amounts contributed are vested immediately. In addition, law enforcement officers and general employees may make voluntary contributions to the Plan. During the fiscal year ended June 30, 2018 the Town did not employ any law enforcement officers, therefore, they were not required to make contributions to the Plan. Contributions to the Plan for the year ended June 30, 2018 totaled \$8,610 from the Town's general employees.

Town of La Grange, North Carolina
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NOTE 8 – OTHER POST-EMPLOYMENT BENEFIT OBLIGATION

Healthcare Benefits

Plan Description. Under the terms of a Town of La Grange resolution, Town of La Grange administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides post-employment healthcare benefits to certain retirees of the Town, provided they participated in the North Carolina Local Governmental Employees' Retirement System.

Eligibility for Allowance. The Town does not provide coverage for retirees, except those who were hired before October 1, 1994. Those employees hired before October 1, 1994 retiring under the criteria required by the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and who have been continuously employed by the Town for a minimum of twenty-five (25) years are eligible for group health, dental, and life insurance.

Amount of Allowance. The Town will pay health, life, and dental insurance for eligible retirees until they become eligible for Medicare. Life insurance will be provided by the Town in the amount of \$1,000 for the retiree; coverage will end once the retiree becomes eligible for Medicare.

Other Post-Employment Benefits. Health care, prescription drug, dental, and life insurance are provided in the Town's retiree health care plan.

Dependent Coverage. The current retiree does not have dependent coverage.

The Town of La Grange Council may amend the benefit provisions. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive members entitled to but not yet receiving benefits	0
Active employees	0
<u>Total membership</u>	<u>1</u>

Total OPEB Liability

The Town's total OPEB liability of \$81,408 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date for the June 30, 2018 report date.

Town of La Grange, North Carolina Notes to Financial Statements

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Town of La Grange, North Carolina
Notes to Financial Statements

Schedule of Changes in Total OPEB Liability (TOL)

Total OPEB Liability	2018
Service cost at the end of the year	\$ -
Interest on TOL and cash flows	2,658
Changes of benefit terms	-
Differences between expected and actual experience	294
Changes of assumptions or other inputs	(907)
Benefit payments	(17,747)
Other changes	-
Net change in total OPEB liability	(15,702)
Total OPEB liability - beginning	97,110
Total OPEB liability - ending	\$ 81,408

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability (TOL) of the Plan, calculated using current health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than current rates.

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 80,217	\$ 81,408	\$ 82,615

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the TOL of the Plan, calculated using the discount rate of 3.56%, as well as what the Plan's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount Rate Sensitivity

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 83,071	\$ 81,408	\$ 79,803

Town of La Grange, North Carolina
Notes to Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$2,045. At June 30, 2018, the Town did not have any deferred outflows of resources and deferred inflows of resources amounts required to be reported related to OPEB. Therefore the below tables outlines there were no differences between expected and actual experience or changes of assumptions and other inputs.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	-	-
Total	\$ -	\$ -

The Town did not have any deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date that would require recognition in future periods as outlined in the below table:

Year ended June 30:		
2019	\$	-
2020		-
2021		-
2022		-
2023		-
Thereafter		-
	\$	-

NOTE 9 – OTHER EMPLOYMENT BENEFITS

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of

Town of La Grange, North Carolina
Notes to Financial Statements

monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

NOTE 10 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The Town has both deferred outflows and inflows of resources at June 30, 2018. Deferred outflows of resources is comprised of the following:

Source	Amount
Difference between expected and actual experience	\$ 13,466
Changes in assumptions	33,382
Net difference between projected and actual earnings on pension plan investments	56,753
Changes in proportion and differences between employer contributions and proportionate share of contributions	224
Employer contributions subsequent to the measurement date	66,212
	<u>\$ 170,037</u>

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

Source	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 58,489
Refuse receivable (General Fund)	-	13,092
Prepaid taxes	30	30
Difference between expected and actual experience	6,616	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,003	-
	<u>\$ 40,649</u>	<u>\$ 71,611</u>



Town of La Grange, North Carolina Notes to Financial Statements

NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 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 the total insurance values.

The Town carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims from these risks have not exceeded the total commercial insurance coverage in any of the last three fiscal years.

The Town is not in an area of the State that has been mapped and designated an "A" area by the Federal Emergency Management Agency, however the Town purchases flood insurance through a commercial insurance company.

In accordance with G.S.159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance director and town manager are each bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

NOTE 12 – LONG-TERM OBLIGATIONS

Installment Notes Payable

As authorized by State law (G.S. 160A-20 and 153A-158.1) the Town has entered in installment purchase contracts for the purchase of capital equipment needs of the Town. The installment purchases were issued pursuant to a deed of trust which requires that legal title remain with the Town as long as the debt is outstanding. The capital assets associated with the installment purchase obligations are recorded by the Town. The Town's installment notes payable at June 30, 2018 are comprised of the following:

Town of La Grange, North Carolina
Notes to Financial Statements

Serviced by the General Fund: Description	June 30, 2018 Balance
\$330,000 loan from the United States Department of Agriculture, executed in August, 2002, due in twenty annual installments of \$25,925 including interest at 4.74 percent	\$ 112,320
\$210,743 loan from a financial institution, executed in January, 2017, due in six semi-annual installments of \$35,124 plus interest at 2 percent	105,372
Total installment notes payable serviced by the General Fund	\$ 217,692

Serviced by the Electric Fund: Description	June 30, 2018 Balance
\$187,187 loan from a financial institution, executed in December 2017, due in four annual installments of \$46,797 plus interest at 2.25%	\$ 187,187
\$171,000 loan from a financial institution, executed in June 2015, due in ten semi-annual installments of \$17,109 plus interest at 2.00 percent	68,400
Total installment notes payable serviced by the Electric Fund	\$ 255,587

Serviced by the Water and Sewer Fund: Description	June 30, 2017
\$141,700 loan from the United States Department of Agriculture, executed in February, 2014, first installment due in February, 2015 is a 2.5 percent interest only installment, with remaining thirty-nine annual installments of \$5,731 including interest at 2.5 percent due each February	\$ 134,969
\$316,000 loan from the United States Department of Agriculture, executed in February, 2014, first installment due in February, 2015 is a 3.5 percent interest only installment, and remaining thirty-nine annual installments of \$14,976 interest at 3.5 percent are due each February	303,836
Total installment notes payable serviced by the Water and Sewer Fund	\$ 438,805

Town of La Grange, North Carolina
Notes to Financial Statements

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	90,809	7,123	87,696	19,417
2020	56,661	4,742	87,907	17,470
2021	22,561	3,364	53,924	15,691
2022	23,632	2,293	54,148	14,408
2023	24,029	1,896	7,583	13,124
2024-2028	-	-	41,667	61,868
2029-2033	-	-	48,700	54,835
2034-2038	-	-	56,949	46,586
2039-2043	-	-	66,626	36,909
2044-2048	-	-	77,989	25,546
2049-2053	-	-	91,333	12,202
2054	-	-	19,870	837
Totals	\$ 217,692	\$ 19,418	\$ 694,392	\$ 318,893

As of June 30, 2018, the Town of La Grange, North Carolina had a legal debt margin of \$10,380,857.

Long-term Obligation Activity

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2018.

	Beginning			Ending	Current
	Balances	Increases	Decreases	Balances	Portion of
					Balance
Governmental Activities:					
Compensated absences	\$ 19,941	\$ 11,403	\$ -	\$ 31,344	\$ -
Net pension liability (LGERS)	94,823	-	(37,813)	57,010	-
Other post-employment benefits	48,555	-	(7,851)	40,704	-
Notes payable	341,968	-	(124,276)	217,692	90,809
Total governmental activities	\$ 505,287	\$ 11,403	\$ (169,940)	\$ 346,750	\$ 90,809

Town of La Grange, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Business-type Activities:					
<u>Electric Fund:</u>					
Compensated absences	\$ 24,683	\$ -	\$ (5,096)	\$ 19,587	\$ -
Net pension liability (LGERS)	137,453	-	(46,597)	90,856	-
Notes payable	102,600	187,187	(34,200)	255,587	80,997
<u>Water and Sewer Fund:</u>					
Compensated absences	28,264	7,086	-	35,350	-
Net pension liability (LGERS)	149,960	-	(64,083)	85,877	-
Other post-employment benefits	48,555	-	(7,851)	40,704	-
Notes payable	445,300	-	(6,495)	438,805	6,699
Total business-type activities	\$ 936,815	\$ 194,273	\$ (164,322)	\$ 966,766	\$ 87,696

NOTE 13 – INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds for the year ended June 30, 2018 consist of the following:

Transfer from the General Fund to the Volunteer Fire Department Fund	\$ 40,650
Transfer from the Electric Fund to the General Fund	70,000
Transfer from the Water and Sewer Fund to the General Fund	20,000
Transfer from the Water and Sewer Fund to the Well Capital Project Fund	<u>40,000</u>
Total Interfund transfers	<u>\$170,650</u>

The transfer from the General Fund to the Volunteer Fire Department Fund is the Town's funding of the volunteer fire department. The transfer from the Water and Sewer Fund to the Well Capital Project Fund was for engineering expenditures for a future capital project. The transfers from the Electric Fund and Water and Sewer Fund to the General Fund were reimbursement for administrative expenditures paid by the General Fund.

Interfund balance due to/from other funds for the year ended June 30, 2018 consist of the following:

Due from the General Fund to the Electric Fund	\$ 21,653
Due from the General Fund to the Water and Sewer Fund	9,061
Due from the Electric Fund to the Water and Sewer Fund	<u>1,554</u>
Total Interfund balances due to/from	<u>\$32,268</u>

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 14 – NET POSITION

Government-wide net position consists of the following as of June 30, 2018:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 1,887,497	\$ 7,948,839	\$ 9,836,336
Restricted:			
Stabilization by state statute	127,660	-	127,660
Transportation	218,551	-	218,551
Fire protection	363,793	-	363,793
Unrestricted	1,169,586	1,683,907	2,853,493
Total net position	\$ 3,767,087	\$ 9,632,746	\$ 13,399,833

Net investment in capital assets consists of the following as of June 30, 2018:

	Governmental Activities	Business-type Activities	Total
Total capital assets	\$ 2,105,189	\$ 8,643,231	\$ 10,748,420
Less associated notes payable	(217,692)	(694,392)	(912,084)
Net investment in capital assets	\$ 1,887,497	\$ 7,948,839	\$ 9,836,336

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 15 – FUND BALANCES

Governmental fund balances consist of the following as of June 30, 2018:

	General Fund	Volunteer Fire Department Fund	Total
Restricted:			
Stabilization by state statute	\$ 126,042	\$ 1,618	\$ 127,660
Transportation	218,551	-	218,551
Fire protection	-	363,793	363,793
Total restricted	344,593	365,411	710,004
Committed:			
Public safety	40,650	-	40,650
Transportation	11,215	-	11,215
Environmental protection	149,140	-	149,140
Cultural and recreational	321,066	-	321,066
Total committed	522,071	-	522,071
Unassigned	678,795	-	678,795
Total fund balances	\$ 1,545,459	\$ 365,411	\$ 1,910,870

NOTE 16 – USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 17 – JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with twenty other local governments, is a member of the North Carolina Eastern Municipal Power Agency. The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty one members that receive power from the Agency have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2018 amounted to \$2,287,924.



Town of La Grange, North Carolina Notes to Financial Statements

NOTE 18 – ELECTRIC DEREGULATION

In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina (“Study Commission”) to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

After the creation of this Study Commission, but before any of its recommendations were acted upon by the General Assembly, several developments outside of North Carolina occurred (including the Enron bankruptcy, the California and other electric power outages, issues relating to federal and state jurisdiction over electricity services, and other matters) that make it unlikely that any action toward electric deregulation on North Carolina will be made in the foreseeable future. Also, the Study Commission did not meet after 2002 and in accordance with earlier legislation the Study Commission terminated on June 30, 2006.

The Town and the Electric Power Agency are not able to predict whether proposals for full or partial deregulation of retail electric service in North Carolina may be introduced or adopted in the future, nor is it able to predict the effect of any such proposals on the Town or the Electric Power Agency.

NOTE 19 – FEDERAL AND STATE ASSISTED PROGRAMS

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2018, the Town corrected errors related to receivables, payroll accruals, inventory and note receivable. During June 30, 2018, the Town adopted GASB 75 related to other post-employment benefits, as described in Note 1.

The correction of the errors and adoption of GASB 75 had the following impact on the governmental activities and business-type activities ending net position at June 30, 2017:

	Governmental Activities	Business-Type Activities
Net position - June 30, 2017	\$ 3,487,540	\$ 9,825,226
Prior period adjustments:		
Receivables - correction of an error	(3,977)	-
Inventory - correction of an error	30,582	-
Accrued payroll and related - correction of an error	10,893	
Note receivable - correction of an error	-	5,605
GASB 75 - cumulative effect of change in accounting principle	(29,790)	(29,790)
Total prior period adjustment	7,708	(24,185)
Net position - June 30, 2017, restated	\$ 3,495,248	\$ 9,801,041

The correction of the errors and adoption of GASB 75 had the following impact on the governmental and proprietary funds ending fund balance / net position at June 30, 2017:

	General Fund	Aggregate Remaining Funds (Volunteer Fire Department Fund)	Electric Fund	Water and Sewer Fund
Fund balance / net position - June 30, 2017	\$ 1,193,224	\$ 295,081	\$ 1,595,481	\$ 8,229,745
Prior period adjustments:				
Receivables - correction of an error	-	(3,977)		-
Inventory - correction of an error	30,582	-		-
Accrued payroll and related - correction of an error	7,297	-		-
Note receivable - correction of an error	-	-	5,605	-
GASB 75 - cumulative effect of change in accounting principle	-	-	-	(29,790)
Total prior period adjustment	37,879	(3,977)	5,605	(29,790)
Fund balance / net position - June 30, 2017, restated	\$ 1,231,103	\$ 291,104	\$ 1,601,086	\$ 8,199,955



Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 26, 2019, the date on which the financial statements were available to be issued.



Supplementary Information

Town of La Grange, North Carolina
Other Post-employment Benefits
Required Supplementary Information
Schedules of Changes in the Total OPEB Liability and Related Ratios
Exhibit A-1

Schedule of Changes in Total OPEB Liability (TOL)

Total OPEB Liability	<u>2018</u>
Service cost at the end of the year	\$ -
Interest on TOL and cash flows	2,658
Change in benefit terms	-
Difference between expected and actual experience	294
Changes of assumptions or other inputs	(907)
Benefit payments	(17,747)
Other changes	
Net change in total OPEB liability	(15,702)
Total OPEB liability - beginning	97,110
Total OPEB liability - ending	<u>\$ 81,408</u>

As there are no active employees covered by the plan there is no applicable covered payroll.

Notes to Schedule:

Benefit changes. There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions. The discount rate as of June 30, 2017 was 3.01% and increased to 3.56% as of June 30, 2018.

The above schedule is intended to show information for ten years. Additional year's information will be displayed as it becomes available.

Inflation	2.50%
Real wage growth	1.00%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

Town of La Grange, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Exhibit A-2

Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)
Last Five Fiscal Years *

	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) %	0.01530%	0.01801%	0.01725%	0.01738%	0.01650%
Town proportion of the net pension liability (asset) \$	\$ 233,743	\$ 382,236	\$ (77,417)	\$ 102,500	\$ (139,764)
Town's covered payroll	\$ 900,226	\$ 887,907	\$ 876,153	\$ 836,274	\$ 823,572
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.96%	43.05%	-8.84%	12.26%	-16.97%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

The above schedule is intended to present information for ten years. Additional years' information will be displayed as it becomes available.

Schedule of Town Contributions
Last Five Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 66,565	\$ 62,483	\$ 61,862	\$ 61,943	\$ 59,125
Contributions in relation to the contractually required contribution	66,565	62,483	61,862	61,943	59,125
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 882,826	\$ 900,226	\$ 887,907	\$ 876,153	\$ 836,274
Contributions as a percentage of covered-employee payroll	7.54%	6.94%	6.97%	7.07%	7.07%

The above schedule is intended to present information for ten years. Additional years' information will be displayed as it becomes available.

Town of La Grange, North Carolina
General Fund Combining Balance Sheet
June 30, 2018
Exhibit B-1

	General Fund	Capital Reserve Fund	Total
Assets			
Cash and cash equivalents	\$ 763,677	\$ 11	\$ 763,688
Investments	478,347	-	478,347
Restricted investments	218,551	-	218,551
Receivables, net:			
Taxes	58,489	-	58,489
Accounts	13,730	-	13,730
Intergovernmental	112,312	-	112,312
Inventories	39,430	-	39,430
Total assets	\$ 1,684,536	\$ 11	\$ 1,684,547
Liabilities			
Accounts payable and accrued liabilities	\$ 36,763	\$ -	\$ 36,763
Due to other funds	30,714	-	30,714
Total liabilities	67,477	-	67,477
Deferred Inflow of Resources			
Sanitation revenue receivable	13,092	-	13,092
Prepaid taxes	30	-	30
Property taxes receivable	58,489	-	58,489
Total deferred inflows of resources	71,611	-	71,611
Fund Balance			
Non Spendable:			
Inventories	39,430	-	39,430
Restricted:			
Stabilization by state statute	126,042	-	126,042
Transportation	218,551	-	218,551
Committed:			
Public safety	40,650	-	40,650
Transportation	11,215	-	11,215
Environmental protection	149,140	-	149,140
Cultural and recreational	321,066	-	321,066
Unassigned	639,354	11	639,365
Total fund balance	1,545,448	11	1,545,459
Total liabilities, deferred inflows of resources and fund balances	\$ 1,684,536	\$ 11	\$ 1,684,547

Town of La Grange, North Carolina
General Fund Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018
Exhibit B-2

	General Fund	Capital Reserve Fund	Total
Revenues			
Ad valorem taxes	\$ 708,474	\$ -	\$ 708,474
Local option sales taxes	226,971	-	226,971
Unrestricted intergovernmental	174,984	-	174,984
Restricted intergovernmental	94,410	-	94,410
Permits and fees	10,129	-	10,129
Sales and services	436,972	-	436,972
Investment earnings	8,434	-	8,434
Miscellaneous	11,802	-	11,802
Total revenues	1,672,176	-	1,672,176
Expenditures			
General government	115,066	-	115,066
Public safety	603,523	-	603,523
Human services	3,460	-	3,460
Transportation	246,758	-	246,758
Environmental protection	234,559	-	234,559
Cultural and recreational	106,174	-	106,174
Debt service:			
Principal retirement	124,277	-	124,277
Interest and fees	9,759	-	9,759
Total expenditures	1,443,576	-	1,443,576
Revenues over (under) expenditures	228,600	-	228,600
Other financing sources (uses)			
Transfers from other funds	90,000	-	90,000
Transfers to other funds	(40,650)	-	(40,650)
Sale of capital assets	27,558	-	27,558
Total other financing sources (uses)	76,908	-	76,908
Net change in fund balance	305,508	-	305,508
Fund balances, beginning of year, as previously reported	1,193,213	11	1,193,224
Prior period adjustment	37,879	-	37,879
Fund balances, beginning of year, as restated	1,231,092	11	1,231,103
Change in reserve for inventories	8,848	-	8,848.00
Fund balances, end of year	\$ 1,545,448	\$ 11	\$ 1,545,459

Town of La Grange, North Carolina
General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes	\$ 654,194	\$ 701,408	\$ 47,214
Penalties and interest	5,000	7,066	2,066
Total	659,194	708,474	49,280
Local option sales taxes	188,000	226,971	38,971
Unrestricted Intergovernmental :			
Utility franchise taxes	163,667	162,969	(698)
Beer and wine taxes	13,000	12,015	(985)
Total	176,667	174,984	(1,683)
Restricted Intergovernmental:			
Powell Bill allocation	92,300	92,567	267
Solid waste disposal tax distribution	850	1,843	993
Total	93,150	94,410	1,260
Permits and fees:			
Building permits	10,000	9,288	(712)
Inspection fees	-	25	25
Other permits	420	816	396
Total	10,420	10,129	(291)
Sales and services:			
Sanitation revenues	326,160	345,864	19,704
Cemetery lot sales	48,000	41,867	(6,133)
Community Center revenues	43,300	47,951	4,651
Other sale sand services	500	1,290	790
Total	417,960	436,972	19,012
Investment earnings	1,250	8,434	7,184
Miscellaneous:			
Other revenues	3,800	11,802	8,002
Total revenues	1,550,441	1,672,176	121,735

**Town of La Grange, North Carolina
General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
General Government:			
Mayor and Town Council		10,130	
Other operating expenditures		45,073	
Capital Outlay		6,736	
Total	99,102	61,939	37,163
Administration:			
Salaries and employee benefits		66,122	
Other operating expenditures		1,005	
Reimbursement - Electric Fund	(14,000)	(14,000)	-
Total	68,506	53,127	15,379
Total general government	167,608	115,066	52,542
Public Safety:			
Police:			
Salaries and employee benefits		15,906	
Contracted services		524,206	
Other operating expenditures		22,737	
Total	572,766	562,849	9,917
Inspections:			
Salaries and employee benefits		34,761	
Other operating expenditures		5,913	
Total	49,861	40,674	9,187
Total public safety	622,627	603,523	19,104
Human Services:			
Council on Aging:			
Operating expenditures	3,750	3,460	290

Town of La Grange, North Carolina
General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Transportation:			
Streets:			
Salaries and employee benefits		103,870	
Vehicle fuel and maintenance		16,629	
Utilities		23,860	
Repairs and maintenance		26,338	
Other operating expenditures		49,945	
Capital outlay		26,116	
Total transportation	338,528	246,758	91,770
Environmental Protection:			
Sanitation:			
Salaries and employee benefits		67,499	
Contracted services		714	
Other operating expenditures		104,711	
Total	186,827	172,924	13,903
Cemetery:			
Salaries and employee benefits		10,869	
Operating expenditures		50,766	
Total	64,603	61,635	2,968
Total environmental protection	251,430	234,559	16,871
Cultural and Recreational:			
Recreation:			
Salaries and employee benefits		25,233	
Operating expenditures		66,221	
Total	110,632	91,454	19,178

Town of La Grange, North Carolina
General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Library:			
Operating expenditures	17,300	14,220	3,080
Contribution to the Arts Council	500	500	-
Total cultural and recreational	128,432	106,174	22,258
Debt service:			
Note principal		124,277	
Interest and fees		9,759	
Total debt service	147,825	134,036	13,789
Total expenditures	1,660,200	1,443,576	216,624
Revenues over (under) expenditures	(109,759)	228,600	338,359
Other financing sources (uses)			
Transfers from (to) other funds:			
Transfers from other funds	120,000	90,000	(30,000)
Transfers to other funds	(40,650)	(40,650)	-
Net transfers (to) from other funds	79,350	49,350	(30,000)
Sale of capital assets	20,000	27,558	7,558
Total other financing sources (uses)	99,350	76,908	(22,442)
Revenues and other financing sources over (under) expenditures and other financing uses	(10,409)	305,508	315,917
Appropriated fund balance	10,409	-	(10,409)
Net change in fund balance	<u>\$ -</u>	305,508	<u>\$ 305,508</u>
Fund balances, beginning of year, as previously reported		1,193,213	
Prior period adjustment		37,879	
Fund balances, beginning of year, as restated		1,231,092	
Change in reserve for inventories		8,848	
Fund balance, end of year		<u>\$ 1,545,448</u>	

Town of La Grange, North Carolina
Capital Reserve Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit B-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Expenditures			
General improvements	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		11	
Fund balance, end of year		<u>\$ 11</u>	

Town of La Grange, North Carolina
Non-Major Governmental Funds
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018
Exhibit C-1

	Special Revenue Fund	Total
Revenues		
Restricted intergovernmental	\$ 124,939	\$ 124,939
Investment earnings	1,071	1,071
Miscellaneous	19,331	19,331
Total revenues	145,341	145,341
Expenditures		
Public safety	111,684	111,684
Total expenditures	111,684	111,684
Revenues over (under) expenditures	33,657	33,657
Other financing sources (uses)		
Transfers (to) from other funds	40,650	40,650
Total other financing sources (uses)	40,650	40,650
Net change in fund balances	74,307	74,307
Fund balances, beginning of year, as previously reported	295,081	295,081
Prior period adjustment	(3,977)	(3,977)
Fund balances, beginning of year, as restated	291,104	291,104
Fund balances, end of year	\$ 365,411	\$ 365,411

Town of La Grange, North Carolina
Volunteer Fire Department Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit D-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental:			
Lenoir County fire district taxes	\$ 91,521	\$ 93,842	\$ 2,321
Wayne County fire district taxes	4,251	4,883	632
Lenoir County local option sales taxes	13,358	18,930	5,572
Sales tax refund	1,700	7,284	5,584
Total	110,830	124,939	14,109
Miscellaneous:			
Fundraising and contributions	20,500	18,549	(1,951)
Other income	-	782	782
Total	20,500	19,331	(1,169)
Investment earnings	700	1,071	371
Total revenues	132,030	145,341	13,311
Expenditures			
Public Safety:			
Repairs		19,527	
Fuel		5,850	
Firefighting supplies		20,802	
Insurance		30,704	
Radio maintenance		5,835	
Utilities		14,040	
Pension		9,171	
Dues		2,512	
Fundraising		3,243	
Total expenditures	172,680	111,684	60,996
Revenues over (under) expenditures	(40,650)	33,657	(47,685)

Town of La Grange, North Carolina
Volunteer Fire Department Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit D-1

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfers from (to) other funds:			
Transfers from other funds	40,650	40,650	-
Total other financing sources (uses)	40,650	40,650	-
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ -</u>	74,307	<u>\$ 74,307</u>
Fund balances, beginning of year, as previously reported		295,081	
Prior period adjustment		(3,977)	
Fund balances, beginning of year, as restated		291,104	
Fund balance, end of year		<u>\$ 365,411</u>	

Town of La Grange, North Carolina
Electric Fund Statement of Revenues and Expenditures –
Budget and Actual – (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Exhibit E-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues:			
Charges for services:			
Electric charges	\$ 3,498,454	\$ 3,503,556	\$ 5,102
Service charges	14,000	16,239	2,239
Total charges for services	3,512,454	3,519,795	7,341
Other operating revenues	200	22,043	21,843
Total operating revenues	3,512,654	3,541,838	29,184
Nonoperating revenues:			
Investment earnings	1,000	4,540	3,540
Sale of Materials	-	680	680
Miscellaneous revenues	2,000	3,559	1,559
Sales tax refund	15,000	11,190	(3,810)
Rental income	30,261	16,056	(14,205)
Total nonoperating revenues	48,261	36,025	(12,236)
Total revenues	3,560,915	3,577,863	16,948
Expenditures			
Electrical operations:			
Salaries and employee benefits		450,594	
Contracted services		53,010	
Maintenance and repairs		11,484	
Reimbursement to General Fund		14,000	
Other operating expenditures		426,604	
Total	968,906	955,692	13,214
Electrical power purchases	2,405,009	2,304,683	100,326
Capital outlay	242,187	199,478	42,709

Town of La Grange, North Carolina
Electric Fund Statement of Revenues and Expenditures –
Budget and Actual – (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Exhibit E-1

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal Payments	37,000	34,200	2,800
Interest Payments	-	1,866	(1,866)
Total	37,000	36,066	934
Total expenditures	3,653,102	3,495,919	157,183
Revenues over (under) expenditures	(92,187)	81,944	174,131
Other financing sources (uses)			
Proceeds of long-term debt	187,187	187,187	-
Sale of capital assets	5,000	21,525	16,525
Transfers to other funds	(100,000)	(70,000)	30,000
Total Other financing sources (uses)	92,187	138,712	46,525
Revenues, and other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 220,656	\$ 220,656
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues, and other financing sources, and appropriated fund balance over (under) expenditures and other financing uses		\$ 220,656	
Reconciling items:			
Capital outlay		199,478	
Proceeds of long-term debt		(187,187)	
Debt principal		34,200	
Depreciation		(116,256)	
Increase in accrued interest payable		(2,486)	
Change in accrued compensated absences		5,096	
Decrease in net pension liability		46,597	
Increase in deferred outflows of resources - pensions		(44,286)	
Decrease in deferred inflows of resources - pensions		(6,269)	
Total reconciling items		(71,113)	
Change in net position		\$ 149,543	

Town of La Grange, North Carolina
Water and Sewer Fund Statement of Revenues and Expenditures –
Budget and Actual – (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Exhibit E-2

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues:			
Charges for services:			
Water charges	\$ 680,000	\$ 674,491	\$ (5,509)
Sewer charges	653,000	645,607	(7,393)
Water and sewer taps	1,200	3,700	2,500
Total charges for services	1,334,200	1,323,798	(10,402)
Other operating revenues	120,904	2,055	(118,849)
Total operating revenues	1,455,104	1,325,853	(129,251)
Nonoperating revenues:			
Investment earnings	800	1,517	717
Rental income	21,056	21,314	258
Sale of scrap metal	-	653	653
Miscellaneous revenues	500	483	(17)
Local option sales taxes	33,500	37,539	4,039
Total nonoperating revenues	55,856	61,506	5,650
Total revenues	1,510,960	1,387,359	(123,601)
Expenditures			
Water operations:			
Salaries and employee benefits		166,697	
Utilities		36,178	
Repairs and maintenance		564	
Contracted services		35,289	
Other operating expenditures		472,564	
Total	754,552	711,292	43,260
Sewer operations:			
Salaries and employee benefits		140,105	
Utilities		74,434	
Repairs and maintenance		14,670	
Hurricane Matthew expenses		56,250	
Contracted services		33,431	
Other operating expenditures		64,690	
Total	440,142	383,580	56,562

Town of La Grange, North Carolina
Water and Sewer Fund Statement of Revenues and Expenditures –
Budget and Actual – (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Exhibit E-2

	Final Budget	Actual	Variance Positive (Negative)
Wastewater operations:			
Salaries and employee benefits		114,991	
Utilities		11,842	
Repairs and maintenance		7,187	
Contracted services		5,590	
Other operating expenditures		32,955	
Total	207,000	172,565	34,435
Capital outlay	78,000	91,269	(13,269)
Debt service:			
Note principal		6,495	
Interest and fees		14,212	
Total	26,111	20,707	5,404
Total expenditures	1,505,805	1,379,413	126,392
Revenues over (under) expenditures	5,155	7,946	2,791
Other financing sources (uses)			
Transfers to other funds	(60,500)	(60,000)	500
Total other financing sources (uses)	(60,500)	(60,000)	500
Fund balance appropriated	55,345	-	(55,345)
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ (52,054)	\$ (52,054)

Town of La Grange, North Carolina
Water and Sewer Fund Statement of Revenues and Expenditures –
Budget and Actual – (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Exhibit E-2

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

	Actual
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ (52,054)
Reconciling items:	
Capital outlay	91,269
Debt principal	6,495
Loss on sale of capital assets	(323)
Change in accrued compensated absences	(7,086)
Change in accrued OPEB liability	7,851
Decrease in net pension liability	64,083
Increase in deferred outflows of resources - pensions	(57,951)
Decrease in deferred inflows of resources - pensions	(4,536)
Increase in accrued interest payable	204
Depreciation	(405,790)
Capital Project Fund	
Transfer from other funds	40,000
Total reconciling items	(265,784)
Change in net position	\$ (317,838)

Town of La Grange, North Carolina
Well Capital Project Fund
Statement of Revenues and Expenditures –
Budget and Actual – (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018
Exhibit E-3

	Project Authorization	Actual		Total to Date	variance Positive (Negative)
		Prior Years	Current Year		
Expenditures					
Engineering	\$ 40,000	\$ -	\$ 36,755	\$ 36,755	\$ 3,245
Total expenditures	40,000	-	36,755	36,755	3,245
Revenues over (under) expenditures	(40,000)	-	(36,755)	(36,755)	3,245
Other financing sources					
Transfers from Water and Sewer Fund	40,000	-	40,000	40,000	-
Total other financing sources	40,000	-	40,000	40,000	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ 3,245	\$ 3,245	\$ 3,245

Town of La Grange, North Carolina
Schedule of Cash and Cash Equivalent Balances
June 30, 2018
Schedule 1

Cash and Cash Equivalents:	
On hand	\$ 500
In time deposits	1,395,620
Certificates of deposit	646,436
	2,042,556
Investments:	
North Carolina Capital Management Trust	1,440,179
	1,440,179
Total cash and investments	\$ 3,482,735
Distribution by funds:	
General Fund	\$ 1,460,575
Capital Reserve Fund	11
Volunteer Fire Department Fund	365,445
Electric Fund	954,011
Water and Sewer Fund	702,693
	702,693
Total cash and investments	\$ 3,482,735
Unrestricted:	
Cash and cash equivalents	\$ 1,677,111
Investments	1,221,628
Total unrestricted	2,898,739
Restricted:	
Cash and cash equivalents	365,445
Investments	218,551
Total restricted	583,996
Total cash and investments	\$ 3,482,735

Town of La Grange, North Carolina
General Fund Schedule of Ad Valorem Taxes Receivable
June 30, 2018
Schedule 2

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 702,671	\$ 667,874	\$ 34,797
2016-2017	33,623	-	17,950	15,673
2015-2016	15,634	-	7,615	8,019
2014-2015	10,235	-	4,067	6,168
2013-2014	8,085	-	1,405	6,680
2012-2013	6,765	-	1,059	5,706
2011-2012	4,463	-	549	3,914
2010-2011	3,063	-	237	2,826
2009-2010	2,831	-	132	2,699
2008-2009	3,670	-	171	3,499
2007-2008	2,600	-	2,600	-
	<u>\$ 90,969</u>	<u>\$ 702,671</u>	<u>\$ 703,659</u>	<u>\$ 89,981</u>
Less allowance for uncollectible ad valorem taxes receivable				(31,492)
Ad valorem taxes receivable, net				<u>\$ 58,489</u>
Reconciliation with revenues:				
Total ad valorem taxes - General Fund				\$ 708,474
Penalties and interest, net of discounts				(7,066)
Amounts written off for prior year taxes and releases				2,251
Total collections and credits				<u>\$ 703,659</u>

Town of La Grange, North Carolina
General Fund Analysis of Current Tax Levy – Town-wide Levy
For the Fiscal Year Ended June 30, 2018
Schedule 3

	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 126,212,218	0.532	\$ 671,449	\$ 591,355	\$ 80,094
Property taxed at prior year's rate	3,981,489	0.470	18,713	-	18,713
Penalties and interest	-		336	336	-
	<u>130,193,707</u>		<u>690,498</u>	<u>591,691</u>	<u>98,807</u>
Discoveries:					
Current year taxes	2,427,256	0.532	12,913	12,913	-
Releases	(139,098)	0.532	(740)	(361)	(379)
Total property valuation	<u><u>\$ 132,481,865</u></u>				
Net levy			702,671	604,243	98,428
Uncollected taxes at June 30, 2018			(34,797)	(34,797)	-
Current year's taxes collected			\$ 667,874	\$ 569,446	\$ 98,428
Current levy collection percentage			95.05%	94.24%	100.00%



**Statistical Section
(Unaudited)**

Town of La Grange, North Carolina
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

<i>Year Ended June 30,</i>	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 2,692,826	\$ 2,804,333	\$ 2,688,005	\$ 2,454,952
Restricted	86,208	18,654	710,501	113,853
Unrestricted	1,532,799	1,377,637	514,603	1,239,900
Total	\$ 4,311,833	\$ 4,200,624	\$ 3,913,109	\$ 3,808,705
Business-type activities				
Net investment in capital assets	\$ 8,204,969	\$ 8,466,410	\$ 10,008,440	\$ 9,903,170
Restricted	-	-	28,670	-
Unrestricted	759,567	748,519	843,281	694,268
Total	\$ 8,964,536	\$ 9,214,929	\$ 10,880,391	\$ 10,597,438
Primary government				
Net investment in capital assets	\$ 10,897,795	\$ 11,270,743	\$ 12,696,445	\$ 12,358,122
Restricted	86,208	18,654	739,171	113,853
Unrestricted	2,292,366	2,126,156	1,357,884	1,934,168
Total	\$ 13,276,369	\$ 13,415,553	\$ 14,793,500	\$ 14,406,143

Town of La Grange, North Carolina
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

2013	2014	2015	2016	2017	2018
\$ 2,182,552	2,205,338	\$ 2,222,826	\$ 2,148,194	\$ 1,975,234	\$ 1,887,497
470,682	1,010,419	870,312	771,768	557,310	710,004
903,529	527,875	596,517	716,666	954,996	1,169,586
<u>\$ 3,556,763</u>	<u>\$ 3,743,632</u>	<u>\$ 3,689,655</u>	<u>\$ 3,636,628</u>	<u>\$ 3,487,540</u>	<u>\$ 3,767,087</u>
\$ 9,133,249	9,416,523	\$ 9,066,437	\$ 8,700,504	\$ 8,345,803	\$ 7,948,839
456,842	66,133	65,521	-	-	-
1,240,390	1,295,721	1,116,113	1,234,230	1,479,423	1,683,907
<u>\$ 10,830,481</u>	<u>\$ 10,778,377</u>	<u>\$ 10,248,071</u>	<u>\$ 9,934,734</u>	<u>\$ 9,825,226</u>	<u>\$ 9,632,746</u>
\$ 11,315,801	\$ 11,621,861	\$ 11,289,263	\$ 10,848,698	\$ 10,321,037	\$ 9,836,336
927,524	1,076,552	935,833	771,768	557,310	710,004
2,143,919	1,823,596	1,712,630	1,950,896	2,434,419	2,853,493
<u>\$ 14,387,244</u>	<u>\$ 14,522,009</u>	<u>\$ 13,937,726</u>	<u>\$ 13,571,362</u>	<u>\$ 13,312,766</u>	<u>\$ 13,399,833</u>

Town of La Grange, North Carolina
Change in Net Position
Last Ten Years
(Accrual Basis of Accounting)
Table 2

<i>Year Ended June 30,</i>	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General government	\$ 285,213	\$ 176,841	\$ 177,167	\$ 199,661
Public safety	658,599	695,133	645,115	637,167
Human services	5,810	5,580	3,568	5,726
Transportation	463,498	471,271	494,139	551,473
Cultural and recreational	39,296	37,527	68,079	85,940
Environmental protection	283,287	294,646	301,737	296,715
Interest on long-term debt	27,878	26,254	21,234	17,237
Total	1,763,581	1,707,252	1,711,039	1,793,919
Business-type activities:				
Electric	3,551,385	3,708,129	3,809,376	3,893,225
Water and sewer	1,316,029	1,349,782	1,606,184	1,820,900
Total	4,867,414	5,057,911	5,415,560	5,714,125
Total primary government	\$ 6,630,995	\$ 6,765,163	\$ 7,126,599	\$ 7,508,044
Program Revenues				
Governmental activities:				
Charges for services:				
Environmental protection	\$ 322,879	\$ 342,937	\$ 344,195	\$ 343,039
Public safety	1,694	50,224	6,740	42,168
Cultural and recreational	-	-	-	-
General government	43,156	39,547	375	-
Operating grants and contributions	112,542	97,358	88,346	137,935
Capital grants and contributions	-	-	-	92,487
Total	480,271	530,066	439,656	615,629
Business-type activities:				
Charges for services:				
Electric	3,839,076	3,868,201	4,010,677	3,700,161
Water and Sewer	1,101,828	1,155,253	1,359,630	1,423,849
Operating grants and contributions	-	-	-	52,913
Capital grants and contributions	-	-	-	200,936
Total	4,940,904	5,023,454	5,370,307	5,377,859
Total primary government	\$ 5,421,175	\$ 5,553,520	\$ 5,809,963	\$ 5,993,488

Town of La Grange, North Carolina
Change in Net Position
Last Ten Years
(Accrual Basis of Accounting)
Table 2

2013	2014	2015	2016	2017	2018
\$ 157,003	\$ 159,342	\$ 141,847	\$ 170,280	\$ 147,153	\$ 140,767
764,576	768,452	672,763	762,806	847,376	759,116
5,990	6,553	5,287	2,367	4,580	4,681
495,248	522,616	544,717	519,225	485,303	260,942
77,939	349,571	327,892	309,758	330,652	317,605
315,474	59,598	119,107	169,374	159,780	145,547
13,800	18,163	15,659	12,012	11,551	8,635
<u>1,830,030</u>	<u>1,884,295</u>	<u>1,827,272</u>	<u>1,945,822</u>	<u>1,986,395</u>	<u>1,637,293</u>
3,661,069	3,918,219	3,826,037	3,323,921	3,455,594	3,379,845
1,638,049	1,684,632	1,683,907	1,696,617	1,688,987	1,684,874
5,299,118	5,602,851	5,509,944	5,020,538	5,144,581	5,064,719
<u>\$ 7,129,148</u>	<u>\$ 7,487,146</u>	<u>\$ 7,337,216</u>	<u>\$ 6,966,360</u>	<u>\$ 7,130,976</u>	<u>\$ 6,702,012</u>
\$ 362,309	\$ 353,494	\$ 344,562	\$ 329,317	\$ 401,520	\$ 364,242
41,097	49,683	9,271	22,644	119,279	-
-	-	-	37,854	50,718	47,951
12,500	40,000	-	59,340	12,601	10,129
231,657	216,263	198,819	125,864	140,515	219,349
4,838	298,629	85,282	-	-	-
<u>652,401</u>	<u>958,069</u>	<u>637,934</u>	<u>575,019</u>	<u>724,633</u>	<u>641,671</u>
3,722,188	3,844,206	3,764,577	3,439,139	3,378,393	3,541,838
1,375,839	1,331,795	1,319,308	1,317,409	1,378,546	1,325,853
338	4,867,691	-	-	156,585	-
40,000	350,000	-	-	-	-
<u>5,138,365</u>	<u>10,393,692</u>	<u>5,083,885</u>	<u>4,756,548</u>	<u>4,913,524</u>	<u>4,867,691</u>
<u>\$ 5,790,766</u>	<u>\$ 11,351,761</u>	<u>\$ 5,721,819</u>	<u>\$ 5,331,567</u>	<u>\$ 5,638,157</u>	<u>\$ 5,509,362</u>

Town of La Grange, North Carolina
Change in Net Position
Last Ten Years
(Accrual Basis of Accounting)
Table 2

<i>Year Ended June 30,</i>	2009	2010	2011	2012
Net (Expense) Revenue				
Governmental activities	\$ (1,283,310)	\$ (1,177,186)	\$ (1,271,383)	\$ (1,178,290)
Business-type activities	73,490	(34,457)	(45,253)	(336,266)
Total primary government	\$ (1,209,820)	\$ (1,211,643)	\$ (1,316,636)	\$ (1,514,556)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 585,147	\$ 602,153	\$ 606,691	\$ 613,905
Sales taxes	166,295	165,609	165,810	178,366
Franchise taxes	214,117	172,754	172,754	172,032
Investment earnings	25,523	4,245	5,376	2,381
Miscellaneous	41,987	197,579	74,751	29,124
Gain (Loss) on disposal of capital assets	-	-	-	-
Transfers	92,767	(76,362)	(41,514)	78,077
Total	1,125,836	1,065,978	983,868	1,073,885
Business-type activities:				
Sales tax	36,410	32,153	32,801	34,195
Other taxes	-	-	1,596,182	-
Investment earnings	12,414	2,311	2,459	2,314
Miscellaneous	13,437	174,025	37,761	94,881
Gain (loss) on disposal of capital assets	-	-	-	-
Transfers	(92,767)	76,362	41,514	(78,077)
Total	(30,506)	284,851	1,710,717	53,313
Total primary government	\$ 1,095,330	\$ 1,350,829	\$ 2,694,585	\$ 1,127,198
Change in Net Position				
Governmental activities	\$ (157,474)	\$ (111,208)	\$ (287,515)	\$ (104,405)
Business-type activities	42,984	250,394	1,665,464	(282,953)
Total primary government	\$ (114,490)	\$ 139,186	\$ 1,377,949	\$ (387,358)

Town of La Grange, North Carolina
Change in Net Position
Last Ten Years
(Accrual Basis of Accounting)
Table 2

(continued)					
2013	2014	2015	2016	2017	2018
\$ (1,177,629)	\$ (926,226)	\$ (1,189,338)	\$ (1,370,803)	\$ (1,261,762)	\$ (995,622)
(160,753)	4,790,841	(426,059)	(263,990)	(231,057)	(197,028)
<u>\$ (1,338,382)</u>	<u>\$ 3,864,615</u>	<u>\$ (1,615,397)</u>	<u>\$ (1,634,793)</u>	<u>\$ (1,492,819)</u>	<u>\$ (1,192,650)</u>
\$ 617,941	\$ 624,057	\$ 624,057	\$ 643,216	\$ 633,669	\$ 707,470
165,867	178,144	178,144	184,725	214,271	226,971
166,540	198,367	198,367	195,316	193,706	174,984
3,073	2,425	2,425	2,200	4,393	9,505
28,721	80,207	80,207	115,971	47,807	31,133
(17,888)	(14,737)	(14,737)	6,933	18,828	27,398
(315,778)	98,990	98,990	169,415	-	90,000
<u>648,476</u>	<u>1,167,453</u>	<u>1,167,453</u>	<u>1,317,776</u>	<u>1,112,674</u>	<u>1,267,461</u>
37,237	34,847	34,847	31,956	36,801	48,729
-	-	-	-	-	-
1,479	1,452	1,452	1,444	4,090	6,057
63,714	58,536	58,536	71,488	73,811	42,745
(24,412)	7,575	7,575	15,180	6,847	21,202
315,778	(98,990)	(98,990)	(169,415)	-	(90,000)
<u>393,796</u>	<u>3,420</u>	<u>3,420</u>	<u>(49,347)</u>	<u>121,549</u>	<u>28,733</u>
<u>\$ 1,042,272</u>	<u>\$ 1,170,873</u>	<u>\$ 1,170,873</u>	<u>\$ 1,268,429</u>	<u>\$ 1,234,223</u>	<u>\$ 1,296,194</u>
\$ (529,153)	\$ 241,227	\$ (21,885)	\$ (53,027)	\$ (149,088)	\$ 271,839
233,043	4,794,261	(422,639)	(313,337)	(109,508)	(168,295)
<u>\$ (296,110)</u>	<u>\$ 5,035,488</u>	<u>\$ (444,524)</u>	<u>\$ (366,364)</u>	<u>\$ (258,596)</u>	<u>\$ 103,544</u>

Town of La Grange, North Carolina
Fund Balances – Governmental Funds
Post GASB 54
(Modified Accrual Basis of Accounting)
Table 3

<i>June 30,</i>	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,430
Restricted	710,501	113,853	141,928	442,858	493,960	445,697	262,229	344,593
Comitted	-	707,661	410,209	431,089	453,687	446,650	481,947	522,071
Assigned	8,000	28,000	75,000	-	-	-	-	-
Unassigned	442,659	464,942	366,237	302,640	298,164	431,810	449,048	639,365
Total	\$ 1,161,160	\$ 1,314,456	\$ 993,374	\$ 1,176,587	\$ 1,245,811	\$ 1,324,157	\$ 1,193,224	\$ 1,545,459
All Other Governmental Funds:								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	328,754	567,561	376,352	326,071	295,081	365,411
Comitted	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(271,279)	(186,448)	(200,875)	-	-
Total	\$ -	\$ -	\$ 328,754	\$ 296,282	\$ 189,904	\$ 125,196	\$ 295,081	\$ 365,411

Note: GASB 54 was adopted for the year ended June 30, 2011.

Town of La Grange, North Carolina
Fund Balances – Governmental Funds
Pre GASB 54
(Modified Accrual Basis of Accounting)
Table 4

<i>June 30,</i>	2005	2006	2007	2008	2009	2010
General Fund:						
Reserved	\$ 125,038	\$ 115,152	\$ 90,480	\$ 124,473	\$ 133,485	\$ 67,767
Unreserved	741,629	801,025	791,765	720,745	593,669	547,746
Total	\$ 866,667	\$ 916,177	\$ 882,245	\$ 845,218	\$ 727,154	\$ 615,513
All Other Governmental Funds:						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:						
Special revenue funds	286,499	470,535	636,475	750,598	807,636	707,569
Total	\$ 286,499	\$ 470,535	\$ 636,475	\$ 750,598	\$ 807,636	\$ 707,569

Note: GASB 54 was adopted for the year ended June 30, 2011.

Town of La Grange, North Carolina
Changes in Fund Balances – Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 5

<i>Year Ended June 30,</i>	2009	2010	2011	2012
Revenues				
Ad valorem taxes	\$ 582,607	\$ 604,688	\$ 604,315	\$ 619,043
Local option sales taxes	166,295	165,609	165,810	178,366
Other taxes and licenses	5,793	6,428	50	-
Unrestricted intergovernmental	173,615	164,509	172,954	170,627
Restricted intergovernmental	147,250	99,175	88,096	226,321
Permits and fees	9,850	5,271	7,115	12,319
Sales and services	357,879	427,437	344,195	390,405
Investment earnings	25,523	4,245	5,376	2,382
Miscellaneous	37,430	184,829	67,523	33,513
Total revenues	1,506,242	1,662,191	1,455,434	1,632,976
Expenditures				
General government	264,981	158,160	250,370	181,557
Public safety	695,354	640,467	608,153	595,056
Transportation	243,109	462,421	293,658	316,008
Cultural and recreational	31,206	116,038	54,971	251,254
Human Services	3,656	3,433	3,568	3,579
Environmental protection	657,191	278,315	252,201	65,930
Debt service:				
Principal retirement	170,459	125,199	98,910	102,906
Interest and fees	27,878	26,254	21,234	17,237
Total expenditures	2,093,834	1,810,287	1,583,065	1,533,527
Revenues over/under expenditures	(587,592)	(148,096)	(127,631)	99,449
Other financing sources (uses)				
Operating transfers from other funds	104,181	83,210	21,737	50,627
Operating transfers to other funds	(11,414)	(159,572)	(63,251)	-
Total operating transfers	92,767	(76,362)	(41,514)	50,627
Proceeds from sale of capital assets	4,557	12,750	7,228	3,220
Loan proceeds	429,241	-	-	-
Total other financing sources (uses)	526,565	(63,612)	(34,286)	53,847
Net changes in fund balance	\$ (61,027)	\$ (211,708)	\$ (161,917)	\$ 153,296
Debt service as a percentage of noncapital expenditures	9.47%	8.37%	7.59%	7.83%

Town of La Grange, North Carolina
Changes in Fund Balances – Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 5

2013	2014	2015	2016	2017	2018
\$ 608,178	\$ 645,440	\$ 633,450	\$ 643,216	\$ 633,669	\$ 708,474
165,867	165,165	178,144	183,072	214,271	226,971
-	-	-	-	-	-
163,524	179,420	198,367	195,316	193,706	174,984
233,033	451,739	284,101	210,695	240,623	219,349
12,737	9,853	9,381	22,644	12,601	10,129
400,572	428,448	351,830	388,657	400,079	436,972
3,073	2,128	2,425	2,200	4,393	9,505
29,222	35,211	107,203	70,648	121,136	31,133
<u>1,616,206</u>	<u>1,917,404</u>	<u>1,764,901</u>	<u>1,716,448</u>	<u>1,820,478</u>	<u>1,817,517</u>
142,383	144,294	130,944	218,068	148,126	115,066
740,207	798,908	693,543	854,189	914,207	715,207
3,843	387,197	252,501	241,828	228,236	246,758
222,420	259,594	410,978	142,187	119,077	106,174
256,433	4,406	3,603	1,146	3,359	3,460
308,134	449,604	226,499	238,257	433,494	234,559
114,721	115,806	169,314	170,108	152,851	124,277
13,800	17,387	16,911	13,375	11,747	9,759
<u>1,801,941</u>	<u>2,177,196</u>	<u>1,904,293</u>	<u>1,879,158</u>	<u>2,011,097</u>	<u>1,555,260</u>
(185,735)	(259,792)	(139,392)	(162,710)	(190,619)	262,257
-	50,000	98,990	169,415	-	90,000
(315,778)	-	-	-	-	-
<u>(315,778)</u>	<u>50,000</u>	<u>98,990</u>	<u>169,415</u>	<u>-</u>	<u>90,000</u>
6,974	4,985	3,250	6,933	18,828	27,558
225,000	319,360	-	-	210,743	-
<u>(83,804)</u>	<u>374,345</u>	<u>102,240</u>	<u>176,348</u>	<u>229,571</u>	<u>117,558</u>
<u>\$ (269,539)</u>	<u>\$ 114,553</u>	<u>\$ (37,152)</u>	<u>\$ 13,638</u>	<u>\$ 38,952</u>	<u>\$ 379,815</u>
7.13%	6.12%	9.78%	9.76%	8.18%	8.62%

Town of La Grange, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years
Table 6

Year Ended June 30,	Town Direct Rates		Overlapping Rates		Total Direct and Overlapping Rates
	General Fund Rate	Total Direct Rate	Fire District	County Rate	
2009	0.500	0.500	0.040	0.800	1.340
2010	0.450	0.450	0.040	0.800	1.290
2011	0.450	0.450	0.040	0.800	1.290
2012	0.450	0.450	0.040	0.800	1.290
2013	0.450	0.450	0.040	0.800	1.290
2014	0.450	0.450	0.040	0.835	1.325
2015	0.450	0.450	0.040	0.835	1.325
2016	0.470	0.470	0.040	0.835	1.345
2017	0.470	0.470	0.040	0.835	1.345
2018	0.532	0.532	0.040	0.830	1.402

Note: Tax rates are based on \$100 per assessed valuation for the Town of La Grange and all overlapping governments.

Source: Lenoir County Tax Administrator

Town of La Grange, North Carolina
Governmental Funds Tax Revenues by Source
Last Ten Years
(Modified Accrual Basis of Accounting)
Table 7

Year Ended June 30,	Property Tax	Sales Tax	Privilege License Tax	Utility Tax	Beer and Wine tax	Other Taxes	Total
2009	\$ 582,607	\$ 166,295	\$ 5,793	\$ 159,268	\$ 12,525	\$ 1,822	\$ 928,310
2010	604,688	165,609	6,428	160,425	3,969	115	941,234
2011	604,315	165,810	50	160,478	12,226	250	943,129
2012	619,043	178,366	-	157,484	12,448	695	968,036
2013	608,178	165,867	-	151,516	11,579	429	937,569
2014	645,440	165,165	-	151,445	12,550	425	975,025
2015	633,450	178,144	-	169,790	13,612	965	995,961
2016	643,216	183,072	-	168,810	12,506	-	1,007,604
2017	633,669	214,271	-	166,921	12,746	39	1,027,646
2018	708,474	226,971	-	162,969	12,015	-	1,110,429

Town of La Grange, North Carolina
Assessed Value of Taxable Property
Last Ten Years
Table 8

Year Ended June 30,	Real Property	Personal Property	Public Service Companies	Registered Motor Vehicles	Total Property Valuation	Total Direct Tax Rate Per \$100
2009	\$ 91,005,149	\$ 5,315,150	\$ 2,311,253	\$ 16,587,328	\$ 115,218,880	\$ 0.500
2010	110,289,723	4,690,508	2,296,134	15,324,392	132,600,757	0.450
2011	112,018,774	4,662,463	2,095,414	14,220,990	132,997,641	0.450
2012	112,401,662	4,723,929	1,981,828	15,807,432	134,914,851	0.450
2013	112,395,682	5,083,505	2,002,631	15,744,689	135,226,507	0.450
2014	111,721,803	5,540,476	1,887,720	21,637,778	140,787,777	0.450
2015	104,677,655	5,191,145	1,724,998	25,826,202	137,420,000	0.450
2016	112,437,579	5,954,666	2,145,584	17,620,851	138,158,680	0.470
2017	112,836,496	5,611,974	1,923,057	18,697,660	139,069,187	0.470
2018	105,557,559	5,460,345	2,427,255	19,036,651	132,481,810	0.532

Source: Lenoir County Tax Administrator

Note: Property in the county is reassessed once every eight years. The last county-wide revaluation went into effect during the year ended June 30, 2018. The county assesses property at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Town of La Grange, North Carolina
Property Tax Levies and Collections
Last Ten Years
Table 9

Year Ended June 30,	Total Adjusted			Collections within the Year of the Levy		Collections in Subsequent Years	Collections to Date	
	Original Levy	Adjustments	Levy	Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2009	\$ 563,125	\$ 13,310	\$ 576,435	\$ 527,403	91.49%	\$ 45,782	\$ 573,185	99.44%
2010	577,923	21,798	599,721	554,557	92.47%	41,623	596,180	99.41%
2011	588,077	10,630	598,707	553,247	92.41%	40,043	593,290	99.10%
2012	609,408	(1,933)	607,475	559,324	92.07%	39,524	598,848	98.58%
2013	609,171	1,855	611,026	558,722	91.44%	40,085	598,807	98.00%
2014	635,554	(1,654)	633,900	591,234	93.27%	32,508	623,742	98.40%
2015	611,124	7,713	618,837	587,798	94.98%	13,898	601,696	97.23%
2016	649,346	256	649,602	617,712	95.09%	23,871	641,583	98.77%
2017	652,934	973	653,907	620,284	94.86%	17,950	638,234	97.60%
2018	671,449	31,222	702,671	667,874	95.05%	-	667,874	95.05%

Source: Lenoir County Tax Administrator

Note: Property in the county is reassessed once every eight years. The last county-wide revaluation went into effect during the year ended June 30, 2018. The county assesses property at actual value, therefore, the assessed values are equal to actual value.

Town of La Grange, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Years
Table 10

Year Ended June 30,	Governmental Activities	Business-type Activities	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	Installment Notes Payable	Installment Notes Payable			
2009	\$ 636,680	\$ 271,697	\$ 908,377	327	1.07%
2010	511,481	311,559	823,040	290	0.92%
2011	412,571	234,372	646,943	225	0.70%
2012	309,665	157,185	466,850	163	0.47%
2013	419,944	537,698	957,642	334	*
2014	623,498	497,699	1,121,197	393	*
2015	454,184	628,700	1,082,884	416	*
2016	284,076	591,662	875,738	346	*
2017	341,968	547,900	889,868	313	*
2018	217,692	694,392	912,084	329	*

* Information not yet available

(1) See table 12 for personal income and population data

(2) The above table represents secured long-term debt.

Town of La Grange, North Carolina
Legal Debt Margin Information
Last Ten Years
Table 11

<i>June 30,</i>	2014	2015	2016	2017	2018
Debt Limit, 8% of assessed value	\$ 10,993,600	\$ 11,125,535	\$ 11,052,916	\$ 11,125,535	\$ 10,598,549
Total net debt applicable to limit	623,498	454,184	284,076	341,968	217,692
Legal Debt Margin	\$ 10,370,102	\$ 10,671,351	\$ 10,768,840	\$ 10,783,567	\$ 10,380,857
Total net debt applicable to the limit as a percentage of debt limit	5.67%	4.08%	2.57%	3.07%	2.05%
<i>June 30,</i>	2009	2010	2011	2012	2013
Debt Limit, 8% of assessed value	\$ 9,217,510	\$ 9,217,511	\$ 10,639,811	\$ 10,793,188	\$ 10,818,121
Total net debt applicable to limit	636,680	636,681	412,571	309,665	419,944
Legal Debt Margin	\$ 8,580,830	\$ 8,580,830	\$ 10,227,240	\$ 10,483,523	\$ 10,398,177
Total net debt applicable to the limit as a percentage of debt limit	6.91%	6.91%	3.88%	2.87%	3.88%

Town of La Grange, North Carolina
Demographic and Economic Statistics
Last Ten Years
Table 12

Year Ended June 30,	(1) Population	(2) Personal Income (in Thousands)	Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate Percentage
2009	2,774	\$ 1,819,145	\$ 30,615	9,386	12.00%
2010	2,834	1,866,662	31,426	9,228	11.30%
2011	2,873	1,900,136	32,022	9,231	11.10%
2012	2,868	2,051,045	34,630	9,086	10.60%
2013	2,869	*	*	9,211	10.00%
2014	2,854	*	*	9,167	8.80%
2015	2,854	*	*	9,167	8.80%
2016	2,816	*	*	9,167	6.40%
2017	2,844	*	*	9,167	5.90%
2018	2,774	*	*	9,167	4.20%

* Information not yet available

- (1) NC Office of State Planning-State Demographer
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) Lenoir County Board of Education
- (4) US Bureau of Labor Statistics
<http://www.bls.gov/lau/#cntyaa>

Town of La Grange, North Carolina
Principal Employers
Current Year and Ten Years Ago
Table 13

Employer	2018			2009		
	Full Time Employees	Rank	Percentage of Total Town Employment	Full Time Employees	Rank	Percentage of Total Town Employment
Cooper Crouse-Hinds	132	1	n/a	n/a	1	n/a
Lenoir County Schools	108	2	n/a	n/a	2	n/a
Food Lion	90	3	n/a	n/a	3	n/a
Bojangles	65	4	n/a	n/a	4	n/a
P&D Precast	23	5	n/a	n/a	5	n/a
U.S. Post Office	20	6	n/a	n/a	6	n/a
Town of La Grange	20	7	n/a	n/a	7	n/a
Wynn Odom Ford	12	8	n/a	n/a	8	n/a
La Grange Medical	9	9	n/a	n/a	10	n/a
Carr, Riggs & Ingram, LLC	7	10	n/a	n/a	9	n/a

Town of La Grange, North Carolina
Full Time Equivalent Government Employees by Function/Program
Last Ten Years
Table 14

Function/Program	<i>Year Ended June 30,</i>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Administration	1	1	1	1	1	1	1	1	1	1
Finance/Clerk	4	4	4	4	4	4	4	4	4	4
Buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Sworn Officers	10	c	c	c	c	c	c	c	c	c
Transportation	2	2	3	3	3	3	3	3	3	3
Environmental Protection:										
Refuse Collection	1	1	1	1	1	1	1	1	1	1
Cemetery	0	1	1	1	c	c	c	c	c	c
Electric operations	2	2	2	2	3	3	3	3	3	3
Water	3	3	3	3	4	4	4	4	4	4
Wastewater	3	3	3	3	3	3	3	3	3	3
Total	27	18	19	19	20	20	20	20	20	20

c - denotes contract with outside company

Town of La Grange, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Years
Table 15

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	0	0	0	0	0	0	0	1	1
Patrol Units	8	8	8	8	8	8	8	8	8	9
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection:										
Collection trucks	2	2	2	2	3	3	3	3	3	3
Other public works:										
Streets (miles)	22	22	22	22	22	22	22	22	22	22
Streetlights	385	385	385	385	385	385	385	385	426	428
Traffic signals	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Acreage	66	66	66	66	66	66	66	66	66	66
Playgrounds	1	1	1	1	1	1	1	1	1	1
Basketball courts	1	1	1	1	1	1	1	1	1	1
Soccer/Football fields	0	0	0	0	0	0	0	0	0	0
Community Spray-parks	0	1	1	1	1	1	1	1	1	1
Water:										
Water Mains (miles)	30	30	30	30	30	30	30	30	30	30
Fire Hydrants	204	209	209	209	209	209	209	209	209	209
Wastewater:										
Sanitary sewer (miles)	24	24	24	24	24	24	24	24	24	24
Storm Sewer (miles)	30	30	30	30	30	30	30	30	30	30
Treatment capacity (Kgals)	750	750	750	750	750	750	750	750	750	750
Electric:										
Electric Service Line (miles)	44	45	45	45	45	45	45	45	45	45
Average NCP kW	5,280	5,558	5,328	5,266	5,283	N/A	N/A	N/A	N/A	5314
Maximum NCP kW	6,631	6,942	6,484	6,420	6,011	N/A	N/A	N/A	N/A	8003