

Town of La Grange, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT June 30, 2017



Town of La Grange, North Carolina
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Introductory Section



Town of La Grange, North Carolina
List of Principal Officials
June 30, 2017

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

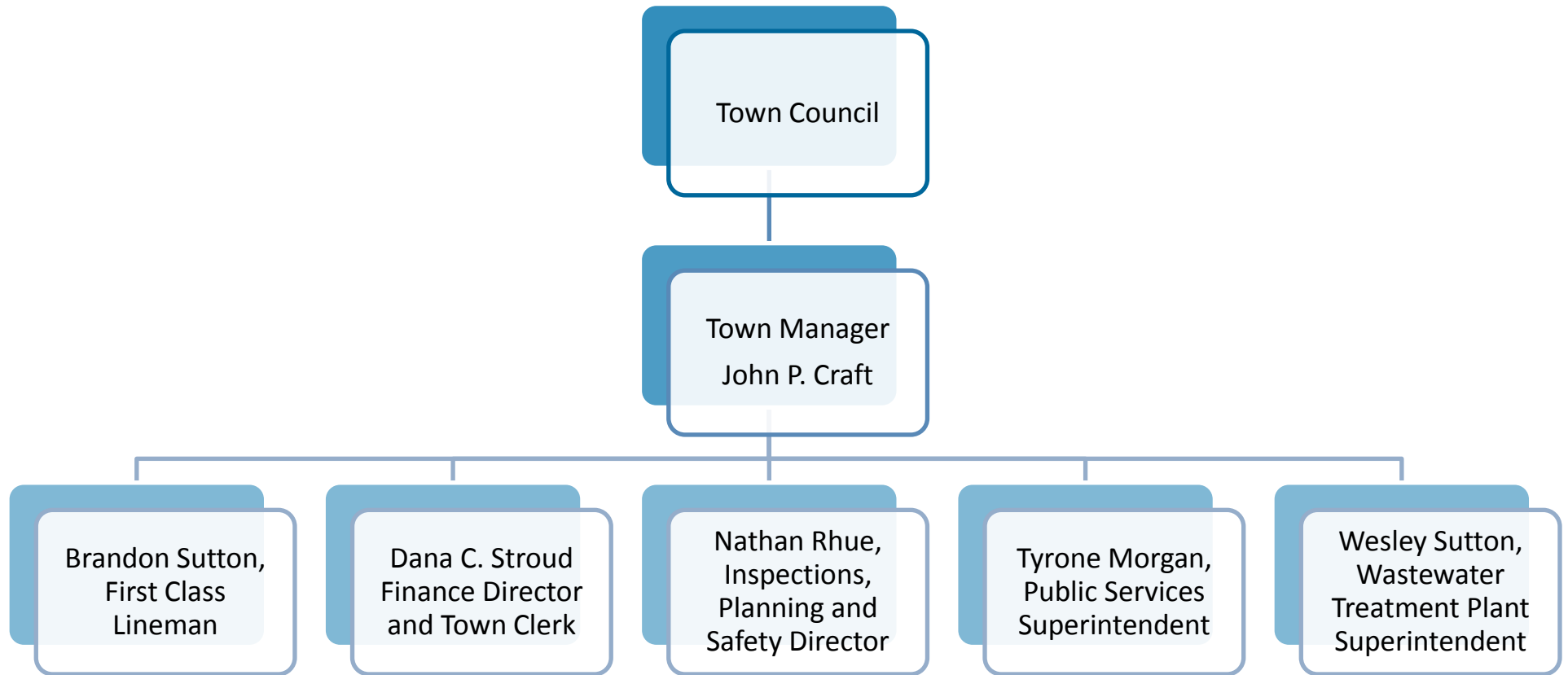
Dana C. Stroud

Town Attorney

David M. Rief

Town of La Grange, North Carolina
Organizational Chart

June 30, 2017





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, 2017. 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, 2017, 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 \$30,000 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 of La Grange also receives 500,000 gallons of water rights per day from the Town of Farmville, NC.

The Wastewater treatment plant has a capacity of 750,000 gallons per day, and the average daily flow is 300,000 gallons per day. In recent years, projects were completed to replace identified

sewer lines to reduce inflow and infiltration into the system and delay the need for plant expansion. A recent improvement 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, 2017 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, 2017. 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 is implementing 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

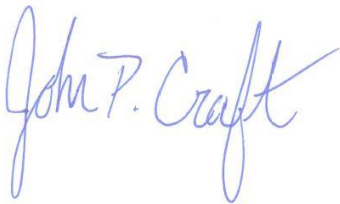
The permanent full-time employees of the Town participate in the statewide North Carolina Local Government Employees' Retirement System (NCLGERS), a cost-sharing multi-employer public employee defined benefit plan administered by the State of North Carolina. The NCLGERS plan is funded by contributions from the Town that equal 7.31% of earnings for employees for the period

of July 1, 2016 to June 30, 2017. 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



Dana C. Stroud
Finance Director/Town Clerk



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Goldsboro, North Carolina 27532

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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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2017, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Funding Progress and Employer Contributions on page 73, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on page 74, 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.

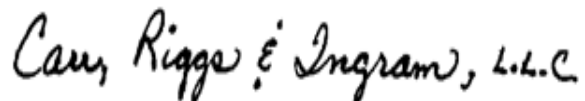
The combining and individual fund financial statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of the Town of La Grange, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of La Grange, North Carolina's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cary Riggs & Ingram, L.L.C.".

La Grange, North Carolina
February 15, 2018

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

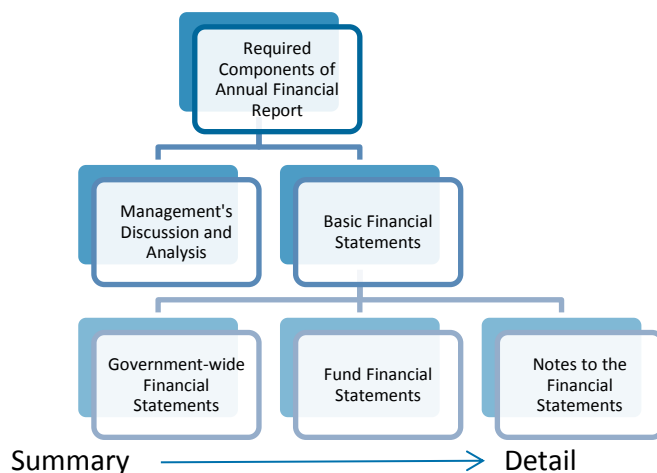
As management of the Town of La Grange, we offer readers of the Town of La Grange's financial statements this narrative overview and analysis of the financial activities of the Town of La Grange for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of La Grange exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,312,766 (net position).
- The government's total net position decreased by \$258,596, primarily due to an increase in total expenses for both Governmental and Business-type activities.
- At the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$1,193,224. Approximately 21% of this total amount or \$449,048 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 \$449,048, or 14% of total general fund expenditures for the fiscal year.
- The Town of La Grange's total debt increased by \$14,130 (1.6%) during the current fiscal year.

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.



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.

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

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- 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.

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

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

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 71 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 73 of this report.

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

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

Government-wide Financial Analysis:

Figure 1
Town of La Grange, North Carolina
Condensed Statement of Net Position
June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 1,646,167	\$ 1,596,367	\$ 2,103,449	\$ 1,817,800	\$ 3,749,616	\$ 3,414,167
Capital assets	2,317,202	2,432,270	8,893,703	9,292,166	11,210,905	11,724,436
Total assets	3,963,369	4,028,637	10,997,152	11,109,966	14,960,521	15,138,603
Deferred outflows of resources	76,819	13,671	230,802	46,227	307,621	-
Current liabilities	194,780	172,304	516,490	497,475	711,270	669,779
Long-term liabilities	351,300	222,319	866,331	687,339	1,217,631	909,658
Total liabilities	546,080	394,623	1,382,821	1,184,814	1,928,901	1,579,437
Deferred inflows of resources	6,568	11,057	19,907	36,647	26,475	47,704
Net investment in capital assets	1,975,234	2,148,194	8,345,803	8,700,504	10,321,037	10,848,698
Restricted	557,310	771,768	-	-	557,310	771,768
Unrestricted	954,996	716,666	1,479,423	1,234,230	2,434,419	1,950,896
Total net position	\$ 3,487,540	\$ 3,636,628	\$ 9,825,226	\$ 9,934,734	\$ 13,312,766	\$ 13,571,362

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 \$13,312,766 as of June 30, 2017. The largest portion, 78%, 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, \$557,310 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,434,419 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 94.86%, which remains below the statewide average of 98.13%.
- Significant decrease in operating expenses in the General, Electric, and Water and Sewer Funds.

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

Figure 2
Town of La Grange, North Carolina
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 584,118	\$ 449,155	\$ 4,756,939	\$ 4,756,548	\$ 5,341,057	\$ 5,205,703
Operating grants and contributions	140,515	125,864	156,585	-	297,100	125,864
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	633,669	643,216	-	-	633,669	643,216
Other taxes	407,977	380,041	36,801	31,956	444,778	411,997
Other	71,028	125,104	84,748	88,112	155,776	213,216
Total revenues	1,837,307	1,723,380	5,035,073	4,876,616	6,872,380	6,599,996
Expenses:						
General government	147,153	170,280	-	-	147,153	170,280
Public safety	847,376	762,806	-	-	847,376	762,806
Human services	4,580	2,367	-	-	4,580	2,367
Transportation	485,303	519,225	-	-	485,303	519,225
Environmental protection	330,652	309,758	-	-	330,652	309,758
Cultural and recreational	159,780	169,374	-	-	159,780	169,374
Interest on long-term debt	11,551	12,012	-	-	11,551	12,012
Electric	-	-	3,455,594	3,323,921	3,455,594	3,323,921
Water and sewer	-	-	1,688,987	1,696,617	1,688,987	1,696,617
Total expenses	1,986,395	1,945,822	5,144,581	5,020,538	7,130,976	6,966,360
Transfers	-	169,415	-	(169,415)	-	-
Change in net position	(149,088)	(53,027)	(109,508)	(313,337)	(258,596)	(366,364)
Net position, beginning	3,636,628	3,689,655	9,934,734	10,248,071	13,571,362	13,937,726
Net position, ending	\$ 3,487,540	\$ 3,636,628	\$ 9,825,226	\$ 9,934,734	\$ 13,312,766	\$ 13,571,362

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 \$1,820,478 for the fiscal year ended June 30, 2017.

Figure 3
Town of La Grange, North Carolina
Summary of Revenues – Governmental Funds
For the Year Ended June 30, 2017 and 2016

Revenue Source	Year Ended June 30, 2017		Year Ended June 30, 2016	
	% of Total	Amount	% of Total	Amount
Ad valorem taxes	34.81%	\$ 633,669	40.67%	\$ 643,216
Local option sales taxes	11.77%	214,271	11.58%	183,072
Unrestricted intergovernmental	10.64%	193,706	12.35%	195,316
Restricted intergovernmental	13.22%	240,623	6.19%	97,856
Permits and fees	0.69%	12,601	1.43%	22,644
Sales and services	21.98%	400,079	24.58%	388,657
Investment earnings	0.24%	4,393	0.08%	1,227
Miscellaneous	6.65%	121,136	3.13%	49,434
Total	100.00%	\$ 1,820,478	100.00%	\$ 1,581,422

Assessed valuation of all taxable property in the Town is approximately \$139 million.

Expenditures for general government purposes (General Fund, Capital Reserve Fund, Volunteer Fire Department Fund and Community Center Project Fund) total \$2,011,097 for the fiscal year ended June 30, 2017.

Figure 4
Town of La Grange, North Carolina
Summary of Expenditures by Function – Governmental Funds
For the Year Ended June 30, 2017 and 2016

Expenditure Function	Year Ended June 30, 2017		Year Ended June 30, 2016	
	% of Total	Amount	% of Total	Amount
General Government	7.4%	148,126	11.6%	218,068
Public safety	45.5%	914,207	45.5%	854,189
Human services	0.2%	3,359	0.1%	1,146
Transportation	11.3%	228,236	12.9%	241,828
Environmental protection	21.6%	433,494	12.7%	238,257
Cultural and recreational	5.9%	119,077	7.6%	142,187
Debt service	8.2%	164,598	9.8%	183,483
Total	100.0%	2,011,097	100.0%	1,879,158

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

Fund Balance in the General Fund at June 30, 2017, was \$1,193,224 and continues to remain at a level that compliments the Town's financial position, maintains credit worthiness, and provides a resource for unforeseen emergencies.

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, 2017 was \$8,229,745 compared to \$8,401,424 the preceding year. Operating loss after depreciation totaled \$296,030 for the year ended June 30, 2017, which decreased from the prior year by \$25,571. The primary reason for this decrease was a slight increase in operating revenues and a decrease in operating expenses 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, 2017 was \$1,595,481 compared to \$1,533,310 the preceding year. Operating loss after depreciation totaled \$74,651 for the year ended June 30, 2017, which decreased from the prior year by \$196,386. The primary reason for this decrease was an increase in the cost of electricity purchased and an increase of operating expenses in the electric fund.

Electric system revenues for the year ended June 30, 2017 was \$3,364,257. System power cost for power purchased from NCEMPA for the year ended June 30, 2017 was \$2,316,531.

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.

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

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.

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 \$449,048, while the total General Fund balance decreased by \$130,933 to a total of \$1,193,724. 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 26% of total General Fund expenditures, while total fund balance represents 70% of that same amount.

Additional comments regarding the Town's governmental funds are:

- There was an increase in operating expenditures for most functions within the General Fund.

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.

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 \$708,858. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$770,565. 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 \$119,038.
- On a budgetary basis, revenues exceeded expenditures in the Water and Sewer Fund by \$152,365.

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

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, 2017 totals \$11,210,905 (net of accumulated depreciation). 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:

- A new garbage truck was purchased for approximately \$210,000 and improvements were made to the fire department totaling approximately \$112,000.

Figure 5
Town of La Grange, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 41,050	\$ 41,050	\$ 418,760	\$ 418,760	\$ 459,810	\$ 459,810
Buildings and improvements	1,549,466	1,494,232	-	-	1,549,466	1,494,232
Equipment	109,366	139,061	429,157	503,777	538,523	642,838
Vehicles	354,580	262,042	246,175	222,315	600,755	484,357
Infrastructure and utility systems	262,740	495,885	7,799,611	8,147,314	8,062,351	8,643,199
Total	\$ 2,317,202	\$ 2,432,270	\$ 8,893,703	\$ 9,292,166	\$ 11,210,905	\$ 11,724,436

Additional information on the Town's capital assets can be found in Note 6 of the financial statements.

Long-term Debt: As of June 30, 2017 the Town of La Grange had total installment notes payable of \$889,868, of which \$341,968 belongs to governmental activities and \$547,900 belongs to business-type activities.

The Town of La Grange's total debt increased by \$14,130 during the past fiscal year, primarily due to purchase of garbage 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 13 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, 2018

Governmental Activities: Property taxes, sales taxes, and franchise taxes make up the projected 3% increase in budgeted revenue for the fiscal year 2017-2018. The Town will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to increase to \$1,656,205. This increase primarily reflects projected cost of living increases across all departments.

Business-type Activities: The water and sewer rates in the Town are expected to remain at current rates next year, while electrical rates are budget to be reduced by eight percent, with corresponding reductions in overall costs.

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. The cost of coal ash cleanup will likely increase the cost of power for the NC Eastern Municipal Power Agency (NCEMPA). 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 carbon emissions could also adversely affect NCEMPA, and as a result the Town due to its contractual obligations with Duke Energy Progress associated with coal fired or 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.



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

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. Unfortunately, these efforts have not been successful. Should the Town wish to grow beyond the limits of its existing sewer system; additional funds will be required to continue the efforts of reducing infiltration and inflow or consider a significantly more costly option to upgrade the Wastewater Treatment Plant to increase the plant's permitted flow and continue to treat the rain and groundwater that enters the system. The Town Council has authorized the Town Manager to seek grant funding and a grant application was submitted to begin to remedy this issue.

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.

Town of La Grange, North Carolina
Statement of Net Position
June 30, 2017
Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 514,501	\$ 1,078,423	\$ 1,592,924
Investments	472,734	319,770	792,504
Receivables, net	204,590	389,674	594,264
Inventories	-	315,582	315,582
Restricted cash and investments	454,342	-	454,342
Total current assets	1,646,167	2,103,449	3,749,616
Noncurrent assets:			
Capital assets:			
Land and construction in progress	41,050	418,760	459,810
Other capital assets, net of depreciation	2,276,152	8,474,943	10,751,095
Total capital assets	2,317,202	8,893,703	11,210,905
Total assets	3,963,369	10,997,152	14,960,521
Deferred outflows of resources	76,819	230,802	307,621
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	66,325	292,077	358,402
Customer deposits	-	183,719	183,719
Current maturities of notes payable	124,197	40,694	164,891
Accounts payable from restricted assets	4,258	-	4,258
Total current liabilities	194,780	516,490	711,270
Long-term liabilities:			
Compensated absences	19,941	52,947	72,888
Net pension liability	94,823	287,413	382,236
Other post-employment benefits	18,765	18,765	37,530
Notes payable, net of current maturities	217,771	507,206	724,977
Total long-term liabilities	351,300	866,331	1,217,631
Total liabilities	546,080	1,382,821	1,928,901
Deferred inflows of resources	6,568	19,907	26,475
Net Position			
Net investment in capital assets	1,975,234	8,345,803	10,321,037
Restricted for:			
Stabilization by state statute	102,968	-	102,968
Transportation	165,351	-	165,351
Fire protection	288,991	-	288,991
Unrestricted	954,996	1,479,423	2,434,419
Total net position	\$ 3,487,540	\$ 9,825,226	\$ 13,312,766

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	\$ 147,153	\$ 12,601	\$ -	\$ -
Public safety	847,376	119,279	47,834	-
Human services	4,580	-	-	-
Transportation	485,303	-	92,681	-
Environmental protection	330,652	401,520	-	-
Cultural and recreational	159,780	50,718	-	-
Interest on long-term debt	11,551	-	-	-
Total governmental activities	1,986,395	584,118	140,515	-
Business-type activities:				
Electric	3,455,594	3,378,393	102,633	-
Water and sewer	1,688,987	1,378,546	53,952	-
Total business type activities	5,144,581	4,756,939	156,585	-
Total primary government	\$ 7,130,976	\$ 5,341,057	\$ 297,100	\$ -

General revenues:

Property taxes, levied for general purpose

Local option sales taxes

Other taxes and licenses

Unrestricted investment earnings

Unrestricted miscellaneous revenue

Gain on disposal of capital assets

Total general revenues

Change in net position

Net position, beginning of year

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, 2017
Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (134,552)	\$ -	\$	(134,552)
(680,263)	-		(680,263)
(4,580)	-		(4,580)
(392,622)	-		(392,622)
70,868	-		70,868
(109,062)	-		(109,062)
(11,551)	-		(11,551)
(1,261,762)	-		(1,261,762)
-	25,432		25,432
-	(256,489)		(256,489)
-	(231,057)		(231,057)
(1,261,762)	(231,057)		(1,492,819)
633,669	-		633,669
214,271	36,801		251,072
193,706	-		193,706
4,393	4,090		8,483
47,807	73,811		121,618
18,828	6,847		25,675
1,112,674	121,549		1,234,223
(149,088)	(109,508)		(258,596)
3,636,628	9,934,734		13,571,362
\$ 3,487,540	\$ 9,825,226	\$	13,312,766

Town of La Grange, North Carolina
Balance Sheet – Governmental Funds
June 30, 2017

Exhibit 3

	Major	Non-major	
		Other	
	General Fund	Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 514,501	\$ -	\$ 514,501
Investments	472,734	-	472,734
Restricted cash and investments	165,351	288,991	454,342
Receivables, net:			
Taxes	59,493	-	59,493
Accounts	23,890	-	23,890
Intergovernmental	110,859	10,348	121,207
Total assets	\$ 1,346,828	\$ 299,339	\$ 1,646,167
Liabilities			
Accounts payable and accrued liabilities	\$ 56,240	\$ -	\$ 56,240
Accounts payable from restricted assets	-	4,258	4,258
Total liabilities	56,240	4,258	60,498
Deferred Inflow of Resources			
Sanitation revenue receivable	37,871	-	37,871
Property taxes receivable	59,493	-	59,493
Total deferred inflows of resources	97,364	-	97,364
Fund Balances			
Restricted for:			
Stabilization by state statute	96,878	6,090	102,968
Transportation	165,351	-	165,351
Fire protection	-	288,991	288,991
Committed for:			
Public safety	24,626	-	24,626
Transportation	11,083	-	11,083
Environmental protection	127,056	-	127,056
Cultural and recreational	319,182	-	319,182
Unassigned	449,048	-	449,048
Total fund balances	1,193,224	295,081	1,488,305
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,346,828	\$ 299,339	

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, 2017
Exhibit 3

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

Total Fund Balances, Governmental Funds		\$ 1,488,305
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	17,344,829	
Accumulated depreciation	<u>15,027,624</u>	2,317,202
Deferred outflows of resources related to pensions are not reported in the funds		76,819
Earned revenues considered deferred inflows of resources in fund statements		
Sanitation revenue	37,871	
Tax revenue	<u>59,493</u>	97,364
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt		(341,968)
Net pension liability		(94,823)
Deferred inflows of resources related to pensions are not reported in the funds		(6,568)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued wages	(3,593)	
Accrued interest	(6,492)	
Compensated absences	(19,941)	
Other post-employment benefits	<u>(18,765)</u>	<u>(48,791)</u>
Net position of governmental activities		\$ 3,487,540

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, 2017
Exhibit 4

	Major	Non-major	
		Other	
		Governmental	
	General Fund	Funds	Total
Revenues			
Ad valorem taxes	\$ 633,669	\$ -	\$ 633,669
Local option sales taxes	214,271	-	214,271
Unrestricted intergovernmental	193,706	-	193,706
Restricted intergovernmental	121,344	119,279	240,623
Permits and fees	12,601	-	12,601
Sales and services	400,079	-	400,079
Investment earnings	3,388	1,005	4,393
Miscellaneous	65,402	55,734	121,136
Total revenues	1,644,460	176,018	1,820,478
Expenditures			
General government	148,126	-	148,126
Public safety	618,349	295,858	914,207
Human services	3,359	-	3,359
Transportation	228,236	-	228,236
Environmental protection	433,494	-	433,494
Cultural and recreational	119,077	-	119,077
Debt service:			
Principal retirement	152,851	-	152,851
Interest and fees	11,747	-	11,747
Total expenditures	1,715,239	295,858	2,011,097
Revenues over (under) expenditures	(70,779)	(119,840)	(190,619)
Other financing sources (uses)			
Transfers (to) from other funds	(289,725)	289,725	-
Proceeds from issuance of debt	210,743	-	210,743
Sale of capital assets	18,828	-	18,828
Total other financing sources (uses)	(60,154)	289,725	229,571
Net change in fund balances	(130,933)	169,885	38,952
Fund balances, beginning of year	1,324,157	125,196	1,449,353
Fund balances, end of year	\$ 1,193,224	\$ 295,081	\$ 1,488,305

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, 2017
Exhibit 4

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

Net change in fund balances		38,952
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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	379,005	
Depreciation expense for governmental assets	<u>(494,073)</u>	(115,068)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		17,495

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 to tax revenues		(1,997)
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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:

New long-term debt issued	(210,743)	
Principal payments on long-term debt	<u>152,851</u>	(57,892)

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 wages	(3,593)	
Accrued interest	196	
Pension expense	(26,998)	
Other post-employment benefits	(1,208)	
Compensated absences	<u>1,025</u>	(30,578)

Total changes in net position of governmental activities		(149,088)
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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, 2017
Exhibit 5

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 636,987	\$ 636,987	\$ 633,669	\$ (3,318)
Local option sales taxes	183,150	183,150	214,271	31,121
Unrestricted intergovernmental	184,100	184,100	193,706	9,606
Restricted intergovernmental	95,014	95,014	121,344	26,330
Permits and fees	10,380	10,380	12,601	2,221
Sales and services	379,750	379,750	400,079	20,329
Investment earnings	700	700	3,388	2,688
Miscellaneous	34,000	34,000	65,402	31,402
Total revenues	1,524,081	1,524,081	1,644,460	120,379
Expenditures				
Current:				
General government	176,875	172,875	148,126	24,749
Public safety	728,144	639,294	618,349	20,945
Human services	3,875	3,925	3,359	566
Transportation	333,845	280,760	228,236	52,524
Environmental protection	305,838	450,056	433,494	16,562
Cultural and recreational	160,575	121,025	119,077	1,948
Debt service:				
Principal retirement and interest	-	163,110	164,598	(1,488)
Total expenditures	1,709,152	1,831,045	1,715,239	115,806
Revenues over (under) expenditures	(185,071)	(306,964)	(70,779)	236,185
Other financing sources (uses)				
Proceeds from issuance of debt		210,743	210,743	-
Proceeds from sale of capital assets	-	-	18,828	18,828
Transfers from other funds	120,000	120,000	-	(120,000)
Transfers to other funds	-	(289,725)	(289,725)	-
Total other financing sources (uses)	120,000	41,018	(60,154)	(101,172)
Appropriated fund balance	65,071	265,946	-	(265,946)
Net change in fund balance	\$ -	\$ -	(130,933)	\$(130,933)
Fund balance, beginning of year as previously reported			1,324,146	
Fund balance, end of year			\$ 1,193,213	

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, 2017
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	\$ 1,193,213
Fund balance, beginning of year	<u>11</u>
Fund balance, end of year (Exhibit 4)	<u><u>\$ 1,193,224</u></u>

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, 2017
Exhibit 6

	Major		
	Electric Fund	Water and Sewer Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 549,795	\$ 528,628	\$ 1,078,423
Investments	144,101	175,669	319,770
Receivables, net:			
Accounts	246,328	129,513	375,841
Intergovernmental	10,531	145	10,676
Other	2,691	466	3,157
Inventories	248,824	66,758	315,582
Total current assets	1,202,270	901,179	2,103,449
Noncurrent assets:			
Capital assets:			
Land and construction in progress	6,000	412,760	418,760
Other capital assets, net of depreciation	983,223	7,491,720	8,474,943
Total capital assets	989,223	7,904,480	8,893,703
Total assets	2,191,493	8,805,659	10,997,152
Deferred outflow of resources	110,379	120,423	230,802
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	255,055	37,022	292,077
Customer deposits	177,080	6,639	183,719
Current maturities of notes payable	34,200	6,494	40,694
Total current liabilities	466,335	50,155	516,490
Long-term liabilities:			
Compensated absences	24,683	28,264	52,947
Net pension liability	137,453	149,960	287,413
Other post-employment benefits	-	18,765	18,765
Notes payable, net of current maturities	68,400	438,806	507,206
Total long-term liabilities	230,536	635,795	866,331
Total liabilities	696,871	685,950	1,382,821
Deferred inflows of resources	9,520	10,387	19,907
Net Position			
Net investment in capital assets	886,623	7,459,180	8,345,803
Unrestricted	708,858	770,565	1,479,423
Total net position	\$ 1,595,481	\$ 8,229,745	\$ 9,825,226

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, 2017
Exhibit 7

	Major		
	Electric Fund	Water and Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 3,364,257	\$ 1,346,299	\$ 4,710,556
Other operating revenues	14,136	32,247	46,383
Total operating revenues	3,378,393	1,378,546	4,756,939
Operating Expenses			
Electrical operations	1,015,664	-	1,015,664
Electrical power purchases	2,316,531	-	2,316,531
Water operations	-	736,520	736,520
Sewer operations	-	313,777	313,777
Wastewater operations	-	192,965	192,965
Non-capitalized equipment and supplies	1,792	27,618	29,410
Depreciation	119,057	403,696	522,753
Total operating expenses	3,453,044	1,674,576	5,127,620
Operating income (loss)	(74,651)	(296,030)	(370,681)
Nonoperating revenues (expenses)			
Federal grants	102,633	53,952	156,585
Investment earnings	2,075	2,015	4,090
Interest and fees	(2,550)	(14,411)	(16,961)
Gain (loss) on sale of capital assets	910	5,937	6,847
Local option sales taxes	-	36,801	36,801
Miscellaneous revenues	33,754	40,057	73,811
Net nonoperating revenues (expenses)	136,822	124,351	261,173
Change in net position	62,171	(171,679)	(109,508)
Total net position, beginning of year	1,533,310	8,401,424	9,934,734
Total net position, end of year	\$ 1,595,481	\$ 8,229,745	\$ 9,825,226

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, 2017
Exhibit 8

	Major		
	Electric Fund	Water and Sewer Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 3,207,687	\$ 1,392,867	\$ 4,600,554
Cash paid for goods and services	(2,878,462)	(791,331)	(3,669,793)
Cash paid to employees for services	(425,876)	(460,688)	(886,564)
Customer deposits received	1,054	(538)	516
Net cash provided (used) by operating activities	(95,597)	140,310	44,713
Cash Flows From Capital and Related Financing Activities			
Federal grants received	102,633	53,952	156,585
Acquisition of capital assets	(33,520)	(91,094)	(124,614)
Proceeds from sale of capital assets	910	5,937	6,847
Local option sales taxes received	-	36,801	36,801
Other revenues	33,754	40,057	73,811
Principal paid on installment obligations	(37,466)	(6,296)	(43,762)
Interest paid on installment obligations	(2,550)	(14,411)	(16,961)
Net cash provided by capital and related financing activities	63,761	24,946	88,707
Cash Flows From Investing Activities			
Interest on investments	2,075	2,015	4,090
Net increase (decrease) in cash and cash equivalents	(29,761)	167,271	137,510
Cash and cash equivalents, beginning of year	723,657	537,026	1,260,683
Cash and cash equivalents, end of year	\$ 693,896	\$ 704,297	\$ 1,398,193

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, 2017
Exhibit 8

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

	Electric Fund	Water and Sewer Fund	Total
Operating income (loss)	\$ (74,651)	\$ (296,030)	\$ (370,681)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	119,057	403,696	522,753
Disposal of capital assets	-	323	323
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(170,706)	14,321	(156,385)
(Increase) decrease in inventory	8,027	219	8,246
Increase (decrease) in accounts payable and accrued liabilities	13,468	2,192	15,660
Increase (decrease) in customer deposits	1,054	(538)	516
Increase (decrease) in compensated absences payable	(4,156)	1,103	(3,053)
(Increase) decrease in deferred outflows of resources for pensions	(88,291)	(96,284)	(184,575)
Increase (decrease) in net pension liability	109,165	118,277	227,442
Increase (decrease) in other post-employment benefits	-	1,207	1,207
Increase (decrease) in deferred inflows of resources for pensions	(8,564)	(8,176)	(16,740)
Total adjustments	(20,946)	436,340	415,394
Net cash provided (used) by operating activities	\$ (95,597)	\$ 140,310	\$ 44,713

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 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.

Community Center Project Fund. This fund was created to account for the purchase and improvement of the community center building.

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.

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). The Town's investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section 150: *Investments of the GASB Codification* and have elected to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the external investment pools having met these criterial is equal to the value of pooled shares.

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, 2017, 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 investments as of June 30, 2017 follows.

<u>Governmental Activities:</u>	
General Fund:	
Streets - Powell bill	\$ 128,907
Streets - USDA loan provision	36,444
Volunteer Fire Department Fund:	
Fire protection - Lenoir and Wayne counties	288,991
Total governmental activities	454,342
Total restricted cash and investments	\$ 454,342

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, 2015. 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.

Inventory 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.

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

Town of La Grange, North Carolina Notes to Financial Statements

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, contributions made to the pension plan in the 2017 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.

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.

Town of La Grange, North Carolina Notes to Financial Statements

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. The Town does not have any nonspendable fund balance at June 30, 2017.

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.

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.

Town of La Grange, North Carolina Notes to Financial Statements

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.

Pensions

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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are

Town of La Grange, North Carolina Notes to Financial Statements

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Healthcare Benefits Plan. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Town has implemented this provision for the year ended June 30, 2017. The implementation of this statement had no effect on net position.

The Town also implemented GASB issued Statement No. 82 – *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Town has implemented this provision for the year ended June 30, 2017. The implementation of this statement had no effect on net position.

The Town also implemented GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of this statement had no effect on government-wide net position.

The Town also implemented GASB issued Statement No. 79 – *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure

Town of La Grange, North Carolina Notes to Financial Statements

requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The implementation of this statement had no effect on net position.

14. Future Accounting Pronouncements

In June 2015, the GASB issued 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. The Town is currently assessing the impact of GASB 84 on the financial statements for the year ending June 30, 2018.

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The Office is currently assessing the impact of GASB 84 on the financial statements for the year ending June 30, 2020.

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is 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]). The Town is currently assessing the impact of GASB 85 on the financial statements for the year ending June 30, 2018.

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The Town is currently assessing the impact of GASB 83 on the financial statements for the year ending June 30, 2019.

In June 2017, the GASB issued Statement No. 87 – *Leases* which 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

Town of La Grange, North Carolina Notes to Financial Statements

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 activities. The Town is currently assessing the impact of GASB 87 on the financial statements for the year ending June 30, 2021.

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement 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. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Town is currently assessing the impact of GASB 81 on the financial statements for the year ending June 30, 2018.

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, 2017, the Town's deposits had a carrying amount of \$1,881,415 and a bank balance of \$1,861,244. Of the bank balance, \$671,610 was covered by federal depository insurance, \$373,389 was covered by collateral held under the Dedicated Method, and 766,403 was covered by collateral held under the Pooling Method. At June 30, 2017, the Town had \$500 cash on hand.

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 3 – INVESTMENTS

At June 30, 2017, 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	\$ 957,855	N/A	N/A

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, 2017.

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 4 – RECEIVABLES

Government-wide receivables as of June 30, 2017 are as follows:

	Taxes	Accounts	Inter- governmental	Other	Total
<u>Governmental Activities:</u>					
General Fund	\$ 90,970	\$ 52,597	\$ 110,859	\$ -	\$ 254,426
Volunteer Fire Department Fund	-	-	10,348	-	10,348
Total	90,970	52,597	121,207	-	264,774
Allowance for doubtful accounts	(31,477)	(28,707)	-	-	(60,184)
Total governmental activities	\$ 59,493	\$ 23,890	\$ 121,207	\$ -	\$ 204,590
<u>Business-type Activities:</u>					
Electric Fund	\$ -	\$ 419,001	\$ 10,531	\$ 2,691	\$ 432,223
Water and Sewer Fund	-	214,304	145	466	214,915
Total	-	633,305	10,676	3,157	647,138
Allowance for doubtful accounts	-	(257,464)	-	-	(257,464)
Total business-type activities	\$ -	\$ 375,841	\$ 10,676	\$ 3,157	\$ 389,674
Total primary government	\$ 59,493	\$ 399,731	\$ 131,883	\$ 3,157	\$ 594,264

Intergovernmental receivables consist of the following:

Sales tax refund	\$ 16,670
Local option sales taxes	65,848
Utility franchise taxes	38,063
Fire district taxes	5,036
Motor vehicle taxes	6,266
Total intergovernmental receivables	<u>\$ 131,883</u>

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
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	1,909,995	97,350	-	2,007,345
Improvements	178,711	27,155	-	205,866
Equipment	638,671	9,735	(13,506)	634,900
Vehicles	1,066,220	229,672	(277,780)	1,018,112
Infrastructure	13,422,460	15,093	-	13,437,553
Total capital assets being depreciated	17,216,057	379,005	(291,286)	17,303,776
Less accumulated depreciation:				
Buildings	521,645	57,250	-	578,895
Improvements	72,829	12,021	-	84,850
Equipment	499,610	39,430	(13,506)	525,534
Vehicles	804,178	137,134	(277,780)	663,532
Infrastructure	12,926,575	248,238	-	13,174,813
Total accumulated depreciation	14,824,837	494,073	(291,286)	15,027,624
Total capital assets being depreciated, net	2,391,220			2,276,152
Governmental activities capital assets, net	\$ 2,432,270			\$ 2,317,202

Town of La Grange, North Carolina
Notes to Financial Statements

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

Public safety	43,362
Transportation	282,792
Cultural and recreational	39,373
Environmental protection	104,254
Human services	1,221
Total depreciation expense	\$ 494,073

Business-type capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type Activities - Electric Fund</u>				
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	1,593,361	-	-	1,593,361
Equipment	277,120	-	(2,158)	274,962
Vehicles	327,988	33,520	-	361,508
Total capital assets being depreciated	2,198,469	33,520	(2,158)	2,229,831
Less accumulated depreciation:				
Electrical system	845,098	44,355	-	889,453
Equipment	143,823	21,284	(2,158)	162,949
Vehicles	140,788	53,418	-	194,206
Total accumulated depreciation	1,129,709	119,057	(2,158)	1,246,608
Total capital assets being depreciated, net	1,068,760			983,223
Electric fund capital assets, net	\$ 1,074,760			\$ 989,223

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
Total capital assets not being depreciated	412,760	-	-	412,760
Capital assets being depreciated:				
Plant and distribution systems	14,865,982	27,156	(19,698)	14,873,440
Equipment	944,843	-	(32,599)	912,244
Vehicles	201,738	63,938	(37,998)	227,678
Total capital assets being depreciated	16,012,563	91,094	(90,295)	16,013,362
Less accumulated depreciation:				
Plant and distribution systems	7,466,931	330,504	(19,698)	7,777,737
Equipment	574,363	53,012	(32,275)	595,100
Vehicles	166,623	20,180	(37,998)	148,805
Total accumulated depreciation	8,207,917	403,696	(89,971)	8,521,642
Total capital assets being depreciated, net	7,804,646			7,491,720
Water and sewer fund capital assets, net	\$ 8,217,406			\$ 7,904,480
Total business-type activities capital assets, net	\$ 9,292,166			\$ 8,893,703

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Government-wide accounts payable and accrued liabilities as of June 30, 2017 are as follows:

General Fund	\$	40,624	\$	19,212	\$	6,489	\$	66,325
Volunteer Fire Department Fund		4,258		-		-		4,258
Total governmental activities	\$	44,882	\$	19,212	\$	6,489	\$	70,583
Business-type activities:								
Electric Fund	\$	240,838	\$	14,217	\$	-	\$	255,055
Water and Sewer Fund		17,540		14,481		5,001		37,022
Total business-type activities	\$	258,378	\$	28,698	\$	5,001	\$	292,077
Total primary government	\$	303,260	\$	47,910	\$	11,490	\$	362,660

Annual required contribution \$ 27,249

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

Town of La Grange, North Carolina Notes to Financial Statements

squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2017, was 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 \$62,483 for the year ended June 30, 2017.

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

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

At June 30, 2017, the Town reported a liability of \$382,236 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the Town's proportion was .01801%, which was an increase of .00076% from its proportion measured as of June 30, 2015.

Town of La Grange, North Carolina Notes to Financial Statements

For the year ended June 30, 2017, the Town recognized pension expense of \$36,304. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,181	\$ 13,394
Changes of assumptions	26,180	-
Net difference between projected and actual earnings on pension plan investments	211,327	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	450	13,081
Employer contributions subsequent to the measurement date	62,483	-
	\$ 307,621	\$ 26,475

\$62,483 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	31,406
2019		31,433
2020		96,754
2021		59,070
2022		-
Thereafter		-
	\$	218,663

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Town of La Grange, North Carolina Notes to Financial Statements

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

Town of La Grange, North Carolina Notes to Financial Statements

fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 907,216	\$ 382,236	\$ (56,273)

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, 2017 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, 2017 totaled \$6,095 from the Town's general employees.

Town of La Grange, North Carolina
Notes to Financial Statements

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 retirees of the town, provided they participate in the North Carolina Local Governmental Employees’ Retirement System and have at least five years of creditable service with the Town. The Town pays the full cost of coverage for these benefits through private insurers. Retirees who qualify for coverage receive the same coverage as active employees. The Town’s retirees can purchase coverage for their dependents at the Town’s group rates. The Town is obligated to provide coverage to retirees until these employees become eligible for Medicare coverage. This plan is no longer available to current employees of the Town. The Town of La Grange Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	2

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a town resolution that can be amended by the Town of La Grange Town Council. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The Town obtains healthcare coverage through private insurers. Since the prior valuation, all current employees are no longer eligible for post-employment benefits. The Town’s contribution to the plan totaled \$20,681. There are no contributions made by employees. The Town’s obligation to contribute to HCB Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund and the Water and Sewer Fund, which are maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Town of La Grange, North Carolina Notes to Financial Statements

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	27,249
Interest on net OPEB obligation		1,406
Adjustment to annual required contribution		(5,560)
Annual OPEB cost (expense)		23,095
Contributions made		(20,681)
Increase in net OPEB obligation		2,414
Net OPEB obligation, beginning of year		35,116
Net OPEB obligation, end of year		\$ 37,530

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June	Annual OPEB	Percentage of	Annual OPEB	Net OPEB
30,	Cost	Cost	Contributed	Obligation
2014	\$ 27,401	78.00%		\$ 27,720
2015	28,090	75.10%		34,704
2016	23,077	98.20%		35,116
2017	23,095	89.55%		37,530

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$170,093. Since the plan does not cover current employees there is no covered payroll. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term



Town of La Grange, North Carolina Notes to Financial Statements

volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75% and 5.00% annually. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 7 years.

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 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, 2017. Deferred outflows of resources is comprised of the following:

Town of La Grange, North Carolina
Notes to Financial Statements

Source	Amount
Difference between expected and actual experience	\$ 7,181
Changes in assumptions	26,180
Net difference between projected and actual earnings on pension plan investments	211,327
Changes in proportion and differences between employer contributions and proportionate share of contributions	450
Employer contributions subsequent to the measurement date	62,483
	\$ 307,621

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

Source	Amount
Taxes receivable (General Fund)	\$ 59,493
Refuse receivable (General Fund)	37,871
Difference between expected and actual experience	13,394
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,081
	\$ 123,839

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.

Town of La Grange, North Carolina Notes to Financial Statements

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, 2017 are comprised of the following:

Seviced by the General Fund:

Description	June 30, 2017
\$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	\$ 132,028
\$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	175,619
\$225,000 loan from a financial institution, executed in April, 2013, due in sixty monthly installments of \$3,814 plus interest at 3.00 percent.	34,321
Total installment notes payable serviced by the General Fund	\$ 341,968

Serviced by the Electric Fund:

Description	June 30, 2017
\$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	\$ 102,600

Town of La Grange, North Carolina
Notes to Financial Statements

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	\$ 137,269
\$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	308,031
Total installment notes payable serviced by the Water and Sewer Fund	\$ 445,300

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	124,197	9,890	40,694	16,094
2019	90,809	7,123	40,899	15,205
2020	56,660	4,742	41,110	14,311
2021	22,561	3,365	7,127	13,580
2022	23,632	2,293	7,352	13,355
2023-2027	24,109	1,196	40,390	63,146
2028-2032	-	-	47,202	56,333
2033-2037	-	-	55,192	48,343
2038-2042	-	-	64,564	38,971
2043-2047	-	-	75,569	27,966
2048-2052	-	-	88,489	15,046
2053-2054	-	-	39,312	1,904
Totals	\$ 341,968	\$ 28,609	\$ 547,900	\$ 324,254

As of June 30, 2017, the Town of La Grange, North Carolina had a legal debt margin of \$10,783,567.

Town of La Grange, North Carolina
Notes to Financial Statements

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, 2017.

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Compensated absences	\$ 20,966	\$ -	\$ (1,025)	\$ 19,941	\$ -
Net pension liability (LGERS)	17,446	77,377	-	94,823	-
Other post-employment benefits	17,558	-	-	17,558	-
Notes payable	284,076	210,743	(152,851)	341,968	124,197
Total governmental activities	\$ 340,046	\$ 288,120	\$ (153,876)	\$ 474,290	\$ 124,197
Business-type Activities:					
<u>Electric Fund:</u>					
Compensated absences	\$ 28,839	\$ -	\$ (4,156)	\$ 24,683	\$ -
Net pension liability (LGERS)	28,288	109,165	-	137,453	-
Notes payable	140,066	-	(37,466)	102,600	34,200
<u>Water and Sewer Fund:</u>					
Compensated absences	27,161	1,103	-	28,264	-
Net pension liability (LGERS)	31,683	118,277	-	149,960	-
Other post-employment benefits	17,558	1,207.00	-	18,765	-
Notes payable	451,596	-	(6,296)	445,300	6,494
Total business-type activities	\$ 725,191	\$ 229,752	\$ (47,918)	\$ 907,025	\$ 40,694

Town of La Grange, North Carolina
Notes to Financial Statements

NOTE 13 – INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds for the year ended June 30, 2017 consist of the following:

Transfer from the General Fund to the Volunteer Fire Department Fund	\$ 88,850
Transfer from the General Fund to the Community Center Project Fund	200,875

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 General Fund to the Community Center Project Fund was to close out the project.

NOTE 14 – NET POSITION

Government-wide net position consists of the following as of June 30, 2017:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 1,975,234	\$ 8,345,803	\$ 10,321,037
Restricted:			
Stabilization by state statute	102,968	-	102,968
Transportation	165,351	-	165,351
Fire protection	288,991	-	288,991
Unrestricted	954,996	1,479,423	2,434,419
Total net position	\$ 3,487,540	\$ 9,825,226	\$ 13,312,766

Net investment in capital assets consists of the following as of June 30, 2017:

	Governmental Activities	Business-type Activities	Total
Total capital assets	\$ 2,317,202	\$ 8,893,703	\$ 11,210,905
Less associated notes payable	(341,968)	(547,900)	(889,868)
Net investment in capital assets	\$ 1,975,234	\$ 8,345,803	\$ 10,321,037

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, 2017:

	General Fund	Volunteer Fire Department Fund	Community Center Project Fund	Total
Restricted:				
Stabilization by state statute	\$ 96,878	\$ 6,090	\$ -	\$ 102,968
Transportation	165,351	-	-	165,351
Fire protection	-	288,991	-	288,991
Total restricted	262,229	295,081	-	557,310
Committed:				
Public safety	24,626	-	-	24,626
Transportation	11,083	-	-	11,083
Environmental protection	127,056	-	-	127,056
Cultural and recreational	319,182	-	-	319,182
Total committed	481,947	-	-	481,947
Unassigned	449,048	-	-	449,048
Total fund balances	\$ 1,193,224	\$ 590,162	\$ -	\$ 1,488,305

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, 2017 amounted to \$2,316,531.



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.

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2018, 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 Funding Progress and Employer Contributions
Exhibit A-1

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)		Funded Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/2015	\$ -	\$ 170,093	\$ 170,093	\$ 170,093	0.00%	N/A	N/A
12/31/2012	\$ -	\$ 236,354	\$ 236,354	\$ 236,354	0.00%	N/A	N/A
12/31/2010	\$ -	\$ 274,500	\$ 274,500	\$ 274,500	0.00%	N/A	N/A
12/31/2008	\$ -	\$ 330,932	\$ 330,932	\$ 330,932	0.00%	\$ 175,956	188.10%

Schedule of Employer Contributions

Year Ended	Annual	
	Required Contribution *	Percentage Contributed *
6/30/2016	\$ 27,249	83.18%
6/30/2015	\$ 28,020	73.17%
6/30/2014	\$ 28,020	76.25%
6/30/2013	\$ 28,124	71.25%
6/30/2012	\$ 24,399	85.96%
6/30/2011	\$ 24,399	80.70%
6/30/2010	\$ 23,517	70.67%

Notes to the Required Schedules:

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

Valuation Date	12/31/2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar amount, closed
Remaining Amortization Period	7 Years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	7.75% - 5.00%
Year of ultimate trend rate	2022
*Includes Inflation at	3.00%

**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 Four Fiscal Years ***

	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) %	0.17250%	0.17250%	0.17380%	0.16500%
Town proportion of the net pension liability (asset) \$	\$ (382,235)	\$ 77,417	\$ (102,500)	\$ 139,764
Town's covered-employee payroll	\$ 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	-43.05%	8.84%	-12.26%	16.97%
Plan fiduciary net position as a percentage of the total pension liability	0.09%	-0.02%	0.02%	0.01%

* 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 Four Fiscal Years**

	2017	2016	2015	2014
Contractually required contribution	\$ 62,483	\$ 61,862	\$ 61,943	\$ 59,125
Contributions in relation to the contractually required contribution	62,483	61,862	61,943	59,125
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 887,907	\$ 887,907	\$ 876,153	\$ 836,274
Contributions as a percentage of covered-employee payroll	7.04%	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, 2017
Exhibit B-1

	General Fund	Capital Reserve Fund	Total
Assets			
Cash and cash equivalents	\$ 514,490	\$ 11	\$ 514,501
Investments	472,734	-	472,734
Restricted investments	165,351	-	165,351
Receivables, net:			
Taxes	59,493	-	59,493
Accounts	23,890	-	23,890
Intergovernmental	110,859	-	110,859
Total assets	\$ 1,346,817	\$ 11	\$ 1,346,828
Liabilities			
Accounts payable and accrued liabilities	\$ 56,240	\$ -	\$ 56,240
Deferred Inflow of Resources			
Sanitation revenue receivable	37,871	-	37,871
Property taxes receivable	59,493	-	59,493
Total deferred inflows of resources	97,364	-	97,364
Fund Balance			
Restricted:			
Stabilization by state statute	96,878	-	96,878
Transportation	165,351	-	165,351
Committed:			
Public safety	24,626	-	24,626
Transportation	11,083	-	11,083
Environmental protection	127,056	-	127,056
Cultural and recreational	319,182	-	319,182
Unassigned	449,037	11	449,048
Total fund balance	1,193,213	11	1,193,224
Total liabilities, deferred inflows of resources and fund balances	\$ 1,346,817	\$ 11	\$ 1,346,828

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, 2017
Exhibit B-2

	General Fund	Capital Reserve Fund	Total
Revenues			
Ad valorem taxes	\$ 633,669	\$ -	\$ 633,669
Local option sales taxes	214,271	-	214,271
Unrestricted intergovernmental	193,706	-	193,706
Restricted intergovernmental	121,344	-	121,344
Permits and fees	12,601	-	12,601
Sales and services	400,079	-	400,079
Investment earnings	3,388	-	3,388
Miscellaneous	65,402	-	65,402
Total revenues	1,644,460	-	1,644,460
Expenditures			
General government	148,126	-	148,126
Public safety	618,349	-	618,349
Human services	3,359	-	3,359
Transportation	228,236	-	228,236
Environmental protection	433,494	-	433,494
Cultural and recreational	119,077	-	119,077
Debt service:			
Principal retirement	152,851	-	152,851
Interest and fees	11,747	-	11,747
Total expenditures	1,715,239	-	1,715,239
Revenues over (under) expenditures	(70,779)	-	(70,779)
Other financing sources (uses)			
Transfers to other funds	(289,725)	-	(289,725)
Proceeds from issuance of debt	210,743	-	210,743
Sale of capital assets	18,828	-	18,828
Total other financing sources (uses)	(60,154)	-	(60,154)
Net change in fund balance	(130,933)	-	(130,933)
Fund balances, beginning of year	1,324,146	11	1,324,157
Fund balances, end of year	\$ 1,193,213	\$ 11	\$ 1,193,224

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, 2017
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes	\$ 630,987	\$ 627,985	\$ (3,002)
Penalties and interest	6,000	5,684	(316)
Total	636,987	633,669	(3,318)
Local option sales taxes	183,150	214,271	31,121
Unrestricted Intergovernmental :			
Utility franchise taxes	157,100	166,921	9,821
Beer and wine taxes	13,000	12,746	(254)
Other taxes	-	39	39
Payment in lieu of taxes	14,000	14,000	-
Total	184,100	193,706	9,606
Restricted Intergovernmental:			
Powell Bill allocation	94,114	92,681	(1,433)
State Grants	-	27,222	27,222
Solid waste disposal tax distribution	900	1,441	541
Total	95,014	121,344	26,330
Permits and fees:			
Building permits	10,000	12,124	2,124
Other permits	380	477	97
Total	10,380	12,601	2,221
Sales and services:			
Sanitation revenues	328,750	339,579	10,829
Cemetery lot sales	51,000	60,500	9,500
Total	379,750	400,079	20,329
Investment earnings	700	3,388	2,688
Miscellaneous:			
Other revenues	34,000	65,402	31,402
Total revenues	1,524,081	1,644,460	120,379

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, 2017
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
<u>General Government:</u>			
General Government:			
Mayor and Town Council		9,923	
Other operating expenditures		72,006	
Capital Outlay		810	
Total	86,925	82,739	4,186
Administration:			
Salaries and employee benefits		63,694	
Other operating expenditures		1,693	
Total	85,950	65,387	20,563
Total general government	172,875	148,126	24,749
<u>Public Safety:</u>			
Police:			
Salaries and employee benefits		17,560	
Contracted services		530,971	
Other operating expenditures		30,687	
Total	598,194	579,218	18,976
Inspections:			
Salaries and employee benefits		32,771	
Other operating expenditures		6,360	
Total	41,100	39,131	1,969
Total public safety	639,294	618,349	20,945
<u>Human Services:</u>			
Council on Aging:			
Operating expenditures	3,925	3,359	566

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, 2017
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
<u>Transportation:</u>			
Streets:			
Salaries and employee benefits		72,628	
Vehicle fuel and maintenance		14,578	
Utilities		21,030	
Repairs and maintenance		37,474	
Other operating expenditures		52,049	
Capital outlay		30,477	
Total transportation	280,760	228,236	52,524
<u>Environmental Protection:</u>			
Sanitation:			
Salaries and employee benefits		63,029	
Contracted services		1,209	
Other operating expenditures		103,334	
Capital Outlay		210,743	
Total	385,141	378,315	6,826
Cemetery:			
Salaries and employee benefits		9,310	
Operating expenditures		45,869	
Total	64,915	55,179	9,736
Total environmental protection	450,056	433,494	16,562
<u>Cultural and Recreational:</u>			
Recreation:			
Operating expenditures		102,114	
Total	103,550	102,114	1,436

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, 2017
Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Library:			
Operating expenditures	16,975	16,463	512
Contribution to the Arts Council	500	500	-
Total cultural and recreational	121,025	119,077	1,948
<u>Debt service:</u>			
Note principal		152,851	
Interest and fees		11,747	
Total debt service	163,110	164,598	(1,488)
Total expenditures	1,831,045	1,715,239	115,806
Revenues over (under) expenditures	(306,964)	(70,779)	236,185
Other financing sources (uses)			
Transfers from (to) other funds:			
Transfers from other funds	120,000	-	(120,000)
Transfers to other funds	(289,725)	(289,725)	-
Net transfers (to) from other funds	(169,725)	(289,725)	(120,000)
Proceeds from issuance of debt	210,743	210,743	-
Sale of capital assets	-	18,828	18,828
Total other financing sources (uses)	41,018	(60,154)	(101,172)
Revenues and other financing sources over (under) expenditures and other financing uses	(265,946)	(130,933)	135,013
Appropriated fund balance	265,946	-	(265,946)
Net change in fund balance	<u>\$ -</u>	(130,933)	<u>\$ (130,933)</u>
Fund balance, beginning of year		1,324,146	
Fund balance, end of year		<u>\$ 1,193,213</u>	

Town of La Grange, North Carolina
Capital Reserve Fund Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2017
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
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017
Exhibit C-1

	Special Revenue Fund	Capital Project Fund	Total
Revenues			
Restricted intergovernmental	\$ 119,279	\$ -	\$ 119,279
Investment earnings	1,005	-	1,005
Miscellaneous	55,734	-	55,734
Total revenues	176,018	-	176,018
Expenditures			
Public safety	295,858	-	295,858
Total expenditures	295,858	-	295,858
Revenues over (under) expenditures	(119,840)	-	(119,840)
Other financing sources (uses)			
Transfers (to) from other funds	88,850	200,875	289,725
Total other financing sources (uses)	88,850	200,875	289,725
Net change in fund balances	(30,990)	200,875	169,885
Fund balances, beginning of year	326,071	(200,875)	125,196
Fund balances, end of year	\$ 295,081	\$ -	\$ 295,081

Town of La Grange, North Carolina
Volunteer Fire Department Fund Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2017

Exhibit D-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental:			
Lenoir County fire district taxes	\$ 86,250	\$ 97,009	\$ 10,759
Wayne County fire district taxes	5,915	4,623	(1,292)
Lenoir County local option sales taxes	12,500	17,647	5,147
Local Option Sales taxes	1,700	-	(1,700)
Total	106,365	119,279	12,914
Miscellaneous:			
Fundraising and contributions	20,000	20,612	612
Other income	36,200	35,122	(1,078)
Total	56,200	55,734	(466)
Investment earnings	700	1,005	305
Total revenues	163,265	176,018	12,753
Expenditures			
Public Safety:			
Repairs		66,444	
Fuel		5,418	
Firefighting supplies		43,186	
Insurance		33,430	
Radio maintenance		6,859	
Utilities		12,950	
Pension		8,707	
Dues		2,138	
Fundraising		2,521	
Capital outlay		114,205	
Total expenditures	299,115	295,858	3,257
Revenues over (under) expenditures	(135,850)	(119,840)	9,496

**Town of La Grange, North Carolina
 Volunteer Fire Department Fund Statement of Revenues, Expenditures,
 and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2017**

Exhibit D-1

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfers from (to) other funds:			
Transfers from other funds	88,850	88,850	-
Total other financing sources (uses)	88,850	88,850	-
Appropriated fund balance	47,000	-	47,000
Net change in fund balance	<u>\$ -</u>	(30,990)	<u>\$ (30,990)</u>
Fund balance, beginning of year		326,071	
Fund balance, end of year		<u>\$ 295,081</u>	

Town of La Grange, North Carolina
Community Center Project Fund Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2017
Exhibit E-1

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
State grants - PARTF	\$ 315,000	\$ 315,000	\$ -	\$ 315,000	\$ -
Fundraising and contributions	26,400	19,773	-	19,773	(6,627)
Miscellaneous revenue	7,274	44,692	-	44,692	37,418
Total revenues	348,674	379,465	-	379,465	30,791
Expenditures					
Community Center		799,006	-	799,006	799,006
Debt service:					
Note principal		53,390	-	53,390	-
Interest and fees		7,001	-	7,001	-
Total debt service		60,391	-	60,391	-
Total expenditures	795,000	859,397	-	859,397	(64,397)
Revenues over (under) expenditures	(446,326)	(479,932)	-	(479,932)	(33,606)
Other financing sources					
Loan proceeds	225,000	225,000	-	225,000	-
Transfer from General Fund	221,326	54,057	200,875	254,932	33,606
Total other financing sources	446,326	279,057	200,875	479,932	33,606
Net change in fund balance	<u>\$ -</u>	<u>\$ (200,875)</u>	200,875	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			(200,875)		
Fund balance, end of year			\$ -		

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, 2017
Exhibit F-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues:			
Charges for services:			
Electric charges	\$ 3,419,154	\$ 3,347,337	\$ (71,817)
Service charges	16,000	16,920	920
Total charges for services	3,435,154	3,364,257	(70,897)
Other operating revenues	-	14,136	14,136
Total operating revenues	3,435,154	3,378,393	(56,761)
Nonoperating revenues:			
Federal grants	-	102,633	102,633
Investment earnings	500	2,075	1,575
Sale of Materials	-	910	910
Miscellaneous revenues	2,750	3,007	257
Local option sales taxes	17,500	-	(17,500)
Rental income	30,261	30,734	473
Bad accounts recovered	-	13	13
Total nonoperating revenues	51,011	139,372	88,361
Total revenues	3,486,165	3,517,765	31,600
Expenditures			
Electrical operations:			
Salaries and employee benefits		421,720	
Contracted services		40,617	
Maintenance and repairs		17,913	
Other operating expenditures		526,618	
Total		1,006,868	
Electrical power purchases		2,316,531	
Capital outlay		35,312	

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, 2017
Exhibit F-1

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal Payments		37,466	
Interest Payments		2,550	
Total		40,016	
Total expenditures	3,401,165	3,398,727	2,438
Revenues over (under) expenditures	85,000	119,038	34,038
Other financing sources (uses)			
Transfers to other funds	(85,000)	-	85,000
Total Other financing sources (uses)	(85,000)	-	85,000
Revenues, and other financing sources, and appropriated fund balance over (under) expenditures and other financing uses			
	\$ -	\$ 119,038	\$ 119,038
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			
		\$ 119,038	
Reconciling items:			
Capital outlay		33,520	
Debt principal		37,466	
Depreciation		(119,057)	
Change in accrued compensated absences		4,156	
Change in accrued salaries		(642)	
Decrease in net pension liability		(109,165)	
Increase in deferred outflows of resources - pensions		88,291	
Decrease in deferred inflows of resources - pensions		8,564	
Total reconciling items		(56,867)	
Change in net position		\$ 62,171	

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, 2017
Exhibit F-2

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues:			
Charges for services:			
Water charges	\$ 680,245	\$ 689,025	\$ 8,780
Sewer charges	638,251	655,714	17,463
Water and sewer taps	2,500	1,400	(1,100)
Service charges	4,350	160	(4,190)
Total charges for services	1,325,346	1,346,299	20,953
Other operating revenues	22,813	32,247	9,434
Total operating revenues	1,348,159	1,378,546	30,387
Nonoperating revenues:			
Federal grants	-	53,952	53,952
Investment earnings	375	2,015	1,640
Rental income	21,306	19,951	(1,355)
Sale of scrap metal	-	158	158
Miscellaneous revenues	8,212	19,948	11,736
Local option sales taxes	32,253	36,801	4,548
Total nonoperating revenues	62,146	132,825	70,679
Total revenues	1,410,305	1,511,371	101,066
Expenditures			
Water operations:			
Salaries and employee benefits		188,293	
Utilities		35,009	
Repairs and maintenance		449	
Contracted services		36,797	
Other operating expenditures		468,825	
Total	747,940	729,373	18,567
Sewer operations:			
Salaries and employee benefits		140,892	
Utilities		59,018	
Repairs and maintenance		10,789	
Contracted services		18,760	
Other operating expenditures		78,772	
Total	313,017	308,231	4,786

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, 2017
Exhibit F-2

	Final Budget	Actual	Variance Positive (Negative)
Wastewater operations:			
Salaries and employee benefits		132,606	
Utilities		12,867	
Repairs and maintenance		3,610	
Contracted services		9,883	
Other operating expenditures		29,277	
Total	208,251	188,243	20,008
Capital outlay	118,925	118,712	213
Debt service:			
Note principal		6,296	
Interest and fees		14,411	
Total	20,707	20,707	-
Total expenditures	1,408,840	1,365,266	43,574
Revenues over (under) expenditures	1,465	146,105	144,640
Other financing sources (uses)			
Sale of capital assets	-	6,260	6,260
Transfers to other funds	(21,000)	-	21,000
Total other financing sources (uses)	(21,000)	6,260	27,260
Fund balance appropriated	19,535	-	(19,535)
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 152,365	\$ 152,365

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, 2017
Exhibit F-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	\$ 152,365
Reconciling items:	
Capital outlay	91,094
Debt principal	6,296
Change in accrued compensated absences	(1,103)
Change in accrued OPEB liability	(1,207)
Loss on sale of capital assets	(324)
Change in accrued salaries payable	(1,288)
Decrease in net pension liability	(118,277)
Increase in deferred outflows of resources - pensions	96,285
Decrease in deferred inflows of resources - pensions	8,176
Depreciation	(403,696)
Total reconciling items	(324,044)
Change in net position	\$ (171,679)

Town of La Grange, North Carolina
Schedule of Cash and Cash Equivalent Balances
June 30, 2017
Schedule 1

Cash and Cash Equivalents:	
On hand	\$ 500
In time deposits	1,254,635
Certificates of deposit	626,780
	1,881,915
Investments:	
North Carolina Capital Management Trust	957,855
	957,855
Total cash and investments	\$ 2,839,770
	\$ 2,839,770
Distribution by funds:	
General Fund	\$ 1,152,575
Capital Reserve Fund	11
Volunteer Fire Department Fund	288,991
Electric Fund	693,896
Water and Sewer Fund	704,297
	2,839,770
Total cash and investments	\$ 2,839,770
	\$ 2,839,770

Town of La Grange, North Carolina
General Fund Schedule of Ad Valorem Taxes Receivable
June 30, 2017
Schedule 2

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 653,907	\$ 620,284	\$ 33,623
2015-2016	31,890	-	16,256	15,634
2014-2015	17,141	-	6,906	10,235
2013-2014	12,219	-	4,134	8,085
2012-2013	8,627	-	1,862	6,765
2011-2012	5,417	-	954	4,463
2010-2011	3,541	-	478	3,063
2009-2010	3,250	-	419	2,831
2008-2009	3,997	-	327	3,670
2007-2008	2,862	-	262	2,600
2006-2007	3,717	-	3,717	-
	<u>\$ 92,661</u>	<u>\$ 653,907</u>	<u>\$ 655,599</u>	<u>\$ 90,969</u>
Less allowance for uncollectible ad valorem taxes receivable				(31,477)
Ad valorem taxes receivable, net				<u>\$ 59,492</u>
<u>Reconciliation with revenues:</u>				
Total ad valorem taxes - General Fund				\$ 633,669
Penalties and interest, net of discounts				(5,684)
Amounts written off for prior year taxes and releases				27,614
Total collections and credits				<u>\$ 655,599</u>

Town of La Grange, North Carolina
General Fund Analysis of Current Tax Levy – Town-wide Levy
For the Fiscal Year Ended June 30, 2017
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	\$ 138,922,200	0.47	\$ 652,934	\$ 565,055	\$ 87,879
Penalties and interest	-		282	282	-
	138,922,200		653,216	565,337	87,879
Discoveries:					
Current year taxes	149,362		702	702	-
Releases	(2,375)		(11)	(11)	-
<u>Total property valuation</u>	<u>\$ 139,069,187</u>				
Net levy			653,907	566,028	87,879
Uncollected taxes at June 30, 2017			(33,623)	(33,623)	-
Current year's taxes collected			\$ 620,284	\$ 532,405	\$ 87,879
Current levy collection percentage			94.86%	94.06%	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>	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 2,818,153	\$ 2,692,826	\$ 2,804,333	\$ 2,688,005
Restricted	62,692	86,208	18,654	710,501
Unrestricted	1,588,462	1,532,799	1,377,637	514,603
Total	\$ 4,469,307	\$ 4,311,833	\$ 4,200,624	\$ 3,913,109
Business-type activities				
Net investment in capital assets	\$ 8,334,868	\$ 8,204,969	\$ 8,466,410	\$ 10,008,440
Restricted	-	-	-	28,670
Unrestricted	586,684	759,567	748,519	843,281
Total	\$ 8,921,552	\$ 8,964,536	\$ 9,214,929	\$ 10,880,391
Primary government				
Net investment in capital assets	\$ 11,153,021	\$ 10,897,795	\$ 11,270,743	\$ 12,696,445
Restricted	62,692	86,208	18,654	739,171
Unrestricted	2,175,146	2,292,366	2,126,156	1,357,884
Total	\$ 13,390,859	\$ 13,276,369	\$ 13,415,553	\$ 14,793,500

Town of La Grange, North Carolina
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)
Table 1

2012	2013	2014	2015	2016	2017
\$ 2,454,952	\$ 2,182,552	2,205,338	\$ 2,222,826	\$ 2,148,194	\$ 1,975,234
113,853	470,682	1,010,419	870,312	771,768	557,310
1,239,900	903,529	527,875	596,517	716,666	954,996
<u>\$ 3,808,705</u>	<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>
\$ 9,903,170	\$ 9,133,249	9,416,523	\$ 9,066,437	\$ 8,700,504	\$ 8,345,803
-	456,842	66,133	65,521	-	-
694,268	1,240,390	1,295,721	1,116,113	1,234,230	1,479,423
<u>\$ 10,597,438</u>	<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>
\$ 12,358,122	\$ 11,315,801	\$ 11,621,861	\$ 11,289,263	\$ 10,848,698	\$ 10,321,037
113,853	927,524	1,076,552	935,833	771,768	557,310
1,934,168	2,143,919	1,823,596	1,712,630	1,950,896	2,434,419
<u>\$ 14,406,143</u>	<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>

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>	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General government	\$ 184,092	\$ 285,213	\$ 176,841	\$ 177,167
Public safety	707,609	658,599	695,133	645,115
Human services	5,583	5,810	5,580	3,568
Transportation	525,724	463,498	471,271	494,139
Cultural and recreational	61,772	39,296	37,527	68,079
Environmental protection	254,990	283,287	294,646	301,737
Interest on long-term debt	17,528	27,878	26,254	21,234
Total	1,757,298	1,763,581	1,707,252	1,711,039
Business-type activities:				
Electric	3,226,975	3,551,385	3,708,129	3,809,376
Water and sewer	1,135,717	1,316,029	1,349,782	1,606,184
Total	4,362,692	4,867,414	5,057,911	5,415,560
Total primary government	\$ 6,119,990	\$ 6,630,995	\$ 6,765,163	\$ 7,126,599
Program Revenues				
Governmental activities:				
Charges for services:				
Environmental protection	\$ 323,811	\$ 322,879	\$ 342,937	\$ 344,195
Public safety	1,231	1,694	50,224	6,740
Cultural and recreational	-	-	-	-
General government	60,167	43,156	39,547	375
Operating grants and contributions	133,178	112,542	97,358	88,346
Capital grants and contributions	-	-	-	-
Total	518,387	480,271	530,066	439,656
Business-type activities:				
Charges for services:				
Electric	3,294,089	3,839,076	3,868,201	4,010,677
Water and Sewer	1,030,555	1,101,828	1,155,253	1,359,630
Operating grants and contributions	239,375	-	-	-
Capital grants and contributions	-	-	-	-
Total	4,564,019	4,940,904	5,023,454	5,370,307
Total primary government	\$ 5,082,406	\$ 5,421,175	\$ 5,553,520	\$ 5,809,963

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

	2012	2013	2014	2015	2016	2017
\$	199,661	\$ 157,003	\$ 159,342	\$ 141,847	\$ 170,280	\$ 147,153
	637,167	764,576	768,452	672,763	762,806	847,376
	5,726	5,990	6,553	5,287	2,367	4,580
	551,473	495,248	522,616	544,717	519,225	485,303
	85,940	77,939	349,571	327,892	309,758	330,652
	296,715	315,474	59,598	119,107	169,374	159,780
	17,237	13,800	18,163	15,659	12,012	11,551
	<u>1,793,919</u>	<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>
	3,893,225	3,661,069	3,918,219	3,826,037	3,323,921	3,455,594
	<u>1,820,900</u>	<u>1,638,049</u>	<u>1,684,632</u>	<u>1,683,907</u>	<u>1,696,617</u>	<u>1,688,987</u>
	5,714,125	5,299,118	5,602,851	5,509,944	5,020,538	5,144,581
\$	<u><u>7,508,044</u></u>	<u><u>7,129,148</u></u>	<u><u>7,487,146</u></u>	<u><u>7,337,216</u></u>	<u><u>6,966,360</u></u>	<u><u>7,130,976</u></u>
\$	343,039	\$ 362,309	\$ 353,494	\$ 344,562	\$ 329,317	\$ 401,520
	42,168	41,097	49,683	9,271	22,644	119,279
	-	-	-	-	37,854	50,718
	-	12,500	40,000	-	59,340	12,601
	137,935	231,657	216,263	198,819	125,864	140,515
	92,487	4,838	298,629	85,282	-	-
	<u>615,629</u>	<u>652,401</u>	<u>958,069</u>	<u>637,934</u>	<u>575,019</u>	<u>724,633</u>
	3,700,161	3,722,188	3,844,206	3,764,577	3,439,139	3,378,393
	1,423,849	1,375,839	1,331,795	1,319,308	1,317,409	1,378,546
	52,913	338	4,756,939	-	-	156,585
	200,936	40,000	350,000	-	-	-
	<u>5,377,859</u>	<u>5,138,365</u>	<u>10,282,940</u>	<u>5,083,885</u>	<u>4,756,548</u>	<u>4,913,524</u>
\$	<u><u>5,993,488</u></u>	<u><u>5,790,766</u></u>	<u><u>11,241,009</u></u>	<u><u>5,721,819</u></u>	<u><u>5,331,567</u></u>	<u><u>5,638,157</u></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>	2008	2009	2010	2011
Net (Expense) Revenue				
Governmental activities	\$ (1,238,911)	\$ (1,283,310)	\$ (1,177,186)	\$ (1,271,383)
Business-type activities	201,327	73,490	(34,457)	(45,253)
Total primary government	\$ (1,037,584)	\$ (1,209,820)	\$ (1,211,643)	\$ (1,316,636)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Property taxes	\$ 582,484	\$ 585,147	\$ 602,153	\$ 606,691
Sales taxes	193,032	166,295	165,609	165,810
Franchise taxes	185,001	214,117	172,754	172,754
Investment earnings	58,113	25,523	4,245	5,376
Miscellaneous	27,917	41,987	197,579	74,751
Gain (Loss) on disposal of capital assets	-	-	-	-
Transfers	88,480	92,767	(76,362)	(41,514)
Total	1,135,027	1,125,836	1,065,978	983,868

Business-type activities:

Sales tax	40,143	36,410	32,153	32,801
Other taxes	-	-	-	1,596,182
Investment earnings	14,620	12,414	2,311	2,459
Miscellaneous	54,657	13,437	174,025	37,761
Gain (loss) on disposal of capital assets	-	-	-	-
Transfers	(88,480)	(92,767)	76,362	41,514
Total	20,940	(30,506)	284,851	1,710,717
Total primary government	\$ 1,155,967	\$ 1,095,330	\$ 1,350,829	\$ 2,694,585

Change in Net Position

Governmental activities	\$ (103,884)	\$ (157,474)	\$ (111,208)	\$ (287,515)
Business-type activities	222,267	42,984	250,394	1,665,464
Total primary government	\$ 118,383	\$ (114,490)	\$ 139,186	\$ 1,377,949

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

(continued)

2012	2013	2014	2015	2016	2017
\$ (1,178,290)	\$ (1,177,629)	\$ (926,226)	\$ (1,189,338)	\$ (1,370,803)	\$ (1,261,762)
(336,266)	(160,753)	4,680,089	(426,059)	(263,990)	(231,057)
<u>\$ (1,514,556)</u>	<u>\$ (1,338,382)</u>	<u>\$ 3,753,863</u>	<u>\$ (1,615,397)</u>	<u>\$ (1,634,793)</u>	<u>\$ (1,492,819)</u>
\$ 613,905	\$ 617,941	\$ 624,057	\$ 624,057	\$ 643,216	\$ 633,669
178,366	165,867	178,144	178,144	184,725	214,271
172,032	166,540	198,367	198,367	195,316	193,706
2,381	3,073	2,425	2,425	2,200	4,393
29,124	28,721	80,207	80,207	115,971	47,807
-	(17,888)	(14,737)	(14,737)	6,933	18,828
78,077	(315,778)	98,990	98,990	169,415	-
<u>1,073,885</u>	<u>648,476</u>	<u>1,167,453</u>	<u>1,167,453</u>	<u>1,317,776</u>	<u>1,112,674</u>
34,195	37,237	34,847	34,847	31,956	36,801
-	-	-	-	-	-
2,314	1,479	1,452	1,452	1,444	4,090
94,881	63,714	58,536	58,536	71,488	73,811
-	(24,412)	7,575	7,575	15,180	6,847
(78,077)	315,778	(98,990)	(98,990)	(169,415)	-
<u>53,313</u>	<u>393,796</u>	<u>3,420</u>	<u>3,420</u>	<u>(49,347)</u>	<u>121,549</u>
<u>\$ 1,127,198</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>
\$ (104,405)	\$ (529,153)	\$ 241,227	\$ (21,885)	\$ (53,027)	\$ (149,088)
(282,953)	233,043	4,683,509	(422,639)	(313,337)	(109,508)
<u>\$ (387,358)</u>	<u>\$ (296,110)</u>	<u>\$ 4,924,736</u>	<u>\$ (444,524)</u>	<u>\$ (366,364)</u>	<u>\$ (258,596)</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
General Fund:							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	710,501	113,853	141,928	442,858	493,960	445,697	262,229
Comitted	-	707,661	410,209	431,089	453,687	446,650	481,947
Assigned	8,000	28,000	75,000	-	-	-	-
Unassigned	442,659	464,942	366,237	302,640	298,164	431,810	449,048
Total	\$1,161,160	\$1,314,456	\$ 993,374	\$ 1,176,587	\$ 1,245,811	\$ 1,324,157	\$ 1,193,224
All Other Governmental Funds:							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	328,754	567,561	376,352	326,071	295,081
Comitted	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(271,279)	(186,448)	(200,875)	-
Total	\$ -	\$ -	\$ 328,754	\$ 296,282	\$ 189,904	\$ 125,196	\$ 295,081

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>	2008	2009	2010	2011
Revenues				
Ad valorem taxes	\$ 589,222	\$ 582,607	\$ 604,688	\$ 604,315
Local option sales taxes	193,032	166,295	165,609	165,810
Other taxes and licenses	4,808	5,793	6,428	50
Unrestricted intergovernmental	169,100	173,615	164,509	172,954
Restricted intergovernmental	144,271	147,250	99,175	88,096
Permits and fees	11,398	9,850	5,271	7,115
Sales and services	373,811	357,879	427,437	344,195
Investment earnings	58,113	25,523	4,245	5,376
Miscellaneous	20,971	37,430	184,829	67,523
Total revenues	1,564,726	1,506,242	1,662,191	1,455,434
Expenditures				
General government	227,932	264,981	158,160	250,370
Public safety	765,990	695,354	640,467	608,153
Transportation	288,687	243,109	462,421	293,658
Cultural and recreational	52,972	31,206	116,038	54,971
Human Services	3,351	3,656	3,433	3,568
Environmental protection	246,554	657,191	278,315	252,201
Debt service:				
Principal retirement	44,040	170,459	125,199	98,910
Interest and fees	17,528	27,878	26,254	21,234
Total expenditures	1,647,054	2,093,834	1,810,287	1,583,065
Revenues over/under expenditures	(82,328)	(587,592)	(148,096)	(127,631)
Other financing sources (uses)				
Operating transfers from other funds	101,761	104,181	83,210	21,737
Operating transfers to other funds	(13,281)	(11,414)	(159,572)	(63,251)
Total operating transfers	88,480	92,767	(76,362)	(41,514)
Proceeds from sale of capital assets	6,944	4,557	12,750	7,228
Loan proceeds	64,000	429,241	-	-
Total other financing sources (uses)	159,424	526,565	(63,612)	(34,286)
Net changes in fund balance	\$ 77,096	\$ (61,027)	\$ (211,708)	\$ (161,917)
Debt service as a percentage of noncapital expenditures	3.74%	9.47%	8.37%	7.59%

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

Table 5

2012	2013	2014	2015	2016	2017
\$ 619,043	\$ 608,178	\$ 645,440	\$ 633,450	\$ 643,216	\$ 633,669
178,366	165,867	165,165	178,144	183,072	214,271
-	-	-	-	-	-
170,627	163,524	179,420	198,367	195,316	193,706
226,321	233,033	451,739	284,101	210,695	240,623
12,319	12,737	9,853	9,381	22,644	12,601
390,405	400,572	428,448	351,830	388,657	400,079
2,382	3,073	2,128	2,425	2,200	4,393
33,513	29,222	35,211	107,203	70,648	121,136
<u>1,632,976</u>	<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>
181,557	142,383	144,294	130,944	218,068	148,126
595,056	740,207	798,908	693,543	854,189	914,207
316,008	3,843	387,197	252,501	241,828	228,236
251,254	222,420	259,594	410,978	142,187	119,077
3,579	256,433	4,406	3,603	1,146	3,359
65,930	308,134	449,604	226,499	238,257	433,494
102,906	114,721	115,806	169,314	170,108	152,851
17,237	13,800	17,387	16,911	13,375	11,747
<u>1,533,527</u>	<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>
99,449	(185,735)	(259,792)	(139,392)	(162,710)	(190,619)
50,627	-	50,000	98,990	169,415	-
-	(315,778)	-	-	-	-
<u>50,627</u>	<u>(315,778)</u>	<u>50,000</u>	<u>98,990</u>	<u>169,415</u>	<u>-</u>
3,220	6,974	4,985	3,250	6,933	18,828
-	225,000	319,360	-	-	210,743
<u>53,847</u>	<u>(83,804)</u>	<u>374,345</u>	<u>102,240</u>	<u>176,348</u>	<u>229,571</u>
<u>\$ 153,296</u>	<u>\$ (269,539)</u>	<u>\$ 114,553</u>	<u>\$ (37,152)</u>	<u>\$ 13,638</u>	<u>\$ 38,952</u>
7.83%	7.13%	6.12%	9.78%	9.76%	8.18%

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	
2008	0.500	0.500	0.040	0.840	1.380
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	0.450	0.450	0.040	0.835	1.325
2017	0.450	0.450	0.040	0.835	1.325

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 Activities 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
2008	\$ 589,222	\$ 193,032	\$ 4,808	\$ 147,131	\$ 12,916	\$ 9,053	\$ 956,162
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

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
2008	\$ 90,717,531	\$ 4,444,183	\$ 2,200,539	\$ 17,334,693	\$ 114,696,946	0.50
2009	91,005,149	5,315,150	2,311,253	16,587,328	115,218,880	0.50
2010	110,289,723	4,690,508	2,296,134	15,324,392	132,600,757	0.45
2011	112,018,774	4,662,463	2,095,414	14,220,990	132,997,641	0.45
2012	112,401,662	4,723,929	1,981,828	15,807,432	134,914,851	0.45
2013	112,395,682	5,083,505	2,002,631	15,744,689	135,226,507	0.45
2014	111,721,803	5,540,476	1,887,720	21,637,778	140,787,777	0.45
2015	104,677,655	5,191,145	1,724,998	25,826,202	137,420,000	0.45
2016	112,437,579	5,954,666	2,145,584	17,620,851	138,158,680	0.47
2017	112,836,496	5,611,974	1,923,057	18,697,660	139,069,187	0.47

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, 2010. 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,	Original Levy	Adjustments	Total Adjusted Levy	Collections within the Year of the Levy		Collections in Subsequent Years	Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2008	\$ 566,318	\$ 7,607	\$ 573,925	\$ 525,614	91.58%	\$ 44,314	\$ 569,928	99.30%
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%	-	617,712	95.09%
2017	652,934	973	653,907	620,284	94.86%	-	620,284	94.86%

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, 2010. 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	OPEB Obligations	Compensated Absences	Installment Notes Payable	OPEB Obligations	Compensated Absences			
2008	\$ 377,898	\$ -	\$ 48,789	\$ 426,982	\$ -	\$ 17,666	\$ 871,335	313	1.00%
2009	636,680	-	22,450	271,697	-	22,985	953,812	344	1.12%
2010	511,481	6,896	24,026	311,559	-	25,882	879,844	310	0.99%
2011	412,571	11,512	31,050	234,372	-	31,405	720,910	251	0.78%
2012	309,665	14,505	34,187	157,185	-	32,980	548,522	191	0.55%
2013	419,944	21,684	32,562	537,698	-	30,705	1,042,593	363	*
2014	623,498	13,860	18,158	497,699	13,860	45,022	1,212,097	425	*
2015	454,184	17,430	21,213	628,700	17,430	49,053	1,188,010	416	*
2016	284,076	17,558	20,966	591,662	17,558	56,800	988,620	346	*
2017	341,968	18,765	19,941	547,900	18,765	52,947	1,000,286	355	*

* Information not yet available

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

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

<i>June 30,</i>	2013	2014	2015	2016	2017
Debt Limit, 8% of assessed value	\$ 10,818,121	\$ 10,993,600	\$ 11,125,535	\$ 11,052,916	\$ 11,125,535
Total net debt applicable to limit	419,944	623,498	454,184	284,076	341,968
Legal Debt Margin	\$ 10,398,177	\$ 10,370,102	\$ 10,671,351	\$ 10,768,840	\$ 10,783,567
Total net debt applicable to the limit as a percentage of debt limit	3.88%	5.67%	4.08%	2.57%	3.07%

<i>June 30,</i>	2008	2009	2010	2011	2012
Debt Limit, 8% of assessed value	\$ 9,175,756	\$ 9,217,510	\$ 9,217,511	\$ 10,639,811	\$ 10,793,188
Total net debt applicable to limit	377,898	636,680	636,681	412,571	309,665
Legal Debt Margin	\$ 8,797,858	\$ 8,580,830	\$ 8,580,830	\$ 10,227,240	\$ 10,483,523
Total net debt applicable to the limit as a percentage of debt limit	4.12%	6.91%	6.91%	3.88%	2.87%

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
2008	2,783	\$ 1,860,226	\$ 31,318	9,666	7.30%
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%

* 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	2017			2008		
	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>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	10	c	c	c	c	c	c	c	c
Transportation	3	2	2	3	3	3	3	3	3	3
Environmental Protection:										
Refuse Collection	c	1	1	1	1	1	1	1	1	1
Cemetery	c	0	1	1	1	c	c	c	c	c
Electric operations	2	2	2	2	2	3	3	3	3	3
Water	3	3	3	3	3	4	4	4	4	4
Wastewater	3	3	3	3	3	3	3	3	3	3
Total	27	27	18	19	19	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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	0	0	0	0	0	0	0	1
Patrol Units	8	8	8	8	8	8	8	8	8	8
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection:										
Collection trucks	2	2	2	2	2	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	385	426
Traffic signals	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Acreage	2	66	66	66	66	66	66	66	66	66
Playgrounds	1	1	1	1	1	1	1	1	1	1
Baseball/Softball fields	1	1	1	1	1	1	1	1	1	2
Soccer/Football fields	0	0	0	0	0	0	0	0	0	1
Community Spray-parks	0	0	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	204	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	44	45	45	45	45	45	45	45	45
Average NCP kW	5,741	5,280	5,558	5,328	5,266	5,283	N/A	N/A	N/A	N/A
Maximum NCP kW	6,551	6,631	6,942	6,484	6,420	6,011	N/A	N/A	N/A	N/A



Compliance Section



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 15, 2018.

Internal Control over Financial Reporting

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

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

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

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Cary Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
February 15, 2018