

# Town of La Grange, North Carolina

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2015



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## **Introductory Section**



**Town of La Grange, North Carolina  
List of Principal Officials  
June 30, 2015**

**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

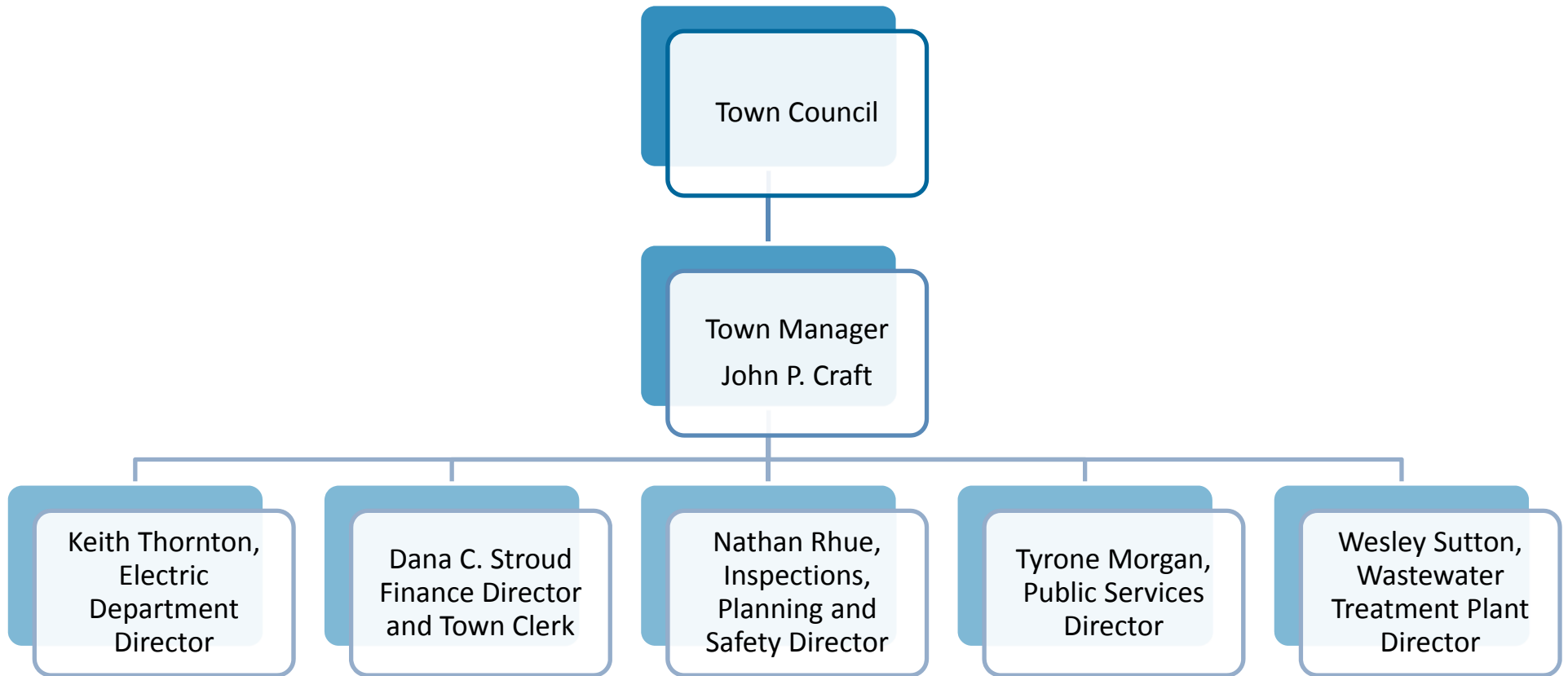
**Finance Director and Town Clerk**

Dana C. Stroud

**Town Attorney**

George Jenkins, Jr.

Town of La Grange, North Carolina  
Organizational Chart  
June 30, 2015





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, 2015. 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, 2015, 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 30<sup>th</sup>. 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.

The Town received a grant from the North Carolina Parks and Recreation Grant Trust Fund to build a recreation and community center. The Town contracted with East Carolina Council to create a recreation master plan that was awarded. The grant received is a 50/50 match grant with the Town's portions of the funds coming from previously earmarked monies and with borrowed funds, which takes advantage of historically low interest rates to help maintain a healthy unrestricted fund balance. The town has 3 years to complete the project with estimated completion being estimated for winter of 2014.

### **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, 2015 of \$10,539,420.

### **RELEVANT FINANCIAL POLICIES**

The Town did not establish any new or modify any existing policies during the fiscal year ending June 30, 2015. 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 7.07% of earnings for employees for the period of July 1, 2014 to June 30, 2015. 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

## 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, 2015, 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, 2015, 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 70, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on page 71, 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 Town of La Grange, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, and schedule of expenditures of federal and state awards, 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, other schedules, and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

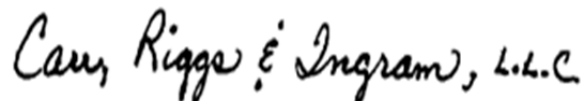
including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, based on our audit and the procedures described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards 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 December 21, 2015, 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.

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

La Grange, North Carolina  
December 21, 2015

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

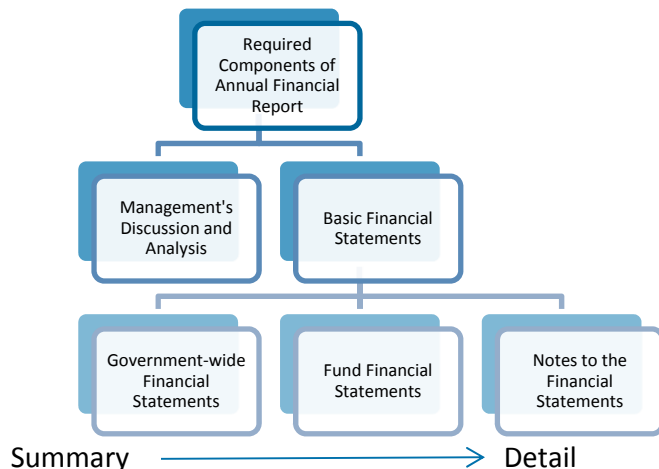
As management of the Town of La Grange, we offer readers of the Town of La Grange's financial statements this narrative overview and analysis of the financial activities of the Town of La Grange for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the town's financial statements, which follow this narrative.

### **Financial Highlights**

- The assets of the Town of La Grange exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,937,726(net position).
- The government's total net position decreased by \$444,524, primarily due to a decrease in business type activities total revenues.
- At the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$1,245,811. Approximately 24% of this total amount or \$298,164 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 \$298,164, or 20% of total general fund expenditures for the fiscal year.
- During the fiscal year the Town made significant process towards completing the Community Center Project. As of June 30, 2015 the Town has spent 100%, \$784,206 of the total projected cost of the project.
- The Town of La Grange's total debt increased by \$171,000 (17.08%) 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.





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

### ***Basic Financial Statements***

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

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

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

### ***Government-wide Financial Statements***

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

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

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

### ***Fund Financial Statements***

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of La Grange, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Requirements of the Town's budget ordinance. All of the funds of the Town of La Grange can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 40 to 69 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, 2015, and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 1,566,610	\$ 1,657,965	\$ 1,814,937	\$ 1,876,601	\$ 3,381,547	\$ 3,534,566
Net pension asset	23,535	-	78,965	-	102,500	-
Capital assets	2,677,010	2,828,836	9,695,137	9,914,222	12,372,147	12,743,058
<b>Total assets</b>	<b>4,267,155</b>	<b>4,486,801</b>	<b>11,589,039</b>	<b>11,790,823</b>	<b>15,856,194</b>	<b>16,277,624</b>
Deferred outflows of resources	12,277	-	41,190	-	53,467	-
Current liabilities	209,720	256,946	531,562	495,864	741,282	752,810
Long-term liabilities	322,697	486,223	658,144	516,582	980,841	1,002,805
<b>Total liabilities</b>	<b>532,417</b>	<b>743,169</b>	<b>1,189,706</b>	<b>1,012,446</b>	<b>1,722,123</b>	<b>1,755,615</b>
Deferred inflows of resources	57,361	-	192,452	-	249,813	-
Net investment in capital assets	2,222,826	2,205,338	9,066,437	9,416,523	11,289,263	11,621,861
Restricted	870,312	1,010,419	65,521	66,133	935,833	1,076,552
Unrestricted	596,517	527,875	1,116,113	1,295,721	1,712,630	1,823,596
<b>Total net position</b>	<b>\$ 3,689,655</b>	<b>\$ 3,743,632</b>	<b>\$ 10,248,071</b>	<b>\$ 10,778,377</b>	<b>\$ 13,937,726</b>	<b>\$ 14,522,009</b>

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 \$13,937,726 as of June 30, 2015. The largest portion, 81%, 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, \$935,833 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 1,712,630 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 94.98%, which remains below the statewide average of 97.42%.
- 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, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 353,833	\$ 443,177	\$ 5,083,885	\$ 5,176,001	\$ 5,437,718	\$ 5,619,178
Operating grants and contributions	198,819	216,263	-	-	198,819	216,263
Capital grants and contributions	85,282	298,629	-	350,000	85,282	648,629
General revenues:						
Property taxes	624,057	636,986	-	-	624,057	636,986
Other taxes	376,511	331,082	34,847	36,746	411,358	367,828
Other	67,895	56,524	67,563	53,004	135,458	109,528
<b>Total revenues</b>	<b>1,706,397</b>	<b>1,982,661</b>	<b>5,186,295</b>	<b>5,615,751</b>	<b>6,892,692</b>	<b>7,598,412</b>
<b>Expenses:</b>						
General government	141,847	159,342	-	-	141,847	159,342
Public safety	672,763	768,452	-	-	672,763	768,452
Human services	5,287	6,553	-	-	5,287	6,553
Transportation	544,717	522,616	-	-	544,717	522,616
Environmental protection	327,892	349,571	-	-	327,892	349,571
Cultural and recreational	119,107	59,598	-	-	119,107	59,598
Interest on long-term debt	15,659	18,163	-	-	15,659	18,163
Electric	-	-	3,826,037	3,918,219	3,826,037	3,918,219
Water and sewer	-	-	1,683,907	1,684,632	1,683,907	1,684,632
<b>Total expenses</b>	<b>1,827,272</b>	<b>1,884,295</b>	<b>5,509,944</b>	<b>5,602,851</b>	<b>7,337,216</b>	<b>7,487,146</b>
Transfers	98,990	50,000	(98,990)	(50,000)	-	-
Change in net position	(21,885)	148,366	(422,639)	(37,100)	(444,524)	111,266
Net position, beginning	3,743,632	3,556,763	10,778,377	10,830,481	14,522,009	14,387,244
Prior period adjustment	(32,092)	38,503	(107,667)	(15,004)	(139,759)	23,499
<b>Net position, ending</b>	<b>\$ 3,689,655</b>	<b>\$ 3,743,632</b>	<b>\$ 10,248,071</b>	<b>\$ 10,778,377</b>	<b>\$ 13,937,726</b>	<b>\$ 14,522,009</b>

### Governmental activities:

Revenues for general governmental functions (General Fund, Capital Reserve Fund, Volunteer Fire Department Fund and Community Center Project Fund) amounted to \$1,764,901 for the fiscal year ended June 30, 2015.

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

*Figure 3*  
Town of La Grange, North Carolina  
Summary of Revenues – Governmental Funds  
For the Year Ended June 30, 2015 and 2014

Revenue Source	Year Ended June 30, 2015		Year Ended June 30, 2014	
	% of Total	Amount	% of Total	Amount
Ad valorem taxes	35.89%	\$ 633,450	33.66%	\$ 645,440
Local option sales taxes	10.09%	178,144	8.61%	165,165
Unrestricted intergovernmental	11.24%	198,367	9.36%	179,420
Restricted intergovernmental	16.10%	284,101	23.56%	451,739
Permits and fees	0.53%	9,381	0.51%	9,853
Sales and services	19.93%	351,830	22.35%	428,448
Investment earnings	0.14%	2,425	0.11%	2,128
Miscellaneous	6.07%	107,203	1.84%	35,211
<b>Total</b>	<b>100.00%</b>	<b>\$ 1,764,901</b>	<b>100.00%</b>	<b>\$ 1,917,404</b>

Assessed valuation of all taxable property in the Town is approximately \$137.4 million.

Expenditures for general government purposes (General Fund, Capital Reserve Fund, Volunteer Fire Department Fund and Community Center Project Fund) total \$1,904,293 for the fiscal year ended June 30, 2015.

*Figure 4*  
Town of La Grange, North Carolina  
Summary of Expenditures by Function – Governmental Funds  
For the Year Ended June 30, 2015 and 2014

Expenditure Function	Year Ended June 30, 2015		Year Ended June 30, 2014	
	% of Total	Amount	% of Total	Amount
General Government	6.9%	130,944	6.6%	144,294
Public safety	36.4%	693,543	36.7%	798,908
Human services	0.2%	3,603	0.2%	4,406
Transportation	13.3%	252,501	17.8%	387,197
Environmental protection	11.9%	226,499	20.7%	449,604
Cultural and recreational	21.6%	410,978	11.9%	259,594
Debt service	9.8%	186,225	6.1%	133,193
<b>Total</b>	<b>100.0%</b>	<b>1,904,293</b>	<b>100.0%</b>	<b>2,177,196</b>

Fund Balance in the General Fund at June 30, 2015, was \$1,245,811 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, 2015 was \$8,741,818 compared to \$9,107,212 the

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

preceding year. Operating loss after depreciation totaled \$350,038 for the year ended June 30, 2015, which increased from the prior year by \$2,654. The primary reason for this increase was an overall decrease in operating revenues in the water and sewer fund.

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

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

The Electric net position at June 30, 2015 was \$1,506,253 compared to \$1,671,170 the preceding year. Operating loss after depreciation totaled \$61,460 for the year ended June 30, 2015, which decreased from the prior year by \$12,553. The primary reason for this decrease was an decrease in the cost of electricity purchased and an decrease of operating expenses in the electric fund.

Electric system revenues for the year ended June 30, 2015 was \$3,764,577. System power cost for power purchased from NCEMPA for the year ended June 30, 2015 was \$2,827,365.

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

### **Financial Analysis of the Town's Funds:**

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

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

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 \$298,164, while the total General Fund balance increased by \$69,226 to a total of \$1,245,811 which well exceeds the 8% required by the Local Government Commission. 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

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

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 20% of total General Fund expenditures, while total fund balance represents 85% of that same amount.

Additional comments regarding the Town's governmental funds are:

- There was a decrease in operating expenditures for most functions within the General Fund. Cultural and recreational expenditures increased approximately 58%, respectively, from 2014 due to the senior center project.
- As of June 30, 2015 the Capital Reserve Fund balance was transferred to the General Fund. The Town will not be maintaining a Capital Reserve Fund in the future.

**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 \$562,113. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$554,000. 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, expenditures exceeded revenues in the Electric Fund by \$115,587.
- On a budgetary basis, revenues exceeded expenditures in the Water and Sewer Fund by \$18,466.

### 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, 2015 totals \$12,372,147 (net of accumulated depreciation). These assets include buildings, land, construction in process, machinery and equipment, park facilities, vehicles, and infrastructure.

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

Major capital asset transactions during the year include the following:

- A new line truck and dump truck were purchased for approximately \$213,000.
- Construction in progress increased significantly due to the Community Center Project.

*Figure 5*  
Town of La Grange, North Carolina  
Condensed Statement of Capital Assets (net of depreciation)  
June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 41,050	\$ 41,050	\$ 418,760	\$ 418,760	\$ 459,810	\$ 459,810
Construction in progress	784,206	471,711	-	-	784,206	471,711
Buildings and improvements	753,317	815,613	-	-	753,317	815,613
Equipment	105,373	141,978	575,258	592,165	680,631	734,143
Vehicles	249,645	368,336	228,665	54,200	478,310	422,536
Infrastructure and utility systems	743,419	990,148	8,472,454	8,849,097	9,215,873	9,839,245
Total	\$ 2,677,010	\$ 2,828,836	\$ 9,695,137	\$ 9,914,222	\$ 12,372,147	\$ 12,743,058

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, 2015 the Town of La Grange had total installment notes payable of \$1,082,884, of which \$454,184 belongs to governmental activities and \$628,700 belongs to business-type activities.

The Town of La Grange's total debt increased by \$171,000 during the past fiscal year, primarily due to financing the purchase of the new line 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.

### **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%.



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

- 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, 2016**

**Governmental Activities:** Property taxes, sales taxes, and franchise taxes make up the projected 3% increase in budgeted revenue for the fiscal year 2015-2016. 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 increasing cost of providing services to our citizens with decreases in revenue streams from the State of North Carolina that have primarily resulted due to the economic downturn that has affected the entire country. While the Town continues to slowly grow both residentially and commercially, the tax revenues generated from this growth will not keep pace with the increased costs, and reduced revenues received from the State of North Carolina, which require additional revenues in the coming years.

#### **Proprietary Funds**

The primary challenge for the electric fund is the increasing cost for energy. Energy prices are heavily influenced by the cost of fuel, and legislative actions both at the state and federal level. Climate Change Legislation, the USEPA decision to cap carbon emissions could adversely affect NCEMPA, and as a result the Town due to its contractual obligations with Duke Energy Progress associated with coal fired generation facilities. Regulatory changes resulting from the Fukushima nuclear disaster, and additional costs attributed to renewable energy requirements will undoubtedly continue to cause significant increases in energy costs, adversely affecting the town and its customers. Our limited customer base, comprised primarily of residential customers, limits the Town's ability to generate additional revenues, without rate increases being passed directly on to our customers.

The recent sale of the NCEMPA Generation Assets has resulted in approximately a 70% reduction of debt that has long burdened NCEMPA has resulted in a substantial reduction in electric rates thereby making the Town's rates much more competitive has improved the Town's position financially, and that of its customers which will undoubtedly remove existing impediments to growth and make the Town more attractive to residential, commercial, and industrial customers seeking to relocate to the area in the future. Having recently completed an upgrade to the electrical



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

system as a whole and replacement of nearly all of the electric meters, major capital improvements other than periodic meter replacements are not anticipated.

The Sewer fund also faces challenges as the Town continues to experience excessive flows during periods of heavy rains caused by infiltration and inflow. 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 completely 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 to upgrade the Wastewater Treatment Plant to increase the plant's permitted flow. The Town Council has authorized the Town Manager to seek grant funding.

### **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, 2015**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 781,170	\$ 1,153,886	\$ 1,935,056
Receivables, net	286,162	307,154	593,316
Inventories	-	288,376	288,376
Restricted cash and cash equivalents	499,278	65,521	564,799
Total current assets	1,566,610	1,814,937	3,381,547
Noncurrent assets:			
Net pension asset	23,535	78,965	102,500
Capital assets:			
Land and construction in progress	825,256	418,760	1,244,016
Other capital assets, net of depreciation	1,851,754	9,276,377	11,128,131
Total capital assets	2,677,010	9,695,137	12,372,147
Total assets	4,267,155	11,589,039	15,856,194
<b>Deferred outflows of resources</b>	12,277	41,190	53,467
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	37,370	326,566	363,936
Customer deposits	-	167,957	167,957
Current maturities of notes payable	170,130	37,039	207,169
Accounts payable from restricted assets	2,220	-	2,220
Total current liabilities	209,720	531,562	741,282
Long-term liabilities:			
Compensated absences	21,213	49,053	70,266
Other post-employment benefits	17,430	17,430	34,860
Notes payable, net of current maturities	284,054	591,661	875,715
Total long-term liabilities	322,697	658,144	980,841
Total liabilities	532,417	1,189,706	1,722,123
<b>Deferred inflows of resources</b>	57,361	192,452	249,813
<b>Net Position</b>			
Net investment in capital assets	2,222,826	9,066,437	11,289,263
Restricted	870,312	65,521	935,833
Unrestricted	596,517	1,116,113	1,712,630
Total net position	\$ 3,689,655	\$ 10,248,071	\$ 13,937,726

*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, 2015**  
**Exhibit 2**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 141,847	\$ -	\$ -	\$ -
Public safety	672,763	9,271	104,041	-
Human services	5,287	-	-	-
Transportation	544,717	-	94,778	-
Environmental protection	327,892	344,562	-	4,430
Cultural and recreational	119,107	-	-	80,852
Interest on long-term debt	15,659	-	-	-
<b>Total governmental activities</b>	<b>1,827,272</b>	<b>353,833</b>	<b>198,819</b>	<b>85,282</b>
Business-type activities:				
Electric	3,826,037	3,764,577	-	-
Water and sewer	1,683,907	1,319,308	-	-
<b>Total business type activities</b>	<b>5,509,944</b>	<b>5,083,885</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 7,337,216</b>	<b>\$ 5,437,718</b>	<b>\$ 198,819</b>	<b>\$ 85,282</b>

General revenues:

Property taxes, levied for general purpose  
Local option sales taxes  
Other taxes and licenses  
Unrestricted investment earnings  
Unrestricted miscellaneous revenue  
Gain (loss) on disposal of capital assets

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Total general revenues

Transfers

---

Total general revenues and transfers

Change in net position

Net position, beginning of year as previously reported

Prior period adjustment

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Net position, beginning of year as restated

---

Net position, end of year

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

**Town of La Grange, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit 2**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (141,847)	\$ -	\$	(141,847)
(559,451)	-		(559,451)
(5,287)	-		(5,287)
(449,939)	-		(449,939)
21,100	-		21,100
(38,255)	-		(38,255)
(15,659)	-		(15,659)
(1,189,338)	-		(1,189,338)
-	(61,460)		(61,460)
-	(364,599)		(364,599)
-	(426,059)		(426,059)
(1,189,338)	(426,059)		(1,615,397)
624,057	-		624,057
178,144	34,847		212,991
198,367	-		198,367
2,425	1,452		3,877
80,207	58,536		138,743
(14,737)	7,575		(7,162)
1,068,463	102,410		1,170,873
98,990	(98,990)		-
1,167,453	3,420		1,170,873
(21,885)	(422,639)		(444,524)
3,743,632	10,778,382		14,522,014
(32,092)	(107,672)		(139,764)
3,711,540	10,670,710		14,382,250
\$ 3,689,655	\$ 10,248,071	\$	13,937,726

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

**Town of La Grange, North Carolina**  
**Balance Sheet – Governmental Funds**  
**June 30, 2015**  
**Exhibit 3**

	Major	Nonmajor	Major	
		Volunteer		
		Fire	Community	
		Department	Center	
	General Fund	Fund	Project Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 781,170	\$ -	\$ -	\$ 781,170
Restricted cash and cash equivalents	127,396	371,882	-	499,278
Receivables, net:				
Taxes	61,486	-	-	61,486
Accounts	37,871	-	-	37,871
Intergovernmental	102,581	6,690	77,448	186,719
Other	86	-	-	86
Due from other funds	263,897	-	-	263,897
<b>Total assets</b>	<b>\$1,374,487</b>	<b>\$ 378,572</b>	<b>\$ 77,448</b>	<b>\$1,830,507</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 29,319	\$ -	\$ -	\$ 29,319
Due to other funds	-	-	263,897	263,897
Accounts payable from restricted assets	-	2,220	-	2,220
<b>Total liabilities</b>	<b>29,319</b>	<b>2,220</b>	<b>263,897</b>	<b>295,436</b>
<b>Deferred Inflow of Resources</b>				
Sanitation revenue receivable	37,871	-	-	37,871
Property taxes receivable	61,486	-	-	61,486
<b>Total deferred inflows of resources</b>	<b>99,357</b>	<b>-</b>	<b>-</b>	<b>99,357</b>
<b>Fund Balances</b>				
Restricted	493,960	376,352	-	870,312
Committed	453,687	-	-	453,687
Assigned	-	-	-	-
Unassigned	298,164	-	(186,448)	111,716
<b>Total fund balances</b>	<b>1,245,811</b>	<b>376,352</b>	<b>(186,448)</b>	<b>1,435,715</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$1,374,487</b>	<b>\$ 378,572</b>	<b>\$ 77,449</b>	

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

**Town of La Grange, North Carolina**  
**Balance Sheet – Governmental Funds**  
**June 30, 2015**  
**Exhibit 3**

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

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

Total Fund Balances, Governmental Funds		\$1,435,715
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	17,068,918	
Accumulated depreciation	<u>(14,391,908)</u>	2,677,010
Net pension asset		23,535
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
		12,277
Earned revenues considered deferred inflows of resources in fund statements		
Sanitation revenue	37,871	
Tax revenue	<u>61,486</u>	99,357
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt		(454,184)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable	(8,051)	
Pension related deferrals	(57,361)	
Compensated absences	(21,213)	
Other post-employment benefits	(17,430)	(104,055)
Net position of governmental activities		\$3,689,655

*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, 2015**  
**Exhibit 4**

	Major	Nonmajor	Major	
		Volunteer		
		Fire	Community	
		Department	Center	
	General Fund	Fund	Project Fund	Total
<b>Revenues</b>				
Ad valorem taxes	\$ 633,450	\$ -	\$ -	\$ 633,450
Local option sales taxes	178,144	-	-	178,144
Unrestricted intergovernmental	198,367	-	-	198,367
Restricted intergovernmental	96,197	107,052	80,852	284,101
Permits and fees	9,381	-	-	9,381
Sales and services	351,830	-	-	351,830
Investment earnings	875	1,550	-	2,425
Miscellaneous	23,131	24,719	59,353	107,203
<b>Total revenues</b>	<b>1,491,375</b>	<b>133,321</b>	<b>140,205</b>	<b>1,764,901</b>
<b>Expenditures</b>				
General government	130,944	-	-	130,944
Public safety	561,725	131,818	-	693,543
Human services	3,603	-	-	3,603
Transportation	252,501	-	-	252,501
Environmental protection	226,499	-	-	226,499
Cultural and recreational	98,483	-	312,495	410,978
Debt service:				-
Principal retirement	169,314	-	-	169,314
Interest and fees	16,911	-	-	16,911
<b>Total expenditures</b>	<b>1,459,980</b>	<b>131,818</b>	<b>312,495</b>	<b>1,904,293</b>
Revenues over (under) expenditures	31,395	1,503	(172,290)	(139,392)
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	1,025	2,225	-	3,250
Transfers (to) from other funds	36,806	40,650	21,534	98,990
<b>Total other financing sources (uses)</b>	<b>37,831</b>	<b>42,875</b>	<b>21,534</b>	<b>102,240</b>
Net change in fund balances	69,226	44,378	(150,756)	(37,152)
Fund balances, beginning of year	1,176,585	331,974	(35,692)	1,472,867
<b>Fund balances, end of year</b>	<b>\$1,245,811</b>	<b>\$ 376,352</b>	<b>\$ (186,448)</b>	<b>\$1,435,715</b>

*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, 2015**  
**Exhibit 4**

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

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

Net change in fund balances \$ (37,152)

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	312,496	
Depreciation expense for governmental assets	<u>(446,334)</u>	(133,838)

Cost of capital assets disposed during the year, not recognized on modified accrual basis (17,987)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 14,223

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable tax revenue	(9,392)	
Change in unavailable sanitation revenue	<u>2,003</u>	(7,389)

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	-	
Principal payments on long-term debt	<u>169,314</u>	169,314

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	1,252	
Pension expense	(3,680)	
Compensated absences	(3,058)	
Other post-employment benefits	(3,570)	(9,056)

**Total changes in net position of governmental activities \$ (21,885)**

*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, 2015**  
**Exhibit 5**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 602,500	\$ 602,500	\$ 633,450	\$ 30,950
Local option sales taxes	164,200	160,000	178,144	18,144
Unrestricted intergovernmental	175,110	173,840	198,367	24,527
Restricted intergovernmental	95,780	95,408	96,197	789
Permits and fees	6,830	7,600	9,381	1,781
Sales and services	449,100	339,450	351,830	12,380
Investment earnings	335	175	864	689
Miscellaneous	1,200	3,050	23,131	20,081
Total revenues	1,495,055	1,382,023	1,491,364	109,341
<b>Expenditures</b>				
Current:				
General government	160,798	181,086	130,944	50,142
Public safety	638,301	583,970	561,725	22,245
Human services	3,400	3,975	3,603	372
Transportation	384,467	279,518	252,501	27,017
Environmental protection	333,281	246,374	226,499	19,875
Cultural and recreational	45,000	102,104	98,483	3,621
Debt service:				
Principal retirement and interest	25,925	207,792	186,225	21,567
Total expenditures	1,591,172	1,604,819	1,459,980	144,839
Revenues over (under) expenditures	(96,117)	(222,796)	31,384	254,180
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	1,025	1,025
Loan proceeds	-	-	-	-
Transfers from other funds	58,117	100,000	98,990	(1,010)
Transfers to other funds	(37,000)	(43,254)	(62,184)	(18,930)
Total other financing sources (uses)	21,117	56,746	37,831	(18,915)
Appropriated fund balance	75,000	166,050	-	(166,050)
Net change in fund balance	\$ -	\$ -	69,215	\$ 69,215

*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, 2015  
 Exhibit 5**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Fund balance, beginning of year as previously reported			1,176,585	
Fund balance, end of year			\$ 1,245,800	

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

	Actual
Fund balance, end of year - General Fund	\$ 1,245,800
Investment earnings	11
Transfers from other funds	-
Transfers to other funds	-
Fund balance, beginning of year	-
Fund balance, end of year (Exhibit 4)	\$ 1,245,811

*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, 2015**  
**Exhibit 6**

	Major		Total
	Electric Fund	Water and Sewer Fund	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 714,925	\$ 438,961	\$ 1,153,886
Receivables, net:			
Accounts	128,169	155,174	283,343
Intergovernmental	21,114	19	21,133
Other	2,009	669	2,678
Inventories	215,659	72,717	288,376
Restricted cash and cash equivalents	-	65,521	65,521
Total current assets	1,081,876	733,061	1,814,937
Noncurrent assets:			
Net pension asset	37,960	41,005	78,965
Capital assets:			
Land and construction in progress	6,000	412,760	418,760
Other capital assets, net of depreciation	1,109,140	8,167,237	9,276,377
Total capital assets	1,115,140	8,579,997	9,695,137
Total assets	2,234,976	9,354,063	11,589,039
<b>Deferred outflow of resources</b>	19,801	21,389	41,190
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 300,701	\$ 25,865	\$ 326,566
Customer deposits	161,230	6,727	167,957
Current maturities of notes payable	30,934	6,105	37,039
Accounts payable from restricted assets	-	0	-
Total current liabilities	492,865	38,697	531,562
Long-term liabilities:			
Compensated absences	23,077	25,976	49,053
Other post-employment benefits	-	17,430	17,430
Notes payable, net of current maturities	140,066	451,595	591,661
Total long-term liabilities	163,143	495,001	658,144
Total liabilities	656,008	533,698	1,189,706
<b>Deferred inflows of resources</b>	92,516	99,936	192,452
<b>Net Position</b>			
Net investment in capital assets	944,140	8,122,297	9,066,437
Restricted - Water and sewer project	-	65,521	65,521
Unrestricted	562,113	554,000	1,116,113
Total net position	\$ 1,506,253	\$ 8,741,818	\$ 10,248,071

*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, 2015**  
**Exhibit 7**

	Major		Total
	Electric Fund	Water and Sewer Fund	
<b>Operating Revenues</b>			
Charges for services	\$ 3,764,577	\$ 1,317,948	\$ 5,082,525
Other operating revenues	-	1,360	1,360
<b>Total operating revenues</b>	<b>3,764,577</b>	<b>1,319,308</b>	<b>5,083,885</b>
<b>Operating Expenses</b>			
Electrical operations	918,320	-	918,320
Electrical power purchases	2,827,365	-	2,827,365
Water operations	-	744,692	744,692
Sewer operations	-	313,565	313,565
Wastewater operations	-	194,966	194,966
Depreciation	80,352	416,123	496,475
<b>Total operating expenses</b>	<b>3,826,037</b>	<b>1,669,346</b>	<b>5,495,383</b>
Operating income (loss)	(61,460)	(350,038)	(411,498)
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	859	593	1,452
Interest and fees	-	(14,561)	(14,561)
Gain (loss) on sale of capital assets	4,822	2,753	7,575
Local option sales taxes	4,928	29,919	34,847
Miscellaneous revenues	36,684	21,852	58,536
<b>Net nonoperating revenues (expenses)</b>	<b>47,293</b>	<b>40,556</b>	<b>87,849</b>
Income (loss) before transfers	(14,167)	(309,482)	(323,649)
Transfers (to) from other funds	(98,990)	-	(98,990)
Change in net position	(113,157)	(309,482)	(422,639)
Total net position, beginning of year as previously reported	1,671,170	9,107,212	10,778,382
Prior period adjustment	(51,760)	(55,912)	(107,672)
<b>Total net position, beginning of year as restated</b>	<b>1,619,410</b>	<b>9,051,300</b>	<b>10,670,710</b>
<b>Total net position, end of year</b>	<b>\$ 1,506,253</b>	<b>\$ 8,741,818</b>	<b>\$ 10,248,071</b>

*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, 2015**  
**Exhibit 8**

	Major		Total
	Electric Fund	Water and Sewer Fund	
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$3,770,153	\$ 1,311,108	\$ 5,081,261
Cash paid for goods and services	(3,280,696)	(807,615)	(4,088,311)
Cash paid to employees for services	(386,110)	(423,094)	(809,204)
Cash paid to General Fund for services	(51,760)	(55,912)	(107,672)
Customer deposits received	16,010	300	16,310
Customer deposits refunded	-	-	-
Net cash (used) provided by operating activities	67,597	24,787	92,384
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfer to General Fund	(98,990)	-	(98,990)
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition of capital assets	(240,859)	(36,529)	(277,388)
Proceeds from sale of capital assets	4,822	2,753	7,575
Local option sales taxes received	4,928	29,919	34,847
Other revenues	35,638	21,435	57,073
Loan proceeds received	171,000	-	171,000
Principal paid on installment obligations	-	(39,999)	(39,999)
Interest paid on installment obligations	-	(16,078)	(16,078)
Net cash provided (used) by capital and related financing activities	(24,471)	(38,499)	(62,970)
<b>Cash Flows From Investing Activities</b>			
Interest on investments	859	593	1,452
Net decrease in cash and cash equivalents	(55,005)	(13,119)	(68,124)
Cash and cash equivalents, beginning of year	769,930	517,601	1,287,531
Cash and cash equivalents, end of year	\$ 714,925	\$ 504,482	\$ 1,219,407

*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, 2015**  
**Exhibit 8**

	Major		
	Electric Fund	Water and Sewer Fund	Total
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
Operating loss	\$ (61,460)	\$ (350,038)	\$ (411,498)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Provision for uncollectible accounts	(5,547)	4,710	(837)
Depreciation	80,351	416,122	496,473
Pension expense	2,796	3,024	5,820
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	12,427	(12,612)	(185)
Increase in inventory	9,680	(13,655)	(3,975)
Increase (decrease) in accounts payable and accrued liabilities	30,272	(6,407)	23,865
(Decrease) increase in customer deposits	16,010	300	16,310
Increase in compensated absences payable	2,869	1,162	4,031
(Increase) decrease in deferred outflows of resources for pensions	(19,801)	(21,389)	(41,190)
Increase in other post-employment benefits obligation	-	3,570	3,570
Total adjustments	129,057	374,825	503,882
Net cash (used) provided by operating activities	\$ 67,597	\$ 24,787	\$ 92,384

*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 and investment earnings, result from non-exchange transactions or ancillary activities.





## 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.

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

The Town reports the following non-major governmental funds:

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

The Town reports the following major enterprise funds:

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

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

### ***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 30<sup>th</sup>, 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 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. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

## 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, which is consistent with the accounting system used to record transactions.

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. Any revisions that alter total expenditures of any fund 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 council-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



## Town of La Grange, North Carolina Notes to Financial Statements

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 (NCCMT).

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

### ***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.

### ***Restricted Assets***

Unexpended Powell Bill funds are classified as restricted cash 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.

A summary of restricted cash and cash equivalents as of June 30, 2015 follows.

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

Governmental Activities:

General Fund:

Streets - Powell bill	91,186
Streets - USDA loan provision	36,210

Volunteer Fire Department Fund:

Fire protection - Lenoir and Wayne counties	371,882
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Total governmental activities	499,278
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Business-type Activities:

Water and Sewer Fund:

Well Project	65,521
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Total business-type activities	65,521
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Total restricted cash and cash equivalents	\$ 564,799
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***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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, penalties and interest do not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2014. 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. The cost of normal

## Town of La Grange, North Carolina Notes to Financial Statements

maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

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

### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

### ***Long-term Obligations***

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

## Town of La Grange, North Carolina Notes to Financial Statements

### ***Compensated Absences***

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

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

### ***Net Position***

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

### ***Fund Balances***

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

*Nonspendable Fund Balance* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town does not have any nonspendable fund balance at June 30, 2015.

*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

## Town of La Grange, North Carolina Notes to Financial Statements

imposed by majority vote of Town of La Grange's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Public Safety - portion of fund balance that can only be used for public safety activities.

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

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

Committed for Economic and Physical Development - portion of fund balance that can only be used for economic and physical development 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



## Town of La Grange, North Carolina Notes to Financial Statements

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

### **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### ***Deficit in Fund Balance of an Individual Fund***

As of June 30, 2015, the Community Center Project Fund has a deficit fund balance of \$186,448. This deficit is due to the timing of receiving state grant funds. This project is fifty percent funded by a reimbursement grant in which the Town is required to submit drawdown requests to the state agency administering the grant. Upon receiving the grant funds from the State the Town will transfer its required match from the General Fund.

### **NOTE 3 – 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

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

G.S.159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Town's deposits had a carrying amount of \$1,635,740 and a bank balance of \$1,658,277. Of the bank balance, \$972,343 was covered by federal depository insurance, \$227,344 was covered by collateral held under the Dedicated Method, and \$436,053 was covered by collateral held under the Pooling Method. At June 30, 2015, the Town had \$500 cash on hand.

**NOTE 4 – INVESTMENTS**

At June 30, 2015, the Town of La Grange had \$863,615 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

**NOTE 5 – RECEIVABLES**

Government-wide receivables as of June 30, 2015 are as follows:

	Taxes	Accounts	Inter- governmental	Other	Total
<u>Governmental Activities:</u>					
General Fund	\$ 89,490	\$ 66,440	\$ 102,581	\$ 86	\$ 258,597
Volunteer Fire Department Fund	-	-	6,690	-	6,690
Community Center Project Fund	-	-	77,448	-	77,448
Total	89,490	66,440	186,719	86	342,735
Allowance for doubtful accounts	(28,004)	(28,569)	-	-	(56,573)
Total governmental activities	\$ 61,486	\$ 37,871	\$ 186,719	\$ 86	\$ 286,162
<u>Business-type Activities:</u>					
Electric Fund	\$ -	\$ 224,858	\$ 21,114	\$ 2,009	\$ 247,981
Water and Sewer Fund	-	272,235	19	669	272,923
Total	-	497,093	21,133	2,678	520,904
Allowance for doubtful accounts	-	(213,750)	-	-	(213,750)
Total business-type activities	\$ -	\$ 283,343	\$ 21,133	\$ 2,678	\$ 307,154
<u>Total primary government</u>	<u>\$ 61,486</u>	<u>\$ 321,214</u>	<u>\$ 207,852</u>	<u>\$ 2,764</u>	<u>\$ 593,316</u>

Intergovernmental receivables consist of the following:

Sales tax refund	\$ 29,117
Local option sales taxes	56,015
Utility franchise taxes	39,875
Solid waste disposal tax	423
PARTF grant	71,120
Fire district taxes	5,036
Motor vehicle taxes	6,266
<u>Total intergovernmental receivables</u>	<u>\$ 207,852</u>

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 41,050	\$ -	\$ -	\$ 41,050
Construction in progress	471,711	312,495	-	784,206
<b>Total capital assets not being depreciated</b>	<b>512,761</b>	<b>312,495</b>	<b>-</b>	<b>825,256</b>
Capital assets being depreciated:				
Buildings	1,166,902	-	(41,112)	1,125,790
Improvements	160,826	-	-	160,826
Equipment	571,075	-	(1,710)	569,365
Vehicles	1,035,205	-	(69,985)	965,220
Infrastructure	13,422,460	-	-	13,422,460
<b>Total capital assets being depreciated</b>	<b>16,356,468</b>	<b>-</b>	<b>(112,807)</b>	<b>16,243,661</b>
Less accumulated depreciation:				
Buildings	453,540	38,036	(23,125)	468,451
Improvements	58,575	6,273	-	64,848
Equipment	429,097	36,605	(1,710)	463,992
Vehicles	666,869	118,691	(69,985)	715,575
Infrastructure	12,432,312	246,729	-	12,679,041
<b>Total accumulated depreciation</b>	<b>14,040,393</b>	<b>446,334</b>	<b>(94,820)</b>	<b>14,391,907</b>
<b>Total capital assets being depreciated, net</b>	<b>2,316,075</b>			<b>1,851,754</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,828,836</b>			<b>\$ 2,677,010</b>

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

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

General government	\$	14,359
Public safety		16,058
Transportation		292,216
Cultural and recreational		20,624
Environmental protection		101,393
Human services		1,684
Total depreciation expense	\$	446,334

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type Activities - Electric Fund</u>				
Capital assets not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Capital assets being depreciated:				
Electrical system	1,543,361	-	-	1,543,361
Equipment	250,006	27,114	-	277,120
Vehicles	96,008	213,746	(5,000)	304,754
Total capital assets being depreciated	1,889,375	240,860	(5,000)	2,125,235
Less accumulated depreciation:				
Electrical system	755,675	44,878	-	800,553
Equipment	103,410	18,321	-	121,731
Vehicles	81,658	17,153	(5,000)	93,811
Total accumulated depreciation	940,743	80,352	(5,000)	1,016,095
Total capital assets being depreciated, net	948,632			1,109,140
Electric fund capital assets, net	\$ 954,632			\$ 1,115,140

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type Activities - Water and Sewer Fund</u>				
Capital assets not being depreciated:				
Land	\$ 412,760	\$ -	\$ -	\$ 412,760
Construction in progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	<b>412,760</b>	<b>-</b>	<b>-</b>	<b>412,760</b>
Capital assets being depreciated:				
Plant and distribution systems	14,865,982	-	-	14,865,982
Equipment	904,453	36,530	(3,080)	937,903
Vehicles	169,158	-	-	169,158
<b>Total capital assets being depreciated</b>	<b>15,939,593</b>	<b>36,530</b>	<b>(3,080)</b>	<b>15,973,043</b>
Less accumulated depreciation:				
Plant and distribution systems	6,804,571	331,765	-	7,136,336
Equipment	458,884	62,230	(3,080)	518,034
Vehicles	129,308	22,128	-	151,436
<b>Total accumulated depreciation</b>	<b>7,392,763</b>	<b>416,123</b>	<b>(3,080)</b>	<b>7,805,806</b>
<b>Total capital assets being depreciated, net</b>	<b>8,546,830</b>			<b>8,167,237</b>
<b>Water and sewer fund capital assets, net</b>	<b>\$ 8,959,590</b>			<b>\$ 8,579,997</b>
<b>Total business-type activities capital assets, net</b>	<b>\$ 9,914,222</b>			<b>\$ 9,695,137</b>

**NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Government-wide accounts payable and accrued liabilities as of June 30, 2015 are as follows:

	Vendors	Salaries and Employee Benefits	Accrued Interest	Total
<u>Governmental Activities:</u>				
General Fund	\$ 27,275	\$ 2,044	\$ 8,051	\$ 37,370
Volunteer Fire Department Fund	2,220	-	-	2,220
Community Center Project Fund	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 29,495</b>	<b>\$ 2,044</b>	<b>\$ 8,051</b>	<b>\$ 39,590</b>
<u>Business-type activities:</u>				
Electric Fund	\$ 293,242	\$ 7,459	\$ -	\$ 300,701
Water and Sewer Fund	12,510	8,354	5,001	25,865
<b>Total business-type activities</b>	<b>\$ 305,752</b>	<b>\$ 15,813</b>	<b>\$ 5,001</b>	<b>\$ 326,566</b>
<b>Total primary government</b>	<b>\$ 335,247</b>	<b>\$ 17,857</b>	<b>\$ 13,052</b>	<b>\$ 366,156</b>

## Town of La Grange, North Carolina Notes to Financial Statements

### NOTE 8 – 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](http://www.osc.nc.gov).

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

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.

## Town of La Grange, North Carolina Notes to Financial Statements

*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, 2015, was 7.41% of compensation for law enforcement officers and 7.07% 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 \$61,943 for the year ended June 30, 2015.

*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, 2015, the Town reported an asset of \$102,500 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2014, the Town's proportion was .01738%, which was an increase of .00088% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$16,026. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	\$	-	\$	11,200
Changes of assumptions		-		-
Net difference between projected and actual earnings on pension plan investments		-		238,613
Changes in proportion and differences between employer contributions and proportionate share of contributions		902		-
Employer contributions subsequent to the measurement date		52,565		-
	<u>\$</u>	<u>53,467</u>	<u>\$</u>	<u>249,813</u>

\$53,467 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 asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:				
2016	\$		(62,228)	
2017			(62,228)	
2018			(62,228)	
2019			(62,227)	
	<u>\$</u>		<u>(248,911)</u>	

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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



## Town of La Grange, North Carolina Notes to Financial Statements

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 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	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

## Town of La Grange, North Carolina Notes to Financial Statements

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

*Sensitivity of the Town’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the 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)	\$ 347,922	\$ (102,500)	\$ (481,737)

*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, 2015 the Town did not employ any law enforcement officers, therefore, they were not required to make contributions to

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

the Plan. Contributions to the Plan for the year ended June 30, 2015 totaled \$7,560 from the Town's general employees.

**NOTE 9 – 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, 2012, the date of the latest actuarial valuation:

	<u>General Employees</u>
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 \$20,503. 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

## Town of La Grange, North Carolina Notes to Financial Statements

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.

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	\$	28,020
Interest on net OPEB obligation		1,109
Adjustment to annual required contribution		(1,486)
Annual OPEB cost (expense)		27,643
Contributions made		(20,503)
Increase in net OPEB obligation		7,140
Net OPEB obligation, beginning of year		27,720
Net OPEB obligation, end of year	\$	34,860

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 23,517	70.70%	\$ 6,896
2011	23,968	80.70%	11,512
2012	23,968	87.51%	14,505
2013	27,218	73.62%	21,684
2014	27,401	77.97%	27,720
2015	27,643	74.17%	34,860

*Funded Status and Funding Progress.* As of December 31, 2012, 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 \$236,354. 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,

## Town of La Grange, North Carolina Notes to 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 volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2012 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 8.50% 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, 2012, was 10 years.

### **NOTE 10 – 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.

For the fiscal year ended June 30, 2015, the Town was not required to make any contributions to the State for death benefits. Due to a surplus in the Death Benefit Plan, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

Number of Years Contributing	Years of Relief	Fiscal Year Contributions Resume
Less than 10 years	1	2014
10 – 20 years	2	2015
Greater than 20 years	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of La Grange, North Carolina will have a 3 year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**NOTE 11 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The Town has both deferred outflows and inflows of resources at June 30, 2015. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 53,467

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

Taxes receivable (General Fund)	\$ 61,486
Refuse receivable (General Fund)	37,871
Pension deferrals	249,813

**NOTE 12 – 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.

## Town of La Grange, North Carolina Notes to Financial Statements

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

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

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

### NOTE 13 – 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, 2015 are comprised of the following:

Seviced by the General Fund:

Description	Balance
\$330,000 loan from the United States Department of Agriculture, executed in August, 2002, due in twntety annual installments of \$25,925 including interest at 4.74 percent.	\$ 168,654
\$126,949 loan from a financial institution, executed in october, 2103, due in six semi-annual installments of \$21,158 plus interest at 1.5 percent.	63,474
\$192,411 loan from a financial institution, executed in July 2013, due in six semi-annual installments of \$32,609 plus interest at 1.50 percent	96,205
\$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.	125,851
<b>Total installment notes payable serviced by the General Fund</b>	<b>\$ 454,184</b>

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

Serviced by the Electric Fund:

Description	Balance
\$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	\$ 171,000

Serviced by the Water and Sewer Fund:

Description	Balance
\$141,700 loan from the United States Department of Agriculture, executed in tFebruary, 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	\$ 141,700
\$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 including interest at 3.5 percent are due each February	316,000
Total installment notes payable serviced by the Water and Sewer Fund	\$ 457,700

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 170,104	\$ 13,180	\$ 37,039	\$ 17,869
2017	117,727	9,359	37,852	17,056
2018	53,949	6,726	38,684	16,223
2019	20,561	5,364	39,536	15,371
2020	21,537	4,388	50,393	14,500
2021-2025	70,306	6,829	37,955	65,580
2026-2030	-	-	44,346	59,190
2031-2035	-	-	51,843	51,692
2036-2040	-	-	60,635	42,900
2041-2045	-	-	70,954	32,581
2046-2050	-	-	83,069	20,466
2051-2054	-	-	76,394	6,235
Totals	\$ 454,184	\$ 45,846	\$ 628,700	\$ 359,663



**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

As of June 30, 2015, the Town of La Grange, North Carolina had a legal debt margin of \$10,539,420.

***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, 2015.

	Beginning			Ending	Current
	Balances	Increases	Decreases	Balances	Portion of
					Balance
<b>Governmental Activities:</b>					
Compensated absences	\$ 18,158	\$ 3,055	\$ -	\$ 21,213	\$ -
Net pension liability (LGERS)	32,092	-	(32,092)	-	-
Other post-employment benefits	13,860	3,570	-	17,430	-
Notes payable	623,498	-	(169,314)	454,184	170,104
<b>Total governmental activities</b>	<b>\$687,608</b>	<b>\$ 6,625</b>	<b>\$(201,406)</b>	<b>\$492,827</b>	<b>\$170,104</b>

**Business-type Activities:**

Electric Fund:

Compensated absences	\$ 20,208	\$ 2,869	\$ -	\$ 23,077	\$ -
Net pension liability (LGERS)	51,760	-	(51,760)	-	-
Notes payable	-	171,000	-	171,000	30,934

Water and Sewer Fund:

Compensated absences	24,814	1,162	-	25,976	-
Net pension liability (LGERS)	55,912	-	(55,912)	-	-
Other post-employment benefits	13,860	3,570	-	17,430	-
Notes payable	497,699	-	(39,999)	457,700	6,105

<b>Total business-type activities</b>	<b>\$664,253</b>	<b>\$ 178,601</b>	<b>\$(147,671)</b>	<b>\$695,183</b>	<b>\$ 37,039</b>
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The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year

**NOTE 14 – INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2015 consist of the following:

Fund	To	From
General Fund	\$263,897	
Community Center Project Fund		\$263,897

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

The interfund balance described above is the result of the General Fund temporarily financing the Community Center Project Fund. This project fund is partially financed by a reimbursement grant from the State of North Carolina Parks and Recreation Trust Fund. As of June 30, 2015 the Town had not submitted a reimbursement request to the grant administrator. Once the Town receives funds from this grant the balance owed to the General Fund will be repaid.

Transfers to/from other funds for the year ended June 30, 2015 consist of the following:

Transfer from the General Fund to the Community Center Project	\$ 21,534
Transfer from the General Fund to the Volunteer Fire Department Fund	\$ 40,650
Transfer from the Electric Fund to the General Fund	\$ 98,990

The transfer from the General Fund to the Community Center Project was done at the direction of the Town Council to provide matching funds for the project. 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 Electric Fund to the General Fund was made to compensate the General Fund for services provided in prior years.

**NOTE 15 – NET POSITION**

Government-wide net position consists of the following as of June 30, 2015:

Net investment in capital assets	\$ 2,222,826	\$ 9,066,437	\$ 11,289,263
Restricted:			-
Stabilization by state statute	373,254	-	373,254
Transportation	127,396	-	127,396
Fire protection	369,662	-	369,662
Water and sewer project	-	65,521	65,521
Unrestricted	596,517	1,116,113	1,712,630
<b>Total net position</b>	<b>\$ 3,689,655</b>	<b>\$ 10,248,071</b>	<b>\$ 13,937,726</b>

Net investment in capital assets consists of the following as of June 30, 2015:

Total capital assets	\$ 2,677,010	\$ 9,695,137	\$ 12,372,147
Less associated notes payable	(454,184)	(628,700)	(1,082,884)
<b>Net investment in capital assets</b>	<b>\$ 2,222,826</b>	<b>\$ 9,066,437</b>	<b>\$ 11,289,263</b>

**Town of La Grange, North Carolina**  
**Notes to Financial Statements**

**NOTE 16 – FUND BALANCES**

Governmental fund balances consist of the following as of June 30, 2015:

	General Fund	Volunteer Fire Department Fund	Community Center Project Fund	Total
<b>Restricted:</b>				
Stabilization by state statute	\$ 366,564	\$ 6,690	\$ -	\$ 373,254
Transportation	127,396	-	-	127,396
Fire protection	-	369,662	-	369,662
<b>Committed:</b>				
Public safety	16,207	-	-	16,207
Transportation	11,012	-	-	11,012
Environmental protection	133,277	-	-	133,277
Cultural and recreational	293,191	-	-	293,191
<b>Assigned:</b>				
Subsequent years' expenditures	-	-	-	-
Unassigned	298,164	-	(186,448)	111,716
<b>Total fund balances</b>	<b>\$ 1,245,811</b>	<b>\$ 376,352</b>	<b>\$ (186,448)</b>	<b>\$ 1,435,715</b>

**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, 2015 amounted to \$2,827,365.

**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.



## Town of La Grange, North Carolina Notes to Financial Statements

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 – CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENT**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014) As a result, net position for the governmental and business-type activities decreased by \$32,092 and \$107,672, respectively.



## 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)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
		Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2012	\$ -	\$ 236,354	\$ 236,354	0.00%	N/A	N/A
12/31/2010	\$ -	\$ 274,500	\$ 274,500	0.00%	N/A	N/A
12/31/2008	\$ -	\$ 330,932	\$ 330,932	0.00%	\$ 175,956	188.10%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution *	Percentage Contributed *
	6/30/2015	\$ 28,020
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	12/31/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar amount, closed
Remaining Amortization Period	10 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	8.50% - 5.00%

**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 Two Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) %	0.01738%	0.01650%
Town proportion of the net pension liability (asset) \$	\$ (102,500)	\$ 139,764
Town's covered-employee payroll	\$ 876,153	\$ 836,274
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.70%	16.71%
Plan fiduciary net position as a percentage of the total pension liability	0.02%	0.01%

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

**Schedule of Town Contributions  
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 61,943	\$ 59,125
Contributions in relation to the contractually required contribution	61,943	59,125
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 876,153	\$ 836,274
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

**Town of La Grange, North Carolina**  
**General Fund Combining Balance Sheet**  
**June 30, 2015**  
**Exhibit B-1**

	General Fund	Capital Reserve Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 781,159	\$ 11	\$ 781,170
Restricted cash and cash equivalents	127,396	-	127,396
Receivables, net:			
Taxes	61,486	-	61,486
Accounts	37,871	-	37,871
Intergovernmental	102,581	-	102,581
Other	86	-	86
Due from other funds	263,897	-	263,897
<b>Total assets</b>	<b>\$ 1,374,476</b>	<b>\$ 11</b>	<b>\$ 1,374,487</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 29,319	\$ -	\$ 29,319
<b>Deferred Inflow of Resources</b>			
Sanitation revenue receivable	37,871	-	37,871
Property taxes receivable	61,486	-	61,486
<b>Total deferred inflows of resources</b>	<b>99,357</b>	<b>-</b>	<b>99,357</b>
<b>Fund Balance</b>			
Restricted:			
Stabilization by state statute	366,564	-	366,564
Transportation	127,396	-	127,396
Committed:			
Public safety	16,207	-	16,207
Transportation	11,012	-	11,012
Environmental protection	133,277	-	133,277
Economic and physical development	-	-	-
Cultural and recreational	293,191	-	293,191
Unassigned	298,153	11	298,164
<b>Total fund balance</b>	<b>1,245,800</b>	<b>11</b>	<b>1,245,811</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,374,476</b>	<b>\$ 11</b>	<b>\$ 1,374,487</b>



**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, 2015**  
**Exhibit B-2**

	General Fund	Capital Reserve Fund	Total
<b>Revenues</b>			
Ad valorem taxes	\$ 633,450	\$ -	\$ 633,450
Local option sales taxes	178,144	-	178,144
Unrestricted intergovernmental	198,367	-	198,367
Restricted intergovernmental	96,197	-	96,197
Permits and fees	9,381	-	9,381
Sales and services	351,830	-	351,830
Investment earnings	864	11	875
Miscellaneous	23,131	-	23,131
Total revenues	1,491,364	11	1,491,375
<b>Expenditures</b>			
General government	130,944	-	130,944
Public safety	561,725	-	561,725
Human services	3,603	-	3,603
Transportation	252,501	-	252,501
Environmental protection	226,499	-	226,499
Cultural and recreational	98,483	-	98,483
Debt service:			
Principal retirement	169,314	-	169,314
Interest and fees	16,911	-	16,911
Total expenditures	1,459,980	-	1,459,980
Revenues over (under) expenditures	31,384	11	31,395
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	1,025	-	1,025
Loan proceeds	-	-	-
Transfers from other funds	98,990	-	98,990
Transfers to other funds	(62,184)	-	(62,184)
Total other financing sources (uses)	37,831	-	37,831
Net change in fund balance	69,215	11	69,226
Fund balances, beginning of year as previously reported	1,176,585	-	1,176,585
Prior period adjustment (Note 21)	-	-	-
Fund balances, beginning of year as restated	1,176,585	-	1,176,585
Fund balances, end of year	\$ 1,245,800	\$ 11	\$ 1,245,811

**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, 2015**  
**Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Ad valorem taxes:			
Taxes	\$ 595,000	\$ 624,049	\$ 29,049
Penalties and interest	7,500	9,401	1,901
Total	602,500	633,450	30,950
Local option sales taxes	160,000	178,144	18,144
Unrestricted Intergovernmental :			
Utility franchise taxes	148,340	169,790	21,450
Beer and wine taxes	11,500	13,612	2,112
Other taxes	-	965	965
Payment in lieu of taxes	14,000	14,000	-
Total	173,840	198,367	24,527
Restricted Intergovernmental:			
Powell Bill allocation	94,008	94,778	770
Solid waste disposal tax distribution	1,400	1,419	19
Total	95,408	96,197	789
Permits and fees:			
Building permits	7,000	7,761	761
Inspection fees	-	10	10
Other permits	600	1,610	1,010
Total	7,600	9,381	1,781
Sales and services:			
Sanitation revenues	294,650	294,445	(205)
Service charges	0	0	-
Cemetery lot sales	44,800	57,385	12,585
Total	339,450	351,830	12,380
Investment earnings	175	864	689

**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, 2015**  
**Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous:			
Insurance proceeds	\$ -	\$ -	\$ -
Other revenues	3,050	23,131	20,081
Total	3,050	23,131	20,081
Total revenues	1,382,023	1,491,364	109,341
<b>Expenditures</b>			
General Government:			
General Government:			
Mayor and Town Council		10,674	
Other operating expenditures		56,574	
Total	92,320	67,248	25,072
Administration:			
Salaries and employee benefits		59,626	
Other operating expenditures		4,070	
Total	88,766	63,696	25,070
Total general government	181,086	130,944	50,142
Public Safety:			
Police:			
Salaries and employee benefits		17,560	
Contracted services		467,832	
Other operating expenditures		35,383	
Total	539,362	520,775	18,587
Inspections:			
Salaries and employee benefits		29,871	
Other operating expenditures		11,079	
Total	44,608	40,950	3,658
Total public safety	583,970	561,725	22,245

**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, 2015**  
**Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
<u>Human Services:</u>			
Council on Aging:			
Operating expenditures	\$ 3,975	\$ 3,603	\$ 372
<u>Transportation:</u>			
Streets:			
Salaries and employee benefits		94,178	
Vehicle fuel and maintenance		22,987	
Utilities		23,906	
Repairs and maintenance		57,386	
Other operating expenditures		53,763	
Capital outlay		281	
Total transportation	279,518	252,501	27,017
<u>Environmental Protection:</u>			
Sanitation:			
Salaries and employee benefits		69,624	
Contracted services		1,464	
Other operating expenditures		90,811	
Capital outlay		-	
Total	176,298	161,899	14,399
Cemetery:			
Salaries and employee benefits		13,901	
Operating expenditures		50,699	
Total	70,076	64,600	5,476
Total environmental protection	246,374	226,499	19,875
<u>Cultural and Recreational:</u>			
Recreation:			
Operating expenditures		81,296	
Total	81,704	81,296	408

**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, 2015**  
**Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
<b>Library:</b>			
Operating expenditures	\$ 19,900	\$ 16,687	\$ 3,213
Contribution to the Arts Council	500	500	-
Total cultural and recreational	102,104	98,483	3,621
<b>Debt service:</b>			
Note principal		169,314	
Interest and fees		16,911	
Total debt service	207,792	186,225	21,567
Total expenditures	1,604,819	1,459,980	144,839
Revenues over (under) expenditures	(222,796)	31,384	254,180
<b>Other financing sources (uses)</b>			
Transfers from (to) other funds:			
Transfers from other funds	100,000	98,990	(1,010)
Transfers to other funds	(43,254)	(62,184)	(18,930)
Net transfers (to) from other funds	56,746	36,806	(19,940)
Proceeds from sale of capital assets	-	1,025	1,025
Loan proceeds	-	-	-
Total other financing sources (uses)	56,746	37,831	(18,915)
Appropriated fund balance	166,050	-	(166,050)
Net change in fund balance	<u>\$ -</u>	69,215	<u>\$ 69,215</u>
Fund balance, beginning of year as previously reported		1,176,585	
Prior period adjustment (Note 21)			
Fund balance, beginning of year as restated		1,176,585	
Fund balance, end of year		<u>\$ 1,245,800</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, 2015**  
**Exhibit B-4**

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

**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, 2015**  
**Exhibit C-1**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Restricted Intergovernmental:			
Lenoir County appropriation	\$ 3,273	\$ -	\$ (3,273)
Lenoir County fire district taxes	78,877	93,535	14,658
Wayne County fire district taxes	5,200	4,412	(788)
Lenoir County local option sales taxes	14,700	9,105	(5,595)
State of North Carolina on-behalf payments	-	-	-
Total	102,050	107,052	5,002
Miscellaneous:			
Fundraising and contributions	11,250	20,678	9,428
Other income	250	4,041	3,791
Total	11,500	24,719	13,219
Investment earnings	750	1,550	800
Total revenues	114,300	133,321	19,021
<b>Expenditures</b>			
Public Safety:			
Repairs		36,152	
Fuel		5,155	
Firefighting supplies		19,804	
Insurance		23,874	
Radio maintenance		14,430	
Utilities		16,641	
Pension		10,282	
Dues		1,646	
Professional fees		167	
Fundraising		3,667	
Capital outlay		-	
Total expenditures	157,950	131,818	26,132
Revenues over (under) expenditures	(43,650)	1,503	(7,111)

**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, 2015**  
**Exhibit C-1**

	Final Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	\$ -	\$ 2,225	\$ (2,225)
Transfers from (to) other funds:			
Transfers from other funds	40,650	40,650	-
<b>Total other financing sources (uses)</b>	<b>40,650</b>	<b>42,875</b>	<b>(2,225)</b>
Appropriated fund balance	3,000	-	3,000
Net change in fund balance	<u>\$ -</u>	44,378	<u>\$ 44,378</u>
Fund balance, beginning of year		331,974	
Fund balance, end of year		<u>\$ 376,352</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, 2015**  
**Exhibit D-1**

	Project Authorization	Actual		Variance Positive (Negative)	
		Prior Years	Current Year		Total to Date
<b>Revenues</b>					
State grants - PARTF	\$ 315,000	\$ 234,148	\$ 80,852	\$ 315,000	\$ -
Fundraising and contributions	19,400	0	19,400	19,400	-
Miscellaneous revenue	-	4,739	39,953	44,692	44,692
Total revenues	334,400	238,887	140,205	379,092	44,692
<b>Expenditures</b>					
Community Center		471,711	312,495	784,206	784,206
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	532,102	312,495	844,597	(49,597)
Revenues over (under) expenditures	(460,600)	(293,215)	(172,290)	(465,505)	(4,905)
<b>Other financing sources</b>					
Loan proceeds	225,000	225,000	-	225,000	-
Transfer from General Fund	235,600	32,523	21,534	54,057	(181,543)
Total other financing sources	460,600	257,523	21,534	279,057	(181,543)
Net change in fund balance	\$ -	\$ (35,692)	(150,756)	\$ (186,448)	\$ (186,448)
Fund balance, beginning of year			(35,692)		
Fund balance, end of year			\$ (186,448)		

**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, 2015**  
**Exhibit E-1**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues:			
Charges for services:			
Electric charges	\$ 3,761,433	\$ 3,745,167	\$ (16,266)
Service charges	21,000	19,410	(1,590)
Total charges for services	3,782,433	3,764,577	(17,856)
Other operating revenues	-	-	-
Total operating revenues	3,782,433	3,764,577	(17,856)
Nonoperating revenues:			
Investment earnings	550	859	309
Sale of Materials	-	872	872
Miscellaneous revenues	3,000	5,990	2,990
Local option sales taxes	123,033	4,928	(118,105)
Rental income	29,000	30,295	1,295
Bad accounts recovered	-	399	399
Total nonoperating revenues	155,583	43,343	(112,240)
Total revenues	3,938,016	3,807,920	(130,096)
<b>Expenditures</b>			
Electrical operations:			
Salaries and employee benefits		424,947	
Contracted services		28,823	
Maintenance and repairs		9,114	
Other operating expenditures		468,358	
Total		931,242	
Electrical power purchases		2,827,365	
Capital outlay		240,860	
Total expenditures	4,000,644	3,999,467	1,177
Revenues over (under) expenditures	(62,628)	(191,547)	(128,919)

**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, 2015**  
**Exhibit E-1**

	Final Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses)</b>			
Proceeds from intallment purchase obligations	\$ 115,000	\$ 171,000	\$ 56,000
Proceeds from sale of capital assets	-	3,950	3,950
Transfers to other funds	(100,000)	(98,990)	1,010
<b>Appropriated fund balance</b>	<b>47,628</b>	<b>-</b>	<b>(47,628)</b>
Revenues, and other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ (115,587)	\$ (115,587)

**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

\$ (115,587)

Reconciling items:

Capital outlay	240,860
Proceeds from installment obligations	(171,000)
Depreciation	(80,352)
Change in accrued compensated absences	(4,083)
Pension benefit accruals	17,005

Total reconciling items	2,430
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Change in net position	\$ (113,157)
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**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, 2015**  
**Exhibit E-2**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues:			
Charges for services:			
Water charges	\$ 703,652	\$ 680,877	\$ (22,775)
Sewer charges	679,291	629,071	(50,220)
Water and sewer taps	1,500	3,382	1,882
Service charges	3,600	4,618	1,018
Total charges for services	1,388,043	1,317,948	(70,095)
Other operating revenues	1,400	1,360	(40)
Total operating revenues	1,389,443	1,319,308	(70,135)
Nonoperating revenues:			
Investment earnings	581	593	12
Rental income	15,791	20,841	5,050
Sale of scrap metal	-	891	891
Miscellaneous revenues	500	120	(380)
Local option sales taxes	32,500	29,919	(2,581)
Total nonoperating revenues	49,372	52,364	2,992
Total revenues	1,438,815	1,371,672	(67,143)
<b>Expenditures</b>			
Water operations:			
Salaries and employee benefits		192,652	
Utilities		40,966	
Repairs and maintenance		6,081	
Contracted services		34,262	
Other operating expenditures		472,681	
Total	773,946	746,642	27,304
Sewer operations:			
Salaries and employee benefits		132,218	
Utilities		64,463	
Repairs and maintenance		20,269	
Contracted services		23,004	
Other operating expenditures		77,451	
Total	319,604	317,405	2,199

**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, 2015**  
**Exhibit E-2**

	Final Budget	Actual	Variance Positive (Negative)
Wastewater operations:			
Salaries and employee benefits		\$ 139,846	
Utilities		16,072	
Repairs and maintenance		9,876	
Contracted services		1,970	
Other operating expenditures		31,541	
Total	220,679	199,305	21,374
Capital outlay	54,000	36,530	17,470
Debt service:			
Note principal		39,999	
Interest and fees		16,078	
Total	72,096	56,077	16,019
Total expenditures	1,440,325	1,355,959	84,366
Revenues over (under) expenditures	(1,510)	15,713	17,223
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	-	2,753	2,753
Transfers to other funds	(1,000)	-	1,000
Total other financing sources (uses)	(1,000)	2,753	3,753
Fund balance appropriated	2,510	-	(2,510)
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 18,466	\$ 18,466

**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, 2015**  
**Exhibit E-2**

	Final Budget	Actual	Variance Positive (Negative)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses		\$ 18,466	
Reconciling items:			
Capital outlay		36,530	
Debt principal		39,999	
Change in accrued compensated absences		(4,073)	
Change in other post-employment benefits obligation		(3,570)	
Change in accrued interest payable		1,517	
Pension benefit accruals		18,366	
Depreciation		(416,123)	
Maintenance expense		(594)	
Total reconciling items		(327,948)	
Change in net position		\$ (309,482)	

**Town of La Grange, North Carolina**  
**Well Project Fund Statement of Revenues and Expenditures –**  
**Budget and Actual – (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2015**  
**Exhibit E-3**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
State grant - Rural Center	\$ 350,000	\$ 350,000	\$ -	\$ 350,000	\$ -
Investment earnings	-	113	-	113	113
Total revenues	350,000	350,113	-	350,113	113
<b>Expenditures</b>					
Well construction		745,655	<b>594</b>	746,249	
Debt service:					
Note principal		457,700	-	457,700	
Interest and fees		5,717	-	5,717	
Total debt service		463,417	-	463,417	
Total expenditures	1,299,400	1,209,072	<b>594</b>	1,209,666	89,734
Revenues over (under) expenditures	(949,400)	(858,959)	<b>(594)</b>	(859,553)	89,847
<b>Other financing sources</b>					
Loan proceeds	915,400	915,400	-	915,400	-
Transfers from Water and Sewer Fund	34,000	9,693	-	9,693	(24,307)
Total other financing sources	949,400	925,093	-	925,093	(24,307)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 66,134	\$ <b>(594)</b>	\$ 65,540	\$ 65,540

**Town of La Grange, North Carolina**  
**Schedule of Cash and Cash Equivalent Balances**  
**June 30, 2015**  
**Schedule 1**

Cash and Cash Equivalents:	
On hand	\$ 500
In time deposits	717,264
Certificates of deposit	1,044,579
North Carolina Capital Management Trust	737,512
<hr/>	
Total cash and cash equivalents	\$ 2,499,855
<hr/>	
Distribution by funds:	
General Fund	\$ 908,555
Capital Reserve Fund	11
Volunteer Fire Department Fund	371,882
Community Center Project Fund	-
Electric Fund	714,925
Water and Sewer Fund	438,961
Well Project Fund	65,521
<hr/>	
Total cash and cash equivalents	\$ 2,499,855
<hr/>	



**Town of La Grange, North Carolina**  
**General Fund Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2015**  
**Schedule 2**

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 618,837	\$ 587,798	\$ 31,039
2013-2014	42,666	-	23,464	19,202
2012-2013	19,153	-	7,908	11,245
2011-2012	9,058	-	2,764	6,294
2010-2011	5,160	-	1,103	4,057
2009-2010	4,628	-	813	3,815
2008-2009	4,682	-	468	4,214
2007-2008	3,173	-	254	2,919
2006-2007	4,032	-	222	3,810
2005-2006	3,026	-	131	2,895
2004-2005	2,377	-	2,377	-
	<u>\$ 97,955</u>	<u>\$ 618,837</u>	<u>\$ 627,302</u>	<u>\$ 89,490</u>
Less allowance for uncollectible ad valorem taxes receivable				(28,004)
<b>Ad valorem taxes receivable, net</b>				<b>\$ 61,486</b>
<b>Reconciliation with revenues:</b>				
Total ad valorem taxes - General Fund				\$ 633,450
Penalties and interest, net of discounts				(9,401)
Amounts written off for prior year taxes and releases				3,253
<b>Total collections and credits</b>				<b>\$ 627,302</b>

**Town of La Grange, North Carolina**  
**General Fund Analysis of Current Tax Levy – Town-wide Levy**  
**For the Fiscal Year Ended June 30, 2015**  
**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	\$ 135,805,333	0.45	\$ 611,124	\$ 494,906	\$ 116,218
Penalties and interest	-		447	447	-
	135,805,333		611,571	495,353	116,218
Discoveries:					
Current year taxes	1,912,889		8,608	8,608	-
Releases	(298,222)		(1,342)	(1,342)	-
<u>Total property valuation</u>	<u>\$ 137,420,000</u>				
Net levy			618,837	502,619	116,218
Uncollected taxes at June 30, 2015			(31,039)	(28,846)	(2,193)
Current year's taxes collected			<u>\$ 587,798</u>	<u>\$ 473,773</u>	<u>\$ 114,025</u>
Current levy collection percentage			94.98%	94.26%	98.11%



**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>	2006	2007	2008	2009
<b>Governmental activities</b>				
Net investment in capital assets	\$ 3,113,909	\$ 2,984,524	\$ 2,818,153	\$ 2,692,826
Restricted	56,092	32,331	62,692	86,208
Unrestricted	1,403,014	1,556,336	1,588,462	1,532,799
Total	\$ 4,573,015	\$ 4,573,191	\$ 4,469,307	\$ 4,311,833
<b>Business-type activities</b>				
Net investment in capital assets	\$ 8,318,672	\$ 8,187,082	\$ 8,334,868	\$ 8,204,969
Restricted	-	-	-	-
Unrestricted	309,118	512,203	586,684	759,567
Total	\$ 8,627,790	\$ 8,699,285	\$ 8,921,552	\$ 8,964,536
<b>Primary government</b>				
Net investment in capital assets	\$ 11,432,581	\$ 11,171,606	\$ 11,153,021	\$ 10,897,795
Restricted	56,092	32,331	62,692	86,208
Unrestricted	1,712,132	2,068,539	2,175,146	2,292,366
Total	\$ 13,200,805	\$ 13,272,476	\$ 13,390,859	\$ 13,276,369

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

2010	2011	2012	2013	2014	2015
\$ 2,804,333	\$ 2,688,005	\$ 2,454,952	\$ 2,182,552	2,205,338	2,222,826
18,654	710,501	113,853	470,682	1,010,419	870,312
1,377,637	514,603	1,239,900	903,529	527,875	596,517
<u>\$ 4,200,624</u>	<u>\$ 3,913,109</u>	<u>\$ 3,808,705</u>	<u>\$ 3,556,763</u>	<u>\$ 3,743,632</u>	<u>\$ 3,689,655</u>
\$ 8,466,410	\$ 10,008,440	\$ 9,903,170	\$ 9,133,249	9,416,523	9,066,437
-	28,670	-	456,842	66,133	65,521
748,519	843,281	694,268	1,240,390	1,295,721	1,116,113
<u>\$ 9,214,929</u>	<u>\$ 10,880,391</u>	<u>\$10,597,438</u>	<u>\$10,830,481</u>	<u>\$ 10,778,377</u>	<u>\$ 10,248,071</u>
\$11,270,743	\$ 12,696,445	\$12,358,122	\$11,315,801	\$ 11,621,861	\$ 11,289,263
18,654	739,171	113,853	927,524	1,076,552	935,833
2,126,156	1,357,884	1,934,168	2,143,919	1,823,596	1,712,630
<u>\$13,415,553</u>	<u>\$ 14,793,500</u>	<u>\$14,406,143</u>	<u>\$14,387,244</u>	<u>\$ 14,522,009</u>	<u>\$ 13,937,726</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>	2006	2007	2008	2009
<b>Expenses</b>				
Governmental Activities:				
General government	\$ 181,367	\$ 197,542	\$ 184,092	\$ 285,213
Public safety	615,747	685,060	707,609	658,599
Human services	9,021	9,461	5,583	5,810
Transportation	520,555	550,431	525,724	463,498
Cultural and recreational	43,762	38,380	61,772	39,296
Environmental protection	292,227	262,259	254,990	283,287
Interest on long-term debt	19,612	18,184	17,528	27,878
Total	1,682,291	1,761,317	1,757,298	1,763,581
Business-type activities:				
Electric	2,939,200	2,936,628	3,226,975	3,551,385
Water and sewer	1,039,823	1,077,177	1,135,717	1,316,029
Total	3,979,023	4,013,805	4,362,692	4,867,414
<b>Total primary government</b>	<b>\$ 5,661,314</b>	<b>\$ 5,775,122</b>	<b>\$ 6,119,990</b>	<b>\$ 6,630,995</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Environmental protection	\$ 261,712	\$ 323,864	\$ 323,811	\$ 322,879
Public safety	11,171	840	1,231	1,694
General government	88,000	42,004	60,167	43,156
Operating grants and contributions	115,749	153,923	133,178	112,542
Capital grants and contributions	-	-	-	-
Total	476,632	520,631	518,387	480,271
Business-type activities:				
Charges for services:				
Electric	3,083,083	3,160,090	3,294,089	3,839,076
Water and Sewer	881,733	1,011,756	1,030,555	1,101,828
Operating grants and contributions	144,093	36,108	239,375	-
Capital grants and contributions	-	-	-	-
Total	4,108,909	4,207,954	4,564,019	4,940,904
<b>Total primary government</b>	<b>\$ 4,585,541</b>	<b>\$ 4,728,585</b>	<b>\$ 5,082,406</b>	<b>\$ 5,421,175</b>

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

2010	2011	2012	2013	2014	2015
\$ 176,841	\$ 177,167	\$ 199,661	\$ 157,003	\$ 159,342	\$ 141,847
695,133	645,115	637,167	764,576	768,452	672,763
5,580	3,568	5,726	5,990	6,553	5,287
471,271	494,139	551,473	495,248	522,616	544,717
37,527	68,079	85,940	77,939	349,571	327,892
294,646	301,737	296,715	315,474	59,598	119,107
26,254	21,234	17,237	13,800	18,163	15,659
<u>1,707,252</u>	<u>1,711,039</u>	<u>1,793,919</u>	<u>1,830,030</u>	<u>1,884,295</u>	<u>1,827,272</u>
3,708,129	3,809,376	3,893,225	3,661,069	3,918,219	3,826,037
<u>1,349,782</u>	<u>1,606,184</u>	<u>1,820,900</u>	<u>1,638,049</u>	<u>1,684,632</u>	<u>1,683,907</u>
<u>5,057,911</u>	<u>5,415,560</u>	<u>5,714,125</u>	<u>5,299,118</u>	<u>5,602,851</u>	<u>5,509,944</u>
<u>\$ 6,765,163</u>	<u>\$ 7,126,599</u>	<u>\$ 7,508,044</u>	<u>\$ 7,129,148</u>	<u>\$ 7,487,146</u>	<u>\$ 7,337,216</u>
\$ 342,937	\$ 344,195	\$ 343,039	\$ 362,309	\$ 353,494	\$ 344,562
50,224	6,740	42,168	41,097	49,683	9,271
39,547	375	-	12,500	40,000	-
97,358	88,346	137,935	231,657	216,263	198,819
-	-	92,487	4,838	298,629	85,282
<u>530,066</u>	<u>439,656</u>	<u>615,629</u>	<u>652,401</u>	<u>958,069</u>	<u>637,934</u>
3,868,201	4,010,677	3,700,161	3,722,188	3,844,206	3,764,577
1,155,253	1,359,630	1,423,849	1,375,839	1,331,795	1,319,308
-	-	52,913	338	-	-
-	-	200,936	40,000	350,000	-
<u>5,023,454</u>	<u>5,370,307</u>	<u>5,377,859</u>	<u>5,138,365</u>	<u>5,526,001</u>	<u>5,083,885</u>
<u>\$ 5,553,520</u>	<u>\$ 5,809,963</u>	<u>\$ 5,993,488</u>	<u>\$ 5,790,766</u>	<u>\$ 6,484,070</u>	<u>\$ 5,721,819</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>	2006	2007	2008	2009
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (1,205,659)	\$ (1,240,686)	\$ (1,238,911)	\$ (1,283,310)
Business-type activities	129,886	194,149	201,327	73,490
<b>Total primary government</b>	<b>\$ (1,075,773)</b>	<b>\$ (1,046,537)</b>	<b>\$ (1,037,584)</b>	<b>\$ (1,209,820)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 556,408	\$ 573,469	\$ 582,484	\$ 585,147
Sales taxes	188,992	201,288	193,032	166,295
Franchise taxes	141,110	163,133	185,001	214,117
Investment earnings	46,265	68,144	58,113	25,523
Miscellaneous	16,306	17,559	27,917	41,987
Gain (Loss) on disposal of capital asset:	-	-	-	-
Transfers	236,187	217,269	88,480	92,767
<b>Total</b>	<b>1,185,268</b>	<b>1,240,862</b>	<b>1,135,027</b>	<b>1,125,836</b>
Business-type activities:				
Sales tax	37,093	41,560	40,143	36,410
Other taxes	18,239	16,269	-	-
Investment earnings	6,374	15,299	14,620	12,414
Miscellaneous	9,957	21,486	54,657	13,437
Loss on disposal of capital assets	-	-	-	-
Transfers	(236,187)	(217,269)	(88,480)	(92,767)
<b>Total</b>	<b>(164,524)</b>	<b>(122,655)</b>	<b>20,940</b>	<b>(30,506)</b>
<b>Total primary government</b>	<b>\$ 1,020,744</b>	<b>\$ 1,118,207</b>	<b>\$ 1,155,967</b>	<b>\$ 1,095,330</b>
<b>Change in Net Position</b>				
Governmental activities	\$ (20,391)	\$ 176	\$ (103,884)	\$ (157,474)
Business-type activities	(34,638)	71,494	222,267	42,984
<b>Total primary government</b>	<b>\$ (55,029)</b>	<b>\$ 71,670</b>	<b>\$ 118,383</b>	<b>\$ (114,490)</b>



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

(continued)					
2010	2011	2012	2013	2014	2015
\$ (1,177,186)	\$ (1,271,383)	\$ (1,178,290)	\$ (1,177,629)	\$ (926,226)	\$ (1,189,338)
(34,457)	(45,253)	(336,266)	(160,753)	(76,850)	(426,059)
<u>\$ (1,211,643)</u>	<u>\$ (1,316,636)</u>	<u>\$ (1,514,556)</u>	<u>\$ (1,338,382)</u>	<u>\$ (1,003,076)</u>	<u>\$ (1,615,397)</u>
\$ 602,153	\$ 606,691	\$ 613,905	\$ 617,941	624,057	624,057
165,609	165,810	178,366	165,867	178,144	178,144
172,754	172,754	172,032	166,540	198,367	198,367
4,245	5,376	2,381	3,073	2,425	2,425
197,579	74,751	29,124	28,721	80,207	80,207
-	-	-	(17,888)	(14,737)	(14,737)
(76,362)	(41,514)	78,077	(315,778)	98,990	98,990
<u>1,065,978</u>	<u>983,868</u>	<u>1,073,885</u>	<u>648,476</u>	<u>1,167,453</u>	<u>1,167,453</u>
32,153	32,801	34,195	37,237	34,847	34,847
-	1,596,182	-	-	0	-
2,311	2,459	2,314	1,479	1,452	1,452
174,025	37,761	94,881	63,714	58,536	58,536
-	-	-	(24,412)	7,575	7,575
76,362	41,514	(78,077)	315,778	(98,990)	(98,990)
<u>284,851</u>	<u>1,710,717</u>	<u>53,313</u>	<u>393,796</u>	<u>3,420</u>	<u>3,420</u>
<u>\$ 1,350,829</u>	<u>\$ 2,694,585</u>	<u>\$ 1,127,198</u>	<u>\$ 1,042,272</u>	<u>\$ 1,170,873</u>	<u>\$ 1,170,873</u>
\$ (111,208)	\$ (287,515)	\$ (104,405)	\$ (529,153)	\$ 241,227	\$ (21,885)
250,394	1,665,464	(282,953)	233,043	(73,430)	(422,639)
<u>\$ 139,186</u>	<u>\$ 1,377,949</u>	<u>\$ (387,358)</u>	<u>\$ (296,110)</u>	<u>\$ 167,797</u>	<u>\$ (444,524)</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>	2012	2013	2014	2015
<b>General Fund:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	113,853	141,928	442,858	493,960
Comitted	707,661	410,209	431,089	453,687
Assigned	28,000	75,000	-	-
Unassigned	464,942	366,237	302,640	298,164
Total	\$ 1,314,456	\$ 993,374	\$ 1,176,587	\$ 1,245,811
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	328,754	567,561	376,352
Comitted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(271,279)	(186,448)
Total	\$ -	\$ 328,754	\$ 296,282	\$ 189,904

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
<b>General Fund:</b>						
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
<b>All Other Governmental Funds:</b>						
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>	2006	2007	2008	2009
<b>Revenues</b>				
Ad valorem taxes	\$ 569,538	\$ 567,056	\$ 589,222	\$ 582,607
Local option sales taxes	188,992	201,288	193,032	166,295
Other taxes and licenses	4,873	5,093	4,808	5,793
Unrestricted intergovernmental	136,237	165,540	169,100	173,615
Restricted intergovernmental	115,749	153,923	144,271	147,250
Permits and fees	11,171	12,844	11,398	9,850
Sales and services	349,806	353,864	373,811	357,879
Investment earnings	46,265	68,144	58,113	25,523
Miscellaneous	6,453	10,059	20,971	37,430
Total revenues	1,429,084	1,537,811	1,564,726	1,506,242
<b>Expenditures</b>				
General government	168,989	297,654	227,932	264,981
Public safety	630,861	681,465	765,990	695,354
Transportation	274,252	301,561	288,687	243,109
Cultural and recreational	33,559	29,428	52,972	31,206
Human Services	6,718	7,206	3,351	3,656
Environmental protection	335,646	253,817	246,554	657,191
Debt service:				
Principal retirement	32,292	33,758	44,040	170,459
Interest and fees	19,612	18,184	17,528	27,878
Total expenditures	1,501,929	1,623,073	1,647,054	2,093,834
Revenues over/under expenditures	(72,845)	(85,262)	(82,328)	(587,592)
<b>Other financing sources (uses)</b>				
Operating transfers from other funds	269,956	277,926	101,761	104,181
Operating transfers to other funds	(33,769)	(60,657)	(13,281)	(11,414)
Total operating transfers	236,187	217,269	88,480	92,767
Proceeds from sale of capital assets	9,852	-	6,944	4,557
Loan proceeds	60,351	-	64,000	429,241
Total other financing sources (uses)	306,390	217,269	159,424	526,565
Net changes in fund balance	\$ 233,545	\$ 132,007	\$ 77,096	\$ (61,027)
Debt service as a percentage of noncapital expenditures	3.46%	3.20%	3.74%	9.47%

**Town of La Grange, North Carolina**  
**Changes in Fund Balances – Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**Table 5**

2010	2011	2012	2013	2014	2015
\$ 604,688	\$ 604,315	\$ 619,043	\$ 608,178	\$ 645,440	\$ 633,450
165,609	165,810	178,366	165,867	165,165	178,144
6,428	50	-	-	-	-
164,509	172,954	170,627	163,524	179,420	198,367
99,175	88,096	226,321	233,033	451,739	284,101
5,271	7,115	12,319	12,737	9,853	9,381
427,437	344,195	390,405	400,572	428,448	351,830
4,245	5,376	2,382	3,073	2,128	2,425
184,829	67,523	33,513	29,222	35,211	107,203
<u>1,662,191</u>	<u>1,455,434</u>	<u>1,632,976</u>	<u>1,616,206</u>	<u>1,917,404</u>	<u>1,764,901</u>
158,160	250,370	181,557	142,383	144,294	130,944
640,467	608,153	595,056	740,207	798,908	693,543
462,421	293,658	316,008	3,843	387,197	252,501
116,038	54,971	251,254	222,420	259,594	410,978
3,433	3,568	3,579	256,433	4,406	3,603
278,315	252,201	65,930	308,134	449,604	226,499
125,199	98,910	102,906	114,721	115,806	169,314
26,254	21,234	17,237	13,800	17,387	16,911
<u>1,810,287</u>	<u>1,583,065</u>	<u>1,533,527</u>	<u>1,801,941</u>	<u>2,177,196</u>	<u>1,904,293</u>
(148,096)	(127,631)	99,449	(185,735)	(259,792)	(139,392)
83,210	21,737	50,627	-	50,000	98,990
<u>(159,572)</u>	<u>(63,251)</u>	<u>-</u>	<u>(315,778)</u>	<u>-</u>	<u>-</u>
(76,362)	(41,514)	50,627	(315,778)	50,000	98,990
12,750	7,228	3,220	6,974	4,985	3,250
-	-	-	225,000	319,360	-
<u>(63,612)</u>	<u>(34,286)</u>	<u>53,847</u>	<u>(83,804)</u>	<u>374,345</u>	<u>102,240</u>
<u>\$ (211,708)</u>	<u>\$ (161,917)</u>	<u>\$ 153,296</u>	<u>\$ (269,539)</u>	<u>\$ 114,553</u>	<u>\$ (37,152)</u>
8.37%	7.59%	7.83%	7.13%	6.12%	9.78%

**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	
2006	0.500	0.500	0.040	0.790	1.330
2007	0.500	0.500	0.040	0.840	1.380
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

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
2006	\$ 569,538	\$ 188,992	\$ 4,873	\$ 123,168	\$ 12,443	\$ 627	\$ 899,641
2007	567,056	201,288	5,093	134,872	12,688	17,980	938,977
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

**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
2006	\$ 87,750,535	\$ 4,759,617	\$ 1,855,149	\$ 16,052,851	\$ 110,418,152	0.50
2007	88,823,302	4,650,679	2,278,851	16,961,516	112,714,348	0.50
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

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
2006	\$ 559,270	\$ (6,877)	\$ 552,393	\$ 502,818	91.03%	\$ 46,680	\$ 549,498	99.48%
2007	561,461	2,579	564,040	510,563	90.52%	49,667	560,230	99.32%
2008	566,318	7,607	573,925	525,614	91.58%	45,392	571,006	99.49%
2009	563,125	13,310	576,435	527,403	91.49%	44,818	572,221	99.27%
2010	577,923	21,798	599,721	554,557	92.47%	41,349	595,906	99.36%
2011	588,077	10,630	598,707	553,247	92.41%	41,403	594,650	99.32%
2012	609,408	(1,933)	607,475	559,324	92.07%	41,857	601,181	98.96%
2013	609,171	1,855	611,026	558,722	91.44%	41,059	599,781	98.16%
2014	635,554	(1,654)	633,900	591,234	93.27%	23,464	614,698	96.97%
2015	611,124	7,713	618,837	587,798	94.98%	-	587,798	94.98%

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			
2006	391,696	-	31,059	666,286	-	42,331	1,131,372	403	1.42%
2007	357,938	-	40,918	533,569	-	17,013	949,438	340	1.12%
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	*

\* Information not yet available

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

<i>June 30,</i>	2011	2012	2013	2014	2015
Debt Limit, 8% of assessed value	\$ 10,639,811	\$ 10,793,188	\$ 10,818,121	\$ 10,993,600	\$ 10,993,600
Total net debt applicable to limit	412,571	309,665	419,944	623,498	454,184
<b>Legal Debt Margin</b>	<b>\$ 10,227,240</b>	<b>\$ 10,483,523</b>	<b>\$ 10,398,177</b>	<b>\$ 10,370,102</b>	<b>\$ 10,539,416</b>
Total net debt applicable to the limit as a percentage of debt limit	3.88%	2.87%	3.88%	5.67%	4.13%
<i>June 30,</i>	2006	2007	2008	2009	2010
Debt Limit, 8% of assessed value	\$ 8,833,452	\$ 9,017,148	\$ 9,175,756	\$ 9,217,510	\$ 9,217,511
Total net debt applicable to limit	391,696	357,938	377,898	636,680	636,681
<b>Legal Debt Margin</b>	<b>\$ 8,441,756</b>	<b>\$ 8,659,210</b>	<b>\$ 8,797,858</b>	<b>\$ 8,580,830</b>	<b>\$ 8,580,830</b>
Total net debt applicable to the limit as a percentage of debt limit	4.43%	3.97%	4.12%	6.91%	6.91%

**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
2006	2,804	1,677,355	28,332	9,926	5.60%
2007	2,789	1,789,534	30,294	9,780	5.30%
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%

\* 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

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

Employer	2015			2006		
	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	55	4	n/a	n/a	4	n/a
P&D Precast	25	5	n/a	n/a	5	n/a
U.S. Post Office	23	6	n/a	n/a	6	n/a
Town of La Grange	20	7	n/a	n/a	7	n/a
Carr, Riggs & Ingram, LLC	16	8	n/a	n/a	9	n/a
Wynn Odom Ford	12	9	n/a	n/a	8	n/a
La Grange Medical	10	10	n/a	n/a	10	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>									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	10	10	c	c	c	c	c	c
Transportation	0	0	3	2	2	3	3	3	3	3
Environmental Protection:										
Refuse Collection	c	c	c	1	1	1	1	1	1	1
Cemetery	c	c	c	0	1	1	1	c	c	c
Electric operations	2	2	2	2	2	2	2	3	3	3
Water	3	3	3	3	3	3	3	4	4	4
Wastewater	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>24</b>	<b>24</b>	<b>27</b>	<b>27</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>20</b>	<b>20</b>

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police:</b>										
Stations	1	1	1	1	0	0	0	0	0	0
Patrol Units	8	8	8	8	8	8	8	8	8	8
Fire Stations	1	1	1	1	1	1	1	1	1	1
<b>Refuse Collection:</b>										
Collection trucks	0	0	2	2	2	2	2	3	3	3
<b>Other public works:</b>										
Streets (miles)	22	22	22	22	22	22	22	22	22	22
Streetlights	385	385	385	385	385	385	385	385	385	385
Traffic signals	1	1	1	1	1	1	1	1	1	1
<b>Parks and recreation:</b>										
Acreage	2	2	2	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	1
Soccer/Football fields	0	0	0	0	0	0	0	0	0	0
Community Spray-parks	0	0	0	0	1	1	1	1	1	1
<b>Water:</b>										
Water Mains (miles)	30	30	30	30	30	30	30	30	30	30
Fire Hydrants	204	204	204	204	209	209	209	209	209	209
<b>Wastewater:</b>										
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
<b>Electric:</b>										
Electric Service Line (miles)	44	44	44	44	45	45	45	45	45	45
Average NCP kW	5,343	5,863	5,741	5,280	5,558	5,328	5,266	5,283	N/A	N/A
Maximum NCP kW	6,685	8,165	6,551	6,631	6,942	6,484	6,420	6,011	N/A	N/A



**Compliance Section**



**INDEPENDENT AUDITOR’S 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, 2015, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated December 21, 2015.

**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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not

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

### **Compliance and Other Matters**

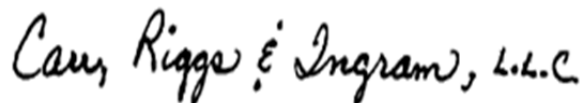
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-1.

### **Town of La Grange, North Carolina's Response to Findings**

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express to opinion of it.

### **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.

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

La Grange, North Carolina  
December 21, 2015

**Town of La Grange, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Section I – Summary of Auditor’s Results**

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**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted?   X   Yes \_\_\_\_\_ No

**Town of La Grange, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Section II – Financial Statement Findings**

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**Material Noncompliance**

**2015-1 – Deficit in Fund Balance of an Individual Fund**

Criteria: G.S. 159-26 states that the Local Government Commission may prescribe rules and regulations related to the financial operation of local governments. The Local Government Commission has stated in various memos that local governments shall not operate funds at a deficit.

Condition: The Town's Community Center Project Fund has a deficit fund balance of \$186,448 as of June 30, 2015.

Effect: The Town was in violation of Local Government Commission guidance.

Cause: The Town has adopted a balanced project ordinance; however the timing of when state grant funds were received and when the Town's matching contributions were made to the project fund resulted in the deficit at year end.

Recommendation: The Town should consider making its matching contributions to future projects as soon as the project ordinance is established.


Views of responsible officials and planned corrective actions: The Town agrees with this finding. In the future the Town will make its matching contributions to projects as soon as administratively possible. See corrective action plan for details on correct the condition described above.

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**Section III – State Awards Findings and Questioned Costs**

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None reported.



**Town of La Grange, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2015**

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**Section II – Financial Statement Findings**

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**Material Noncompliance**

**2015-1 – Deficit in Fund Balance of an Individual Fund**

Name of Contact Person: Dana C. Stroud, Finance Director

Corrective Action: The grant funds from the PARTF grant were received shortly after year end. In addition, the Town made its remaining matching contribution at the time the grant funds were received, thus remedying the condition described in the finding. In the future the Town will make its matching contributions to projects as soon as possible.

Proposed Completion Date: The condition described in this finding has been corrected.



**Town of La Grange, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2015**

**Finding: 2014-1**

Status: Waiting on project close-out

**Town of La Grange, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2015**

Grantor/Program Title	Federal CFDA Number	State/Passthrough Grantor's Number	Federal Expenditures	State Expenditures
<b>Federal Awards:</b>				
<u>U.S. Department of Agriculture:</u>				
Water and Waste Program Cluster:				
Water and Waste Disposal Systems				
for Rural Communities				
	10.760	91-03	\$ -	\$ -
	10.760	91-04	-	-
Total U.S. Department of Agriculture			-	-
<b>State Awards:</b>				
<u>NC Department of Transportation:</u>				
Powell Bill		DOT-4 32570	-	72,469
<u>NC Department of Commerce:</u>				
Rural Economic Development Division:				
Special Appropriation - Water System				
Improvements - Tands, Inc.				
		2007-077-40401-107	-	66,133
<u>NC Department of Environmental and</u>				
<u>Natural Resources:</u>				
Division of Parks and Recreation:				
Parks and Recreation Trust Fund				
(PARTF)				
		2012-707	-	80,852
Total awards			\$ -	\$ 219,454



**Town of La Grange, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of La Grange, North Carolina and is presented on the modified accrual basis of accounting.