

**TOWN OF LA GRANGE
North Carolina**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Fiscal Year Ended June 30, 2020

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North Carolina**

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FINANCIAL REPORT**

For The Fiscal Year Ended June 30, 2020

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Kinston, North Carolina

TOWN OF LA GRANGE, NORTH CAROLINA

MAYOR

Bobby R. Wooten

COUNCIL MEMBERS

Larry Gladney (Mayor Pro-Temp)

Veronica Lee

Reid Rouse

Roger Miles

David Holmes

Albert Gray

TOWN MANAGER

John P. Craft

FINANCE DIRECTOR & DEPUTY TOWN CLERK

Leslie Garriss

TOWN CLERK

Laura McCallister

INTRODUCTORY SECTION

Organizational Chart.....	1
Letter of Transmittal.....	2 - 5

FINANCIAL SECTION

Independent Auditor's Report.....	6 - 7
Management's Discussion and Analysis	8 - 15

Basic Financial Statements:**EXHIBIT****Government-wide Financial Statements:**

1	Statement of Net Position	16
2	Statement of Activities	17

Fund Financial Statements:

3	Balance Sheet – Governmental Funds.....	18
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	22
6	Statement of Fund Net Position – Proprietary Funds	23
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	24
8	Statement of Cash Flows – Proprietary Funds.....	25
	Notes to the Financial Statements.....	26 - 51

Required Supplementary Information:**STATEMENT**

1	Schedule of the Proportionate Share of the Net Pension Liability (Asset)	52
2	Schedule of Contributions to Local Government Employees Retirement System	53
3	Schedule of Changes in Total OPEB Liability and Related Ratios	54

Individual Fund Financial Statements and Schedules:**STATEMENT**

4	Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – General Fund	55
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	56 - 58
6	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Reserve Fund	59
7	Balance Sheet – Volunteer Fire Department Fund	60
8	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Volunteer Fire Department Fund	61
9	Statement of Revenues and Expenditures – Budget and Actual –Electric Fund	62 – 63
10	Statement of Revenues and Expenditures – Budget and Actual –Water and Sewer Fund	64 – 65
11	Statement of Revenues and Expenditures – Budget and Actual –Well Capital Project Fund ...	66
12	Schedule of Cash and Cash Equivalent Balances	67

Other Schedules:**SCHEDULE**

1	Schedule of Ad Valorem Taxes Receivable	68
2	Analysis of Current Tax Levy.....	69

Statistical Section:

3	Net Position by Component – Last 10 Years	70
4	Change in Net Position – Last 10 Years.....	71 – 72
5	Fund Balances – Governmental Fund – Last 10 Years	73
6	Fund Balances – Governmental Funds – Pre GASB 54	74
7	Changes in Fund Balances – Governmental Funds – Last 10 Years	75
8	Direct and Overlapping Property Tax Rates – Last 10 Years	76
9	Governmental Funds Tax Revenues by Sources – Last 10 Years	77
10	Assessed Value of Taxable Property – Last 10 Years	78

SCHEDULE

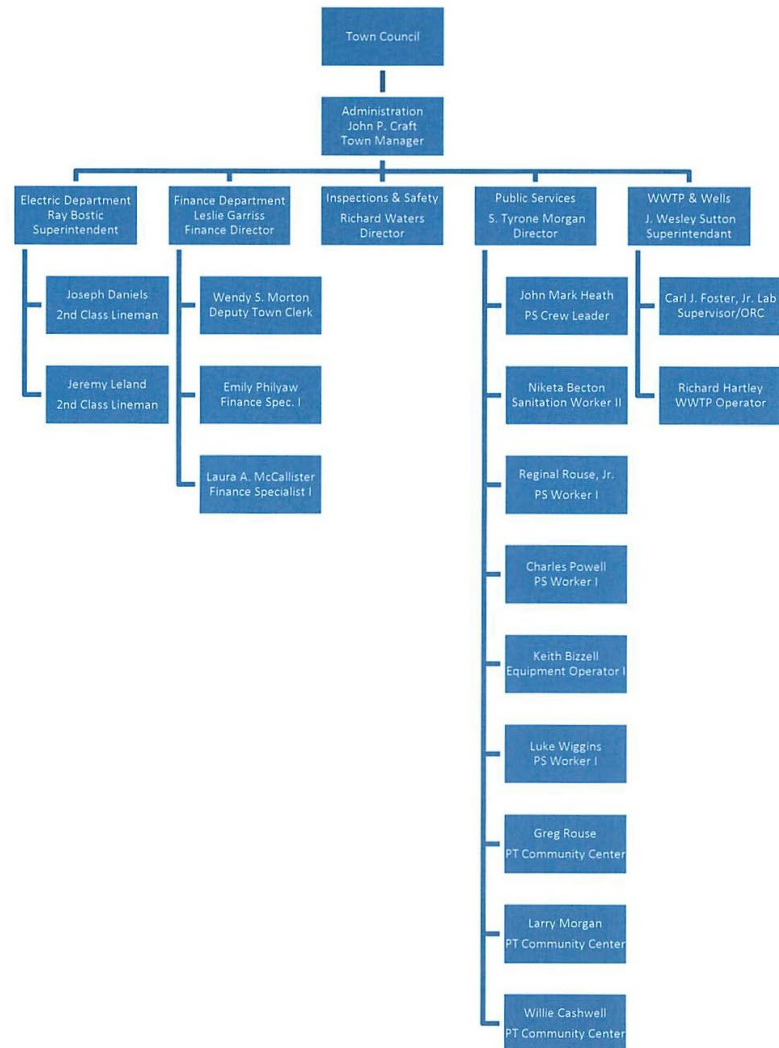
11	Property Tax Levies and Collections – Last 10 Years.....	79
12	Ratios of Outstanding Debt by Type – Last 10 Years	80
13	Legal Debt Margin Information – Last 10 Years	81
14	Demographic and Economic Statistics – Last 10 Years.....	82
15	Principal Employers – Current Year and 10 Years Ago	83
16	Full Time Equivalent Government Employees by Function/Program.....	84
17	Capital Asset Statistics by Function/Program.....	85

Compliance Section:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	86 – 87
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Town of La Grange Organizational Chart FY20-21



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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, 2020. The report includes financial statements that have been audited by an independent firm of certified public accountants, Barrow, Parris & Davenport, P.A., 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, 2020, 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 2,619 residents (according to the US Census 2019 estimate), 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 contracts, and establish new programs and departments.

The Town provides a full range of services to its citizens. These services include police protection through a contract with the Lenoir County Sheriff's Office, a library in conjunction with Neuse Regional Public Library, fire protection, refuse collection, street maintenance, planning and zoning, community

development, cemeteries, parks and recreation, and general administrative services. The Town owns and operates its own electric distribution system as an enterprise fund and is part owner in the North Carolina Eastern Municipal Power Agency (NCEMPA) and a member of Electricities. The Town also owns and operates its own water infrastructure system, which distributes treated groundwater from wells. In addition, the Town also owns and operates its own wastewater infrastructure system which collects and transfers waste to the Town's newly upgraded wastewater facility. The Water and Sewer systems are accounted for together as a single enterprise fund.

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

ECONOMIC CONDITION

As with the remainder of the country, La Grange was not spared from the negative impacts of COVID-19 pandemic on the economy.

Agriculture and small business continue to represent 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, Cooper Crouse Hinds, RHA Howells, Food Lion, Bojangles, P & D Precast, Riley Landscaping, and the Town of La Grange.

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 normally hosts the annual Garden Spot Festival, which was cancelled due to the pandemic. The festival is routinely 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 and hopes to offer that to our residents again in 2021.

The Town of 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. A new residential development in northern La Grange has been approved and will bring 48 new residential units to the Town in 2021.

The Town of 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.

The Town of 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 5.125 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 is in the process of supplementing its water infrastructure by adding two new wells and making internal water distribution improvement that will be funded through a USDA Rural Development 40-year loan. The new wells will draw from the surficial Black Creek aquifer and will further assist in meeting the Town's water supply needs for an estimated 60 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 wells is approximately 645,000 gallons daily.

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. The Town is also in the process of replacing/repairing 71 segments of sewer infrastructure to reduce the infiltration and inflow that has plagued the wastewater collection system for years. This project is to be funded through a USDA Rural Development Grant and a 40-year loan. Previous improvements to the wastewater treatment plant has allowed for improved effluent water quality and a re-use system to be built. The Town of La Grange's water and sewer customer base is approximately 1,526 and 1,293, respectively.

LONG TERM FINANCIAL PLANNING

The General Statutes of North Carolina provide that net debt may not exceed 8% of the present assessed value of taxable property as certified by the county tax assessor. This provision, when compared to the net debt of the Town, provides a legal debt margin for the Town at June 30, 2020 of \$10,536,166.

RELEVANT FINANCIAL POLICIES

The Town did not establish any new or modify any existing policies during the fiscal year ending June 30, 2020. 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 one year-end ordinance amendment 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 Depositary Insurance Corporation or collateralized by pledged securities.

RISK MANAGEMENT

The Town of La Grange emphasizes risk control and workplace 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.

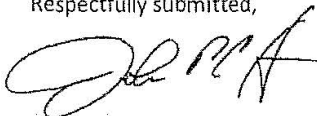
PENSION PLANS

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 8.95% of earnings for employees for the period of July 1, 2019 to June 30, 2020. 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, Barrow, Parris & Davenport, P.A.. We would also like to thank the Mayor and Town Council for their interest and support in planning and conducting the financial operation of the Town in a responsible and professional manner.

Respectfully submitted,



John P. Craft
Town Manager



Leslie Garriss
Finance Director



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of La Grange, North Carolina as of and for the year ended June 30, 2020, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of La Grange, North Carolina, as of June 30, 2020, 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 8 through 15, and the Other Post-employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 52 through 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2020, 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of La Grange's internal control over financial reporting and compliance.

Barrow, Parris & Davenport P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, North Carolina

January 7, 2021

Management's Discussion and Analysis

As management of the Town of La Grange (the Town), 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, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

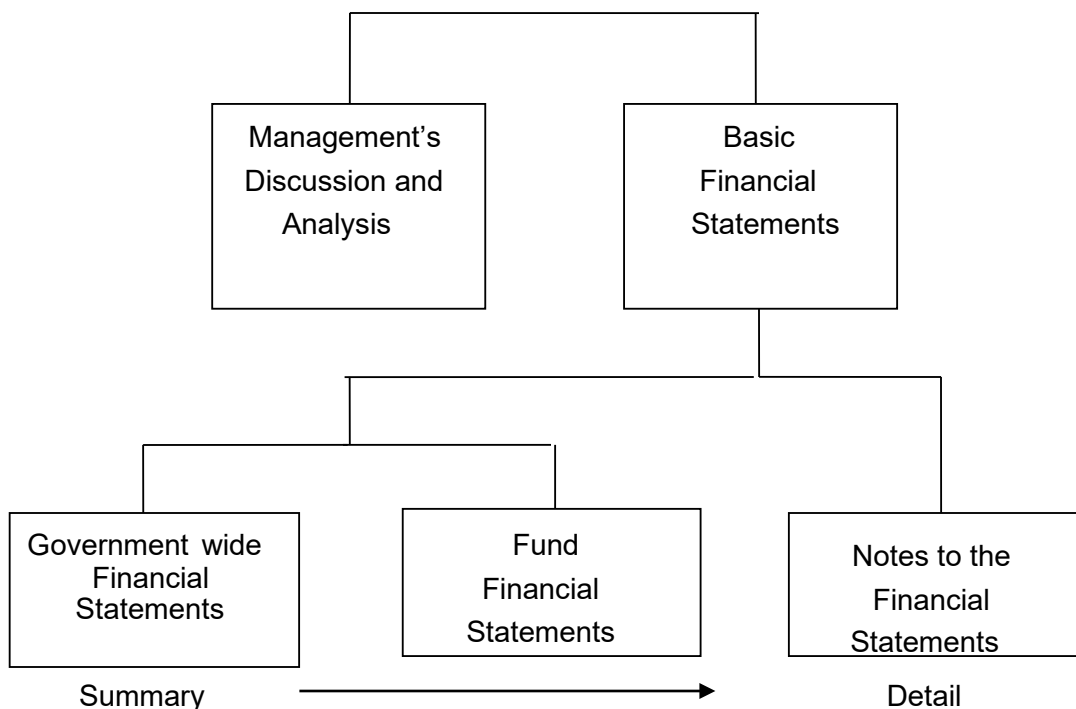
- The assets and deferred outflows of resources of the Town of La Grange exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,742,683 (net position).
- The government's total net position increased by \$708,783 primarily due to an increase in governmental activities of \$569,010 and an increase in business-type activities of \$139,773.
- At the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$2,160,678. Approximately 67.57% of this total amount or \$1,460,025 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 \$1,460,025, or 94.90% of total general fund expenditures for the fiscal year.
- The Town of La Grange's total debt decreased by \$47,758 (6.5%) during the current fiscal year which consists of debt service payments of \$148,983 and debt proceeds of \$101,225.

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, and 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.

Required Components of Annual Financial Report

Figure 1



Management Discussion and Analysis Town of La Grange

Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Required Supplementary Information** provides information on the Town of La Grange's proportionate share of the LGERS pension liability and the total OPEB liability. **Supplemental Information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina 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 it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources 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 electric, water, and sewer services offered by the Town of La Grange.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Statutes or the Town's budget ordinance. All of the funds of the Town of La Grange can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. The funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for 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 government 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.

Management Discussion and Analysis

Town of La Grange

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 which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the 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.

Proprietary Funds –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. 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 to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26 to 51 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of La Grange's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 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 specific flows of intergovernmental revenues based on modifications to Federal and State laws and appropriations.

Government-Wide Financial Analysis

Town of La Grange, NC
Condensed Statement of Net Position
For the Years Ended June 30, 2020 and 2019
Figure 1

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$2,808,733	\$2,360,492	\$2,826,474	\$2,564,396	\$5,635,207	\$4,924,888
Capital assets	2,266,382	2,211,489	8,346,659	8,493,184	10,613,041	10,704,673
Total assets	\$5,075,115	\$4,571,981	\$11,173,133	\$11,057,580	\$16,248,248	\$15,629,561
Deferred outflows of resources	\$65,147	\$69,489	\$167,541	\$192,931	\$232,688	\$262,420
Current liabilities	\$48,960	\$116,478	\$510,853	\$613,905	\$559,813	\$730,383
Long-term liabilities	218,634	235,019	913,793	857,800	1,132,427	1,092,819
Total liabilities	\$267,594	\$351,497	\$1,424,646	\$1,471,705	\$1,692,240	\$1,823,202
Deferred inflows of resources	\$22,961	\$9,276	\$23,052	\$25,603	\$46,013	\$34,879
Net position:						
Net investment in capital assets	\$2,195,544	\$2,084,635	\$7,731,705	\$7,886,488	\$9,927,249	\$9,971,123
Restricted	967,319	689,329			967,319	689,329
Unrestricted	1,686,844	1,506,733	2,161,271	1,866,715	3,848,115	3,373,448
Total net position	\$4,849,707	\$4,280,697	\$9,892,976	\$9,753,203	\$14,742,683	\$14,033,900

Management Discussion and Analysis

Town of La Grange

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of La Grange exceeded liabilities and deferred inflows of resources by \$14,742,683 as of June 30, 2020. The Town's net position increased by \$708,783 for the fiscal year ended June 30, 2020. However, the largest portion, 67.34%, 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 these 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, \$967,319 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,848,115 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 95.16%. The statewide average was 98.78%.
- Significant decrease in operating expenses in General, Electric, and Water and Sewer Funds.

Town of La Grange, North Carolina
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$552,788	\$468,059	\$4,666,400	\$4,941,845	\$5,219,188	\$5,409,904
Operating grants and contributions	120,328	279,192	6,815	117,331	127,143	396,523
General revenues:						
Property taxes	725,000	709,290			725,000	709,290
Grants and contributions not restricted to specific programs	423,908	435,166	152,088	43,633	575,996	478,799
Other	287,615	193,170	61,139	63,509	348,754	256,679
Total revenues	\$2,109,639	\$2,084,877	\$4,886,442	\$5,166,318	\$6,996,081	\$7,251,195
Expenses:						
General government	\$23,073	\$147,783			\$23,073	\$147,783
Public safety	760,589	745,131			760,589	745,131
Human services	4,775	4,755			4,775	4,755
Transportation	259,119	260,045			259,119	260,045
Environmental protection	333,227	492,637			333,227	492,637
Cultural and recreational	176,069	161,996			176,069	161,996
Interest on long-term debt	4,239	5,749			4,239	5,749
Electric			\$3,540,194	\$3,554,393	3,540,194	3,554,393
Water and sewer			1,186,013	1,259,137	1,186,013	1,259,137
Total expenses	\$1,561,091	\$1,818,096	\$4,726,207	\$4,813,530	\$6,287,298	\$6,631,626
Transfers	\$20,462	\$232,331	(\$20,462)	(\$232,331)		
Change in net position	\$569,010	\$499,112	\$139,773	\$120,457	\$708,783	\$619,569
Net position, beginning of year	\$4,280,697	\$3,767,087	\$9,753,203	\$9,632,746	\$14,033,900	\$13,399,833
Prior period adjustment		14,498				14,498
Net position, beginning of year, restated	\$4,280,697	\$3,781,585	\$9,753,203	\$9,632,746	\$14,033,900	\$13,414,331
Net position, ending	\$4,849,707	\$4,280,697	\$9,892,976	\$9,753,203	\$14,742,683	\$14,033,900

Management Discussion and Analysis

Town of La Grange

Governmental activities. Governmental activities increased the Town's net position by \$569,010, accounting for 80.28% of the total growth in the net position of the Town of La Grange. The increase in net position was the result of increased revenue generation as well as continued effort to control costs and manage expenditures. Revenues for general governmental functions (General Fund, Capital Reserve Fund, Volunteer Fire Department Fund) amounted to \$2,086,962 for the fiscal year ended June 30, 2020.

Town of La Grange, North Carolina Summary of Revenues – Governmental Funds For the Years Ended June 30, 2020 and 2019

Figure 3

	Year Ended June 30, 2020		Year Ended June 30, 2019	
	% of Total	Amount	% of Total	Amount
Ad valorem taxes	33.65%	\$702,323	34.02%	708,740
Local option sales taxes	11.13%	232,216	12.47%	259,850
Unrestricted intergovernmental	8.02%	167,307	8.41%	175,316
Restricted intergovernmental	10.52%	219,626	13.40%	279,192
Permits and fees	0.36%	7,432	0.37%	7,697
Sales and services	21.75%	453,857	22.06%	459,574
Investment earnings	0.82%	17,036	0.82%	17,005
Miscellaneous	13.75%	287,165	8.45%	176,165
Total	100.00%	\$2,086,962	100.00%	\$2,083,539

Assessed valuation of all taxable property in the Town is approximately \$132,587,554.

Expenditures for general government purposes (General Fund, Capital Reserve Fund, and Volunteer Fire Department Fund) total \$1,644,644 for the fiscal year ended June 30, 2020.

Town of La Grange, North Carolina Summary of Expenditures by Function – Governmental Funds For the Years Ended June 30, 2020 and 2019

Figure 4

	Year Ended June 30, 2020		Year Ended June 30, 2019	
	% of Total	Amount	% of Total	Amount
General Government	9.41%	\$154,703	5.95%	\$119,738
Public safety	43.05%	707,987	46.22%	929,655
Human services	0.21%	3,553	0.18%	3,534
Transportation	16.41%	269,888	11.59%	233,172
Environmental protection	17.28%	284,170	21.61%	434,649
Cultural and recreational	9.94%	163,402	9.58%	192,785
Debt service	3.70%	60,941	4.90%	97,898
Total	100.00%	\$1,644,644	100.0%	\$2,011,431

Fund Balance in the General Fund at June 30, 2020, was \$2,160,678 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. Business-type activities increased the Town of La Grange's net position by \$139,773, accounting for 19.72% of the total growth in the government's net position. The increase in net position is a result in decreased operating expenditures. The Town's enterprise operations consist of water and sewer utilities and electric utilities. The Water and Sewer net position at June 30, 2020 was \$8,253,293 compared to \$8,047,916 the preceding year. Operating income (loss) after depreciation totaled \$55,625 and \$124,074 for the years ended June 30, 2020

Management Discussion and Analysis

Town of La Grange

and 2019, respectively. The primary reason for this decrease was a decrease in operating expenses and 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's sewer system average daily use is approximately 300,000 gallons per day with a permitted capacity of 750,000 gallons per day.

The Electric net position at June 30, 2020 was \$1,639,683 compared to \$1,705,287 the preceding year. Operating loss after depreciation totaled \$91,879 for the year ended June 30, 2020, whereas 2019 showed an operating income after depreciation of \$22,919. The primary reason for this decrease was in revenues in the electric fund.

Electric system revenues for the year ended June 30, 2020 was \$3,445,337. System power cost for power purchased from NCEMPA for the year ended June 30, 2020 was \$2,369,263.

The Town of La Grange's electrical customer base is approximately 1,500. The systems average peak demand is 5.125 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.

The general fund is the chief operating fund of the Town of La Grange. At the end of the current fiscal year, Town of La Grange's fund balance available in the General Fund was \$1,460,025, while total fund balance reached \$2,160,678. These funds are required to be maintained to ensure that the Town has sufficient funds to operate for the first part of the fiscal year as revenues are collected to operate during the next year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned available fund balance represents 94.90% of total General fund expenditures, while total fund balance represents 140.44% of that same amount. The Governing Body of the Town of La Grange has determined that the Town should maintain sufficient fund balance in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town has not adopted a formal fund balance policy.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on one occasion. 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 become necessary to maintain services. For 2020, significant budget amendments were made for the general government function (decrease of \$14,000), the environmental protection function (decrease of \$70,000), the cultural and recreational function (increase of \$67,919), and the debt service function (increase of \$70,506).

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 Water and Sewer Fund at the end of the fiscal year amounted to \$1,210,454 and \$950,817 for the Electric Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of La Grange's business activities.

Management Discussion and Analysis

Town of La Grange

Additional comments regarding the Town's proprietary funds are:

- On a budgetary basis, revenues were under expenditures in the Electric Fund by \$2,965.
- On a budgetary basis, revenues exceeded expenditures in the Water and Sewer Fund by \$253,397.

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, 2020 totals \$10,613,041 (net of accumulated depreciation). These assets include buildings, land, construction in progress, machinery and equipment, park facilities, vehicles, and infrastructure.

Major capital asset transactions during the year include the following:

- Purchase of a Kubota Excavator costing \$70,048
- A donated building in the amount of \$170,000
- Wastewater treatment and collections systems SCADA costing \$143,862
- 2016 WWSRP Infiltration and Inflow systems for \$188,399
- Construction in Progress of \$379,367 in the Water and Sewer Fund

Town of La Grange, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
June 30, 2020 and 2019
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$41,050	\$41,050	\$447,230	\$447,230	\$488,280	\$488,280
Construction in Progress		70,162	379,367	383,698	379,367	453,860
Buildings and improvements	1,615,592	1,418,671			1,615,592	1,418,671
Equipment	83,990	64,676	397,585	425,871	481,575	490,547
Vehicles	302,153	383,644	172,103	257,736	474,256	641,380
Infrastructure and utility systems	223,597	233,286	6,950,374	6,978,649	7,173,971	7,211,935
Total	\$2,266,382	\$2,211,489	\$8,346,659	\$8,493,184	\$10,613,041	\$10,704,673

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

Long-term Debt. As of June 30, 2020, the Town of La Grange had total installment notes payable of \$685,792, of which \$70,838 belongs to governmental activities and \$614,954 belongs to business-type activities.

The Town of La Grange's total debt decreased by \$47,758 during the current fiscal year, primarily due to principal payments of \$148,983 and debt proceeds of \$101,225.

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 III. B. 8. 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 92% for the year, which is higher than the state average of 85%.
- The Town of La Grange's median household income is \$34,238, compared with \$54,602 for the state (US Census 2019)

Management Discussion and Analysis Town of La Grange

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes, sales taxes, and franchise taxes make up the projected 0.12% increase in budgeted revenue for the fiscal year 2020-2021. The Town will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to increase \$2,162. This increase primarily reflects increases in the Law Enforcement Services Contract with Lenoir County due to increases in Health Insurance Costs for the deputies.

Business – type Activities: The water, sewer and electrical rates in the Town will remain the same as the prior year.

Upcoming Challenges

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

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

The Sewer fund continues to face challenges caused by infiltration and inflow into the sewer system causing excessive flows during periods of heavy rain. To date, the Town has expended in excess of \$4,200,000 in efforts to reduce or eliminate the sources of infiltration and inflow. Unfortunately, these efforts have not been successful. Should the Town wish to grow beyond the limits of its existing sewer system; additional funds will be required to continue the efforts of reducing infiltration and inflow or consider a significantly more costly option to upgrade the Wastewater Treatment Plant to increase the plant's permitted flow and continue to treat the rain and groundwater that enters the system. The Town Council authorized the Town Manager to seek grant funding and a grant application was submitted and approved to begin to remedy this issue. The project is beginning the design phase and is anticipated to take 1.5 to 2 years to complete.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF LA GRANGE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$1,406,005	\$463,314	\$1,869,319
Investments	361,907	1,399,258	1,761,165
Receivables, net	204,489	255,706	460,195
Internal balances	(71,543)	71,543	
Note receivable - current maturities		14,126	14,126
Inventories	18,082	311,287	329,369
Prepaid items	35,993	68,441	104,434
Restricted cash and cash equivalents	853,800	238,091	1,091,891
Total Current Assets	\$2,808,733	\$2,821,766	\$5,630,499
<i>Noncurrent Assets:</i>			
Note receivable - net of current maturities	\$0	\$4,708	\$4,708
<i>Capital assets:</i>			
Land and construction in progress	\$41,050	\$826,597	\$867,647
Other capital assets, net of depreciation	2,225,332	7,520,062	9,745,394
Total Capital Assets	\$2,266,382	\$8,346,659	\$10,613,041
Total Assets	\$5,075,115	\$11,173,133	\$16,248,248
Deferred outflows of resources	\$65,147	\$167,541	\$232,688
<u>LIABILITIES</u>			
Liabilities:			
<i>Current Liabilities:</i>			
Accounts payable and accrued liabilities	\$26,400	\$234,701	\$261,101
Customer deposits		217,167	217,167
Current maturities of notes payable	22,560	58,985	81,545
Total Current Liabilities	\$48,960	\$510,853	\$559,813
<i>Long-term Liabilities:</i>			
Compensated absences	\$51,938	\$58,692	\$110,630
Net pension liability	100,943	272,920	373,863
Other post-employment benefits	17,475	26,212	43,687
Notes payable, net of current maturities	48,278	555,969	604,247
Total Long-term Liabilities	\$218,634	\$913,793	\$1,132,427
Total Liabilities	\$267,594	\$1,424,646	\$1,692,240
Deferred inflows of resources	\$22,961	\$23,052	\$46,013
Net Position:			
Net investment in capital assets	\$2,195,544	\$7,731,705	\$9,927,249
<i>Restricted For:</i>			
Stabilization by state statute	108,393		108,393
Transportation	340,798		340,798
Fire protection	518,128		518,128
Unrestricted	1,686,844	2,161,271	3,848,115
Total Net Position	\$4,849,707	\$9,892,976	\$14,742,683

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

EXHIBIT 2

TOWN OF LA GRANGE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$23,073	\$70,147			\$47,074		\$47,074
Public safety	760,589	6,812	\$118,260		(635,517)		(635,517)
Human services	4,775				(4,775)		(4,775)
Transportation	259,119	91,499			(167,620)		(167,620)
Environmental protection	333,227	344,792	2,068		13,633		13,633
Cultural and recreational	176,069	39,538			(136,531)		(136,531)
Interest on long-term debt	4,239				(4,239)		(4,239)
Total Governmental Activities	\$1,561,091	\$552,788	\$120,328	\$0	(\$887,975)	\$0	(\$887,975)
Business-type Activities:							
Electric	\$3,540,194	\$3,439,937	\$5,400			(\$94,857)	(\$94,857)
Water and Sewer	1,186,013	1,226,463	1,415			41,865	41,865
Total Business-type Activities	\$4,726,207	\$4,666,400	\$6,815	\$0		(\$52,992)	(\$52,992)
Total Primary Government	\$6,287,298	\$5,219,188	\$127,143	\$0	(\$887,975)	(\$52,992)	(\$940,967)
General Revenues:							
Property taxes, levied for general purpose					\$725,000		\$725,000
Local option sales tax					256,601	\$53,652	310,253
Grants and contributions not restricted to specific programs					167,307	98,436	265,743
Unrestricted investment earnings					17,036	19,831	36,867
Unrestricted miscellaneous revenue					270,579	41,308	311,887
Total general revenues not including transfers					\$1,436,523	\$213,227	\$1,649,750
Transfers					20,462	(20,462)	
Total general revenues and transfers					\$1,456,985	\$192,765	\$1,649,750
Change in Net Position					\$569,010	\$139,773	\$708,783
Net position, beginning of year					\$4,280,697	\$9,753,203	\$14,033,900
NET POSITION, ENDING					\$4,849,707	\$9,892,976	\$14,742,683

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

TOWN OF LA GRANGE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>Major</u>	<u>Non-major</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$1,400,043	\$5,962	\$1,406,005
Investments	361,907		361,907
Restricted cash and investments	340,798	513,002	853,800
Receivables, net:			
Taxes	64,171		64,171
Accounts	15,744		15,744
Intergovernmental	96,685	10,344	107,029
Prepaid Items	18,082		18,082
Inventories	35,993		35,993
TOTAL ASSETS	<u>\$2,333,423</u>	<u>\$529,308</u>	<u>\$2,862,731</u>
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$22,596	\$836	\$23,432
Due to other funds.	71,543		71,543
Total Liabilities	<u>\$94,139</u>	<u>\$836</u>	<u>\$94,975</u>
DEFERRED INFLOWS OF RESOURCES:			
Sanitation revenue receivable	\$14,380		\$14,380
Prepaid taxes	55		55
Property taxes receivable	64,171		64,171
Total Deferred Inflows of Resources	<u>\$78,606</u>	<u>\$0</u>	<u>\$78,606</u>
FUND BALANCES:			
Non spendable:			
Inventories	\$35,993		\$35,993
Prepays	18,082		18,082
Restricted for:			
Stabilization by state statute	98,049	\$10,344	108,393
Transportation	340,798		340,798
Fire protection		518,128	518,128
Committed for:			
Public safety	31,923		31,923
Transportation	11,604		11,604
Environmental protection	164,204		164,204
Unassigned	1,460,025		1,460,025
Total Fund Balances	<u>\$2,160,678</u>	<u>\$528,472</u>	<u>\$2,689,150</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$2,333,423</u>	<u>\$529,308</u>	

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

TOWN OF LA GRANGE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

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

Total Fund Balances, Governmental Funds		\$2,689,150
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$17,753,085	
Accumulated depreciation	<u>15,486,703</u>	2,266,382
Deferred outflows of resources related to pensions are not reported in the funds.		47,291
Deferred outflows of resources related to OPEB are not reported in the funds.		17,856
Other long term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		17,545
Earned revenues considered deferred inflows of resources in funds statements.		
Tax revenue	<u>\$64,171</u>	64,171
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt	(\$70,838)	
Net pension liability	(100,943)	
OPEB Liability	<u>(17,475)</u>	(189,256)
Deferred inflows of resources related to pensions are not reported in the funds.		(8,526)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest	(\$2,968)	
Compensated absences	<u>(51,938)</u>	(54,906)
Net Position of Governmental Activities		<u>\$4,849,707</u>

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

TOWN OF LA GRANGE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2020

	<u>Major</u>	<u>Non-Major</u>	
	<u>General Fund</u>	<u>Other Governmental General</u>	<u>Total</u>
REVENUES:			
Ad Valorem Taxes	\$702,323		\$702,323
Local option sales tax	232,216		232,216
Unrestricted intergovernmental	167,307		167,307
Restricted intergovernmental	93,567	\$126,059	219,626
Permits and fees	7,432		7,432
Sales and services	453,857		453,857
Investment earnings	13,742	3,294	17,036
Miscellaneous	42,150	245,015	287,165
TOTAL REVENUES	\$1,712,594	\$374,368	\$2,086,962
EXPENDITURES:			
<i>Current:</i>			
General Government	\$154,703		\$154,703
Public Safety	601,852	\$106,135	707,987
Human services	3,553		3,553
Transportation	269,888		269,888
Environmental protection	284,170		284,170
Cultural and recreational	163,402		163,402
Debt service:			
Principal retirement	56,015		56,015
Interest and fees	4,926		4,926
TOTAL EXPENDITURES	\$1,538,509	\$106,135	\$1,644,644
Revenues over (under) expenditures	\$174,085	\$268,233	\$442,318
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	\$20,473	\$49,727	\$70,200
Transfer to other funds	(49,738)		(49,738)
TOTAL OTHER FINANCING SOURCES (USES)	(\$29,265)	\$49,727	\$20,462
Net Change in Fund Balance	\$144,820	\$317,960	\$462,780
Fund balance, beginning of year	\$2,021,246	\$210,512	\$2,231,758
Change in reserve for inventories	(5,388)		(5,388)
FUND BALANCE, END OF YEAR	\$2,160,678	\$528,472	\$2,689,150

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

TOWN OF LA GRANGE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2020

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

Net changes in fund balances	\$462,780
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Change in fund balance due to change in reserve for inventory	(5,388)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures that were capitalized	\$75,783	
Depreciation expense for governmental assets	(187,336)	(111,553)

Cost, net of accumulated depreciation, of assets disposed of	(3,640)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	21,806
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OPEB Benefit payments made in the current fiscal year not included on the Statement of Activities	7,143
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of Donated assets	\$170,000	
Change in unavailable revenue for tax and sanitation revenues	22,677	192,677

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

Principal payments on long-term debt	\$56,016	
Decrease in accrued interest payable	1,089	57,105

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.

Pension expense	(\$41,013)	
Other post-employment benefits	555	
Compensated absences	(11,462)	(51,920)
Total Changes in Net Position of Governmental Activities		\$569,010

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

TOWN OF LA GRANGE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For The Year Ended June 30, 2020

	General Fund			Variance with
	Original Budget	Final Budget	Actual Amounts	Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$666,718	\$653,579	\$702,323	\$48,744
Local option sales tax	245,000	245,000	232,216	(12,784)
Unrestricted intergovernmental	162,500	162,500	167,307	4,807
Restricted intergovernmental	90,350	155,450	93,567	(61,883)
Permits and fees	6,630	6,630	7,432	802
Sales and services	442,200	426,557	453,857	27,300
Investment earnings	8,000	8,000	13,742	5,742
Miscellaneous	2,500	7,100	42,150	35,050
Total Revenues	\$1,623,898	\$1,664,816	\$1,712,594	\$47,778
Expenditures:				
General Government	\$236,315	\$222,315	\$154,703	\$67,612
Public safety	651,940	652,840	601,852	50,988
Human services	3,575	4,575	3,553	1,022
Transportation	334,876	324,167	269,888	54,279
Environmental protection	360,792	290,792	284,170	6,622
Cultural and recreational	129,750	197,669	163,402	34,267
Debt service:				
Principal retirement and interest		70,506	60,941	9,565
Total Expenditures	\$1,717,248	\$1,762,864	\$1,538,509	\$224,355
Revenues Over (Under) Expenditures	(\$93,350)	(\$98,048)	\$174,085	\$272,133
Other Financing Sources (Uses):				
Transfers from other funds	\$134,000	\$147,798	\$20,473	\$127,325
Transfers to other funds	(40,650)	(49,750)	(49,727)	(23)
Total Other Financing Sources (Uses)	\$93,350	\$98,048	(\$29,254)	\$127,302
Fund Balance Appropriated	\$0	\$0		\$0
Net Change in Fund Balance	\$0	\$0	\$144,831	\$144,831
<i>Fund balance, beginning of year</i>			\$2,021,235	
<i>Change in reserve for inventories</i>			(5,388)	
Fund balance, end of year			\$2,160,678	

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

TOWN OF LA GRANGE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2020

<u>Assets</u>	<u>Major</u>		
	<u>Electric Fund</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Current Assets:			
Cash and Cash Equivalents	\$95,090	\$368,224	\$463,314
Investments	648,158	751,100	1,399,258
Receivables, net:			
Accounts	146,863	77,306	224,169
Intergovernmental	20,092	11,445	31,537
Due from other funds	35,877	35,666	71,543
Note receivable - current maturities	14,126		14,126
Inventories	251,629	59,658	311,287
Prepaid items	47,907	20,534	68,441
Restricted Cash and Cash Equivalents	200,656	37,435	238,091
Total Current Assets	\$1,460,398	\$1,361,368	\$2,821,766
Noncurrent Assets:			
Note receivable - net of current maturities	\$4,708		\$4,708
Capital Assets:			
Land and other construction in progress	6,000	\$820,597	826,597
Other capital assets, net of depreciation	776,460	6,743,602	7,520,062
Total Capital Assets	\$782,460	\$7,564,199	\$8,346,659
Total Assets	\$2,247,566	\$8,925,567	\$11,173,133
Deferred Outflows of Resources	\$85,933	\$81,608	\$167,541
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$213,373	\$21,328	\$234,701
Customer deposits	200,656	16,511	217,167
Current maturities of notes payable	46,797	12,188	58,985
Total Current Liabilities	\$460,826	\$50,027	\$510,853
Long-term liabilities:			
Compensated absences	\$24,017	\$34,675	\$58,692
Net pension liability	149,545	123,375	272,920
Other post-employment benefits		26,212	26,212
Notes payable, net of current maturities	46,797	509,172	555,969
Total long-term liabilities	\$220,359	\$693,434	\$913,793
Total Liabilities	\$681,185	\$743,461	\$1,424,646
Total Inflows of resources	\$12,631	\$10,421	\$23,052
<u>Net Position</u>			
Net investment in capital assets	\$688,866	\$7,042,839	\$7,731,705
Unrestricted	950,817	1,210,454	2,161,271
Total net position	\$1,639,683	\$8,253,293	\$9,892,976

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

TOWN OF LA GRANGE, NORTH CAROLINA
STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2020

	Major		
	Electric Fund	Water and Sewer Fund	Total
OPERATING REVENUES:			
Charges for services	\$3,439,937	\$1,226,463	\$4,666,400
Other operating revenues	5,400	1,415	6,815
Total Operating Revenues	\$3,445,337	\$1,227,878	\$4,673,215
OPERATING EXPENSES:			
Electrical operations	\$1,053,994		\$1,053,994
Electrical power purchases	2,369,263		2,369,263
Water operations		\$279,552	279,552
Sewer operations		335,205	335,205
Wastewater operations		157,317	157,317
Non-capitalized equipment and supplies	598		598
Depreciation	113,361	400,179	513,540
Total operating expenses	\$3,537,216	\$1,172,253	\$4,709,469
Operating income (loss)	(\$91,879)	\$55,625	(\$36,254)
NONOPERATING REVENUES (EXPENSES):			
Federal grants		\$98,436	\$98,436
Investment earnings	\$9,810	10,021	19,831
Interest and fees	(2,978)	(13,760)	(16,738)
Sales tax refund		53,652	53,652
Miscellaneous revenues	19,443	21,865	41,308
Total nonoperating revenues (expenses)	\$26,275	\$170,214	\$196,489
Income (loss) before contributions and transfers	(\$65,604)	\$225,839	\$160,235
Transfer to other funds		(20,462)	(20,462)
Change in Net Position	(\$65,604)	\$205,377	\$139,773
Total net position, beginning of year	1,705,287	8,047,916	9,753,203
Total net position, end of year	\$1,639,683	\$8,253,293	\$9,892,976

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

TOWN OF LA GRANGE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2020

	Major		
	Electric Fund	Water and Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$3,472,094	\$1,172,940	\$4,645,034
Cash paid for goods and services	(2,916,185)	(436,230)	(3,352,415)
Cash paid to employees for services	(483,111)	(396,255)	(879,366)
Customer deposits received	14,778	10,457	25,235
Net cash provided (used) by operating activities	\$87,576	\$350,912	\$438,488
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Local option sales taxes received	\$415	\$53,652	\$54,067
Other revenues	19,672	26,750	46,422
Net cash provided (used) by noncapital financing activities	\$20,087	\$80,402	\$100,489
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Federal and other grants received		\$98,436	\$98,436
Acquisition and construction of capital assets	(\$2,936)	(436,279)	(439,215)
Principal received on note receivable	14,126		14,126
Principal paid on installment obligations	(80,997)	(11,971)	(92,968)
Interest paid on installment obligations	(3,621)	(13,797)	(17,418)
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$73,428)	(\$363,611)	(\$437,039)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments			
Purchase of investments	(\$8,389)	(\$55,121)	(\$63,510)
Interest on investments	9,810	10,021	19,831
Net cash provided (used) by investing activities	\$1,421	(\$45,100)	(\$43,679)
Net Increase (Decrease) in Cash and Cash Equivalents	\$35,656	\$22,603	\$58,259
Cash and Cash Equivalents, July 1	260,090	383,056	643,146
Cash and Cash Equivalents, June 30	\$295,746	\$405,659	\$701,405
<i>Reconciliation of cash at end of year:</i>			
Cash	\$95,090	\$368,224	\$463,314
Restricted cash	200,656	37,435	238,091
Total cash	\$295,746	\$405,659	\$701,405
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	(\$91,879)	\$55,625	(\$36,254)
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>			
Depreciation	\$113,361	\$400,179	\$513,540
<i>Changes in assets and liabilities:</i>			
(Increase) Decrease in accounts receivable	43,177	(21,820)	21,357
(Increase) Decrease in due from other funds	(14,224)	(25,051)	(39,275)
(Increase) Decrease in inventory	(7,134)	(189)	(7,323)
(Increase) Decrease in prepaid items	28,543	(20,534)	8,009
Increase (Decrease) in accounts payable and accrued liabilities	(31,346)	(68,019)	(99,365)
Increase (Decrease) in customer deposits	14,778	10,457	25,235
Increase (Decrease) in due to other funds	(1,554)		(1,554)
Increase (Decrease) in compensated absences payable	5,701	1,594	7,295
(Increase) Decrease in deferred outflows of resources for pensions	19,691	5,699	25,390
(Increase) Decrease in net pension liability	9,848	7,903	17,751
(Increase) Decrease in other post-employment benefits		6,233	6,233
Increase (Decrease) in deferred inflows of resources for pensions	(1,386)	(1,165)	(2,551)
Total adjustments	\$179,455	\$295,287	\$474,742
Net cash provided by (used by) operating activities	\$87,576	\$350,912	\$438,488

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

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of La Grange (the "Town") is a municipal corporation that 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.

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, transportation, and environmental protection. Additionally, the Town has legally adopted the Capital Reserve Fund. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the General Fund.

The Town reports the following non-major governmental funds:

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

The Town reports the following major enterprise funds:

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

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Basis of Presentation (Continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the 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. Issuance 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 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Reserve fund, the 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. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level (the legal level of budgetary control) for the general fund, capital reserve fund, and enterprise funds. All amendments must be approved by the governing board. The Town Manager is authorized to transfer appropriations within a fund. During the year, several amendments to the original budget were necessary. Total budget amendments to the General Fund increased revenues and expenses by \$54,716.

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.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

The 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 G.S. 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 investments as of June 30, 2020 follows.

Town of La Grange Restricted Cash	
<i>Governmental Activities:</i>	
General Fund:	
Streets-Powell Bill	\$302,642
Streets-USDA Loan Provision	38,156
Volunteer Fire Department Fund:	
Fire Protection - Lenoir and Wayne Counties	303,249
Firefighter's Relief Fund	209,753
Total Governmental Activities	<u>\$853,800</u>
<i>Business-type Activities:</i>	
Electric Fund:	
Customer Deposits	\$200,656
Water and Sewer Fund:	
Customer Deposits	16,511
USDA Debt Service	20,924
Total Business-type Activities	<u>\$238,091</u>
Total Restricted Cash	<u>\$1,091,891</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. 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.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

5. Allowances 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.

6. Inventories and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The cost of these inventories is expensed when consumed rather than when purchased. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's enterprise funds consist of material and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. The Town does not have a written capitalization policy but typically capitalize assets with a minimum cost of \$500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2020 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 four items that meet the criterion for this category – property taxes receivable, sanitation revenue receivable, prepaid taxes and pension deferrals.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

9. 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, governmental fund types, the face amount of debt issued is reported as other financing sources.

10. 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 Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Prepaid Expenses – portion of fund balance that is not an available resource because it represents the costs applicable to a future accounting period, which is not a spendable resource.

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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State Statute". *Appropriated fund balance is any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

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

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 purposes imposed by majority vote by quorum 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.

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

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

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees' Retirement System (LGERS) and additions to/deductions from the LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town'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 LGERS. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

None Noted.

B. Deficit in Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance

None Noted.

C. Excess of Expenditures over Appropriations

None Noted.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

A. Assets (continued)

At June 30, 2020, the Town's deposits had a carrying amount of \$2,619,912; \$1,868,819 was unrestricted and \$751,093 was restricted, and a bank balance of \$2,644,282. Of the bank balance, \$450,582 was covered by federal depository insurance and \$2,193,700 was covered by collateral held under the Pooling Method. At June 30, 2020, the Town had \$500 cash on hand.

2. Investments

At June 30, 2020, the Town of La Grange had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust- Government Portfolio	Amortized Cost	\$2,101,963	N/A	AAAm

Of the \$2,101,963, \$1,761,165 was unrestricted and \$340,798 was restricted.

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

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

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

Credit Risk. The Town has no formal policy regarding credit risk but has internal management procedures that limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020.

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TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

A. Assets (continued)

3. Note Receivable

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

The future minimum lease payments as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	
2021	\$14,126
2022	4,708
	<u>\$18,834</u>

4. Receivables – Allowances for Doubtful Accounts

Government-wide receivables as of June 30, 2020 are as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Inter- Governmental</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General Fund	\$98,814	\$46,114	\$96,685	\$18,605	\$260,218
Volunteer Fire Department Fund			10,344		10,344
Total	\$98,814	\$46,114	\$107,029	\$18,605	\$270,562
Allowance for doubtful accounts	(34,643)	(31,430)			(66,073)
Total Governmental Activities	\$64,171	\$14,684	\$107,029	\$18,605	\$204,489
Business-type Activities:					
Electric Fund		\$323,542	\$20,092		\$343,634
Water and Sewer Fund		198,687	11,445		210,132
Total	\$0	\$522,229	\$31,537	\$0	\$553,766
Allowance for doubtful accounts		(298,060)			(298,060)
Total Business-type Activities	\$0	\$224,169	\$31,537	\$0	\$255,706

The Intergovernmental Receivables that are owed to the Town consists of the following:

Sales tax refund	\$2,454
Local option sales tax	45,686
Utility franchise taxes	32,446
Solid waste disposal tax	494
Lenoir County - Fire district taxes	7,889
Lenoir County - Motor vehicle taxes	18,060
Total Governmental Activities	\$107,029
Sales tax refund	\$20,092
WWSRP	11,445
Total Business-Type Activities	\$31,537
Total Intergovernmental Receivables	\$138,566

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

A. Assets (continued)

5. Lease Income

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

The future minimum lease rental income is as follows:

Year Ending June 30	
2021	\$14,171
2022	14,451
2023	14,743
Thereafter	1,340
	<u>\$44,705</u>

6. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$41,050			\$41,050
Construction in progress	70,162	\$21,223	\$91,385	
Total Capital Assets Not Being Depreciated	<u>\$111,212</u>	<u>\$21,223</u>	<u>\$91,385</u>	<u>\$41,050</u>
Capital Assets Being Depreciated:				
Buildings	\$2,007,346	\$170,000	\$9,364	\$2,167,982
Improvements	216,573	103,442	1,000	319,015
Equipment	632,714	42,503	125,491	549,726
Vehicles	1,248,466			1,248,466
Infrastructure	13,426,846			13,426,846
Total Capital Assets Being Depreciated	<u>\$17,531,945</u>	<u>\$315,945</u>	<u>\$135,855</u>	<u>\$17,712,035</u>
Less Accumulated Depreciation for:				
Buildings	\$693,805	\$57,924	\$7,393	\$744,336
Improvements	111,443	16,626	1,000	127,069
Equipment	568,038	21,606	123,908	465,736
Vehicles	864,822	81,491		946,313
Infrastructure	13,193,560	9,689		13,203,249
Total Accumulated Depreciation	<u>\$15,431,668</u>	<u>\$187,336</u>	<u>\$132,301</u>	<u>\$15,486,703</u>
Total Capital Assets Being Depreciated, Net	\$2,100,277			\$2,225,332
Governmental Activity Capital Assets, Net	<u>\$2,211,489</u>			<u>\$2,266,382</u>

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

A. Assets (continued)

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

General Government	\$23,402
Public safety	53,261
Human Services	1,222
Transportation	21,322
Environmental protection	42,182
Cultural and recreation	45,947
Total Depreciation Expense	<u>\$187,336</u>

Enterprise Funds

Capital asset activity for the Enterprise Fund for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Business-type Activity:</i>				
<i>Electric Fund:</i>				
Capital Assets Not Being Depreciated:				
Land	\$6,000			\$6,000
Total Capital Assets Not Being Depreciated	<u>\$6,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,000</u>
Capital Assets Being Depreciated:				
Electric system	\$1,401,390			\$1,401,390
Equipment	335,246	\$2,936		338,182
Vehicles	485,701			485,701
Total Assets Being Depreciated	<u>\$2,222,337</u>	<u>\$2,936</u>	<u>\$0</u>	<u>\$2,225,273</u>
<i>Less Accumulated Depreciation for:</i>				
Electric system	\$861,775	\$28,639		\$890,414
Equipment	205,446	18,392		223,838
Vehicles	268,231	66,330		334,561
Total Accumulated Depreciation	<u>\$1,335,452</u>	<u>\$113,361</u>	<u>\$0</u>	<u>\$1,448,813</u>
Total Capital Assets Being Depreciated, Net	<u>\$886,885</u>			<u>\$776,460</u>
Electric Fund Capital Assets, Net	<u>\$892,885</u>			<u>\$782,460</u>

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TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

A. Assets (continued)

Business-type Activity:

Water and Sewer Fund:

Capital Assets Not Being Depreciated:

Land	\$441,230			\$441,230
Construction in Progress	383,698	\$327,930	\$332,261	379,367
Total Capital Assets Not Being Depreciated	\$824,928	\$327,930	\$332,261	\$820,597

Capital Assets Being Depreciated:

Plant and Distribution Systems	\$14,873,440	\$332,261		\$15,205,701
Equipment	983,461	36,149	\$15,012	1,004,598
Vehicles	227,678			227,678
Total Assets Being Depreciated	\$16,084,579	\$368,410	\$15,012	\$16,437,977

Less Accumulated Depreciation for:

Plant and Distribution Systems	\$8,434,406	\$331,897		\$8,766,303
Equipment	687,390	48,979	\$15,012	721,357
Vehicles	187,412	19,303		206,715
Total Accumulated Depreciation	\$9,309,208	\$400,179	\$15,012	\$9,694,375

<i>Total Capital Assets Being Depreciated, Net</i>	\$6,775,371			\$6,743,602
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Water and Sewer Fund Capital Assets, Net	\$7,600,299			\$7,564,199
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Total Business-type Activities Capital Assets, Net	\$8,493,184			\$8,346,659
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B. Liabilities

1. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2020, were as follows:

	Vendors	Salaries and Employee Benefits	Accrued Interest	Total
Governmental Activities:				
General Fund	\$17,833	\$4,763	\$2,968	\$25,564
Volunteer Fire Department Fund	836			836
Total Governmental Activities	\$18,669	\$4,763	\$2,968	\$26,400
Business-Type Activities:				
Electric Fund	\$209,183	\$2,996	\$1,194	\$213,373
Water and Sewer Fund	12,561	4,079	4,688	21,328
Total Business-type Activities	\$221,744	\$7,075	\$5,882	\$234,701

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TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations

a. Local Government Employee's Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 8.95% of compensation 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 \$80,764 for the year ended June 30, 2020.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

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, 2020, the Town reported a liability of \$373,863 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.01369%, which was a decrease of .00094% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$151,897. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$64,015	
Changes of assumptions and other inputs	60,934	
Net difference between projected and actual earnings on pension plan investments	9,119	
Changes in proportion and differences between employer contributions and proportionate share of contributions		\$31,578
Employer contributions subsequent to the measurement date	80,764	
	\$214,832	\$31,578

\$80,764 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$53,999
2022	9,493
2023	31,295
2024	7,703
Thereafter	\$102,490

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$855,094	\$373,863	(\$26,137)

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 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, 2019 the Town did not employ any law enforcement officers, therefore, they were not required to make contributions to the Plan. Contributions to the Plan for the year ended June 30, 2020 totaled \$10,600 from the Town's general employees.

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TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

3. Other Post-Employment Benefit Obligation

Healthcare Benefits

Plan Description. Under the terms of a Town of La Grange resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides post-employment healthcare benefits to certain retirees of the Town, provided they participated in the North Carolina Local Governmental Employees' Retirement System. The Town Council has the authority to establish and amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

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

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

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

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

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

Total OPEB Liability

The Town's total OPEB liability of \$43,687 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.89%
Measurement Date	3.50%
Healthcare Cost Trend Rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Dental	4.00%

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in Total OPEB Liability	
	2020
Balance at July 1, 2019	\$64,890
Changes for the year:	
Service Cost	
Interest	2,142
Changes of benefit terms	
Differences between expected and actual experience	(3,798)
Changes in assumptions or other inputs	269
Benefit payments	(19,816)
Net Changes	(21,203)
Balance at June 30, 2020	\$43,687

Change in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.5%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point (4.5 percent) higher than current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$44,120	\$43,687	\$43,263

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$43,476	\$43,687	\$43,898

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

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

For the year ended June 30, 2020, the Town recognized OPEB income of \$1,387. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions and other inputs		
Employer contributions subsequent to the measurement date	\$17,856	
	\$17,856	\$0

\$17,856 reported at deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. The Town did not have any other deferred outflows or resources related to pensions that would require recognition in future periods as outlined in the below table:

Year Ending June 30	
2021	-
2022	-
2023	-
2024	-
2025	-
Thereafter	-
	\$0

4. 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.

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TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

5. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Source	Amount
Contributions to the pension plan in current fiscal year	\$80,764
Benefit payments for OPEB made subsequent to measurement date	17,856
Differences between expected and actual experience	64,015
Changes of assumptions	60,934
Net difference between projected and actual earnings on pension plan investments	9,119
Town contributions subsequent to the measurement date	\$232,688

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

Source	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)		\$64,171
Refuse receivable (General Fund)	\$14,380	14,380
Prepaid taxes	55	55
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,578	
	\$46,013	\$78,606

6. 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 insured values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

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.

7. Claims, Judgments and Contingent Liabilities

The Town of La Grange filed a declaratory judgement action against Governor Roy Cooper in his official capacity as Governor of North Carolina in an effort to obtain a restraining order to remove the Town from the restrictions imposed by Governor Cooper's Executive Orders 124 & 142 which eliminated the Town's ability to disconnect past due accounts that extended over a 4-month period of time and did not allow the Town to charge or collect late and disconnect penalties. The Town feels that the Governor's actions violated NC General Statute 159B-22 and caused immediate and irreparable financial harm. While unsuccessful in obtaining a restraining order, the case is still in the court system.

8. Long-Term Obligations

a. 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, 2020 are comprised of the following:

Serviced by the General Fund:

Description	Amount
\$330,000 loan from the United States Department of Agriculture, executed in August, 2002, due in twenty annual installments of \$25,925 including interest at 4.75 percent	\$70,838
Total installment notes payable serviced by the General Fund	\$70,838

Serviced by the Electric Fund:

Description	Amount
\$187,187 loan from a financial institution, executed in December 2017, due in four annual installments of \$46,797 plus interest at 2.25 percent	\$93,594
Total installment notes payable serviced by the Electric Fund	\$93,594

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

Serviced by the Water and Sewer Fund:

Description	Amount
\$141,700 loan from the United States Department of Agriculture executed in February, 2014, first installment due in February 2015 is a 2.5 percent interest only installment, with remaining thirty-nine annual installments of \$5,731 including interest at 2.5 percent due each February	\$130,196
\$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	295,000
\$101,225 loan from WWSRP, executed in May 2020, 20 annual principal only installments are due May 1 each year.	96,164
Total installment notes payable serviced by the Electric Fund	\$521,360

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

Year Ending June 30,	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2021	\$22,560	\$3,364	\$58,985	\$15,692
2022	23,632	2,293	59,210	14,408
2023	24,646	1,925	12,644	13,124
2024			12,884	12,884
2025			13,131	12,637
2026-2030			69,652	59,189
2031-2035			77,149	51,692
2036-2040			80,880	42,900
2041-2045			70,954	32,581
2046-2050			83,069	20,466
2051-2054			76,396	6,433
Total	\$70,838	\$7,582	\$614,954	\$282,006

As of June 30, 2020, the Town of La Grange, North Carolina had a legal debt margin of \$10,536,166.

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TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

b. Changes in Long-Term Liabilities

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental Activities:					
Compensated Absences	\$40,476	\$11,462		\$51,938	
Net Pension Liability (LGERS)	91,905	9,038		100,943	
Other Post-Employment Benefits	32,445		\$14,970	17,475	
Notes Payable	126,854		56,016	70,838	\$22,560
Governmental Activity Long-Term Liabilities	\$291,680	\$20,500	\$70,986	\$241,194	\$22,560
	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Business-type Activities:					
Electric Fund:					
Compensated Absences	\$18,316	\$5,701		\$24,017	
Net Pension Liability (LGERS)	139,697	9,848		149,545	
Notes Payable	174,590		\$80,996	93,594	\$46,797
Water and Sewer Fund:					
Compensated Absences	33,081	1,594		34,675	
Net Pension Liability (LGERS)	115,472	7,903		123,375	
Other Post-Employment Benefits	32,445		6,233	26,212	
Notes Payable	432,106	101,225	11,971	521,360	12,188
Business-type Activity Long-Term Liabilities	\$945,707	\$126,271	\$99,200	\$972,778	\$58,985

c. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2020 consists of the following:

Transfer to:	
General Fund	\$20,473
Volunteer Fire Department Fund	49,727
	\$70,200
Transfer from:	
General Fund	\$49,727
Capital Reserve Fund	11
Water and Sewer Fund	20,462
	\$70,200

The transfer from the General Fund to the Volunteer Fire Department Fund is the Town's funding of the volunteer fire department. The transfers from the Water and Sewer Fund to the General Fund were reimbursement for administrative expenditures paid by the General Fund. The transfer from the Capital Reserve Fund was to close out the fund.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities (Continued)

Interfund balances due to/from other funds for the year ended June 30, 2020 consist of the following:

Due from the General Fund to the Electric Fund	\$35,877
Due from the General Fund to the Water and Sewer Fund	35,666
	<u>\$71,543</u>

d. Net Investment in Capital Assets

	Governmental Activities	Business-type Activities	Total
Total Capital Assets	\$2,266,382	\$8,346,659	\$10,613,041
Less: Associated Notes Payable	(70,838)	(614,954)	(685,792)
	<u>\$2,195,544</u>	<u>\$7,731,705</u>	<u>\$9,927,249</u>

e. Fund Balances

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

	General Fund	Volunteer Fire Department Fund	Total
Total Fund Balance:	\$2,160,678	\$528,472	\$2,689,150
Less:			
Inventories	35,993		35,993
Prepays	18,082		18,082
Stabilization by State Statute	98,049	10,344	108,393
Transportation	340,798		340,798
Fire Protection		518,128	518,128
Public Safety	31,923		31,923
Transportation	11,604		11,604
Environmental Protection	164,204		164,204
Remaining Fund Balance	<u>\$1,460,025</u>	<u>\$0</u>	<u>\$1,460,025</u>

IV. 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, 2020 amounted to \$2,369,263.

TOWN OF LA GRANGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

V. ELECTRIC DEREGULATION

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

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

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

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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.

VII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 7, 2021, the date on which the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The extent of the impact of COVID-19 on the Town's operation and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Town's financial condition is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of Contributions

Schedule of Changes in the Total OPEB Liability and Related Ratios

TOWN OF LA GRANGE, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR LOCAL GOVERNMENT EMPLOYEES' RETIEMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS*

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

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.01369%	0.01463%	0.01530%	0.01801%	0.01725%	0.01738%	0.01650%
Town's portion of the net pension liability (asset) (\$)	\$373,863	\$347,074	\$233,743	\$382,236	(\$77,417)	\$102,500	(\$139,764)
Town's covered-employee payroll*	\$892,046	\$882,826	\$900,226	\$887,907	\$876,153	\$836,274	\$823,572
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	41.91%	39.31%	25.96%	43.05%	(8.84%)	12.26%	(16.97%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

TOWN OF LA GRANGE, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS*

Schedule of Town Contributions
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$80,764	\$69,132	\$66,565	\$62,483	\$61,862	\$61,943	\$59,125
Contributions in relation to the contractually required contribution	80,764	69,132	66,565	62,483	61,862	61,943	59,125
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Town's covered-employee payroll	\$902,394	\$892,046	\$882,826	\$900,226	\$887,907	\$876,153	\$836,274
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.54%	6.94%	6.97%	7.07%	7.07%

TOWN OF LA GRANGE, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS*

	2020	2019	2018
Total OPEB Liability			
Service Cost			
Interest	\$2,142	\$2,564	\$2,658
Changes of Benefit Terms			
Differences between expected and actual experience	(3,798)	185	294
Changes of assumptions and other inputs	269	(319)	(907)
Benefit Payments	(19,816)	(18,948)	(17,747)
Net Change in Total OPEB Liability	(\$21,203)	(\$16,518)	(\$15,702)
Total OPEB Liability - Beginning	64,890	81,408	97,110
Total OPEB Liability - Ending	<u>\$43,687</u>	<u>\$64,890</u>	<u>\$81,408</u>

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

Notes to the schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

Individual Fund Statements and Schedules

GENERAL FUND

The General Fund is used to account for and report all financial resources not accounted for and reported in other funds.

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, 2020

	General Fund	Capital Reserve Fund	Total
REVENUES:			
Ad Valorem Taxes	\$702,323		\$702,323
Local option sales tax	232,216		232,216
Unrestricted intergovernmental	167,307		167,307
Restricted intergovernmental	93,567		93,567
Permits and fees	7,432		7,432
Sales and services	453,857		453,857
Investment earnings	13,742		13,742
Miscellaneous	42,150		42,150
TOTAL REVENUES	\$1,712,594	\$0	\$1,712,594
EXPENDITURES:			
General Government	\$154,703		\$154,703
Public Safety	601,852		601,852
Human services	3,553		3,553
Transportation	269,888		269,888
Environmental protection	284,170		284,170
Cultural and recreational	163,402		163,402
Debt service:			
Principal retirement	56,015		56,015
Interest and fees	4,926		4,926
TOTAL EXPENDITURES	\$1,538,509	\$0	\$1,538,509
Revenues over (under) expenditures	\$174,085	\$0	\$174,085
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	\$20,473		\$20,473
Transfers to other funds	(49,727)	(\$11)	(49,738)
TOTAL OTHER FINANCING SOURCES (USES)	(\$29,254)	(\$11)	(\$29,265)
Net Change in Fund Balance	\$144,831	(\$11)	\$144,820
Fund balance, beginning of year	\$2,021,235	\$11	\$2,021,246
Change in reserve for inventories	(5,388)		(5,388)
FUND BALANCE, END OF YEAR	\$2,160,678	\$0	\$2,160,678

TOWN OF LA GRANGE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
<i>Ad Valorem Taxes:</i>			
Taxes	\$648,579	\$696,811	\$48,232
Penalties and Interest	5,000	5,512	512
Total	\$653,579	\$702,323	\$48,744
Local Option Sales Taxes	\$245,000	\$232,216	(\$12,784)
<i>Unrestricted Intergovernmental:</i>			
Utility Franchise Taxes	\$150,000	\$155,552	\$5,552
Beer and Wine Taxes	12,500	11,755	(745)
Total	\$162,500	\$167,307	\$4,807
<i>Restricted Intergovernmental:</i>			
Powell Bill Allocation	\$89,500	\$91,499	\$1,999
FEMA Grant - Hurricane Florence	65,100		(65,100)
Solid Waste Disposal Tax Distribution	850	2,068	1,218
Total	\$155,450	\$93,567	(\$61,883)
<i>Permits and Fees:</i>			
Building Permits	\$6,000	\$6,812	\$812
Other Permits	630	620	(10)
Total	\$6,630	\$7,432	\$802
<i>Sales and Services:</i>			
Sanitation Revenues	\$341,000	\$344,792	\$3,792
Cemetery Lot Sales	46,200	66,600	20,400
Community Center Revenues	38,857	39,538	681
Other Sales and Services	500	2,927	2,427
Total	\$426,557	\$453,857	\$27,300
Investment Earnings	\$8,000	\$13,742	\$5,742
<i>Miscellaneous:</i>			
Other Revenues	\$7,100	\$42,150	\$35,050
Total	\$7,100	\$42,150	\$35,050
Total Revenues	\$1,664,816	\$1,712,594	\$47,778
Expenditures			
<i>General Government:</i>			
General Government:			
Mayor and Town Council	\$10,467	\$8,202	\$2,265
Other Operating Expenditures	82,775	88,604	(5,829)
Capital Outlay	43,500		43,500
Total	\$136,742	\$96,806	\$39,936

TOWN OF LA GRANGE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

Expenditures	Final Budget	Actual	Variance Positive (Negative)
<i>Administration:</i>			
Salaries and Employee Benefits	\$95,373	\$70,317	\$25,056
Other Operating Expenditures	4,200	1,580	2,620
Reimbursement - Electric Fund	(14,000)	(14,000)	
Total	\$85,573	\$57,897	\$27,676
Total General Government	\$222,315	\$154,703	\$67,612
<i>Public Safety:</i>			
Police:			
Contracted Services	\$557,396	\$530,189	\$27,207
Other Operating Expenditures	38,750	28,473	10,277
Total	\$596,146	\$558,662	\$37,484
Inspections:			
Salaries and Employee Benefits	\$46,394	\$31,282	\$15,112
Other Operating Expenditures	10,300	11,908	(1,608)
Total	\$56,694	\$43,190	\$13,504
Total Public Safety	\$652,840	\$601,852	\$50,988
<i>Human Services:</i>			
Council on Aging:			
Operating Expenditures	\$4,575	\$3,553	\$1,022
<i>Transportation:</i>			
Streets:			
Salaries and Employee Benefits	\$99,476	\$115,547	(\$16,071)
Vehicle Fuel and Maintenance	19,500	28,727	(9,227)
Utilities	23,000	23,754	(754)
Repairs and Maintenance	94,325	28,006	66,319
Other Operating Expenditures	52,650	38,639	14,011
Capital Outlay	35,216	35,215	1
Total	\$324,167	\$269,888	\$54,279
<i>Environmental Protection:</i>			
Sanitation:			
Salaries and Employee Benefits	\$79,605	\$90,298	(\$10,693)
Contracted Services	1,800	1,106	694
Other Operating Expenditures	143,400	132,977	10,423
Total	\$224,805	\$224,381	\$424
Cemetery:			
Salaries and Employee Benefits	\$11,237	\$12,998	(\$1,761)
Operating Expenditures	54,750	46,791	7,959
Total	\$65,987	\$59,789	\$6,198
Total Environmental Protection	\$290,792	\$284,170	\$6,622

TOWN OF LA GRANGE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
<u><i>Cultural and Recreational:</i></u>			
Recreation:			
Salaries and Employee Benefits	\$26,600	\$26,841	(\$241)
Operating Expenditures	96,650	90,391	6,259
Capital Outlay	30,419	22,748	7,671
Total	\$153,669	\$139,980	\$13,689
Library:			
Operating Expenditures	\$43,500	\$22,922	\$20,578
Contribution to the Arts Council	\$500	\$500	\$0
Total Cultural and Recreational	\$197,669	\$163,402	\$34,267
<u><i>Debt Service:</i></u>			
Note Principal	\$65,506	\$56,015	\$9,491
Interest and Fees	5,000	4,926	74
Total	\$70,506	\$60,941	\$9,565
Total Expenditures	\$1,762,864	\$1,538,509	\$224,355
Revenues Over (Under) Expenditures	(\$98,048)	\$174,085	\$272,133
Other Financing Sources (Uses)			
Transfers From Other Funds:			
Water and Sewer Fund	\$20,000	\$20,000	
Capital Reserve Fund		11	\$11
Utility Fund		462	462
Electric Fund	100,000		(100,000)
Transfers To Other Funds:			
Volunteer Fire Department Fund	(49,750)	(49,727)	23
Total Other Financing Sources (Uses)	\$70,250	(\$29,254)	(\$99,504)
Revenues and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	(\$27,798)	\$144,831	\$172,629
Appropriated Fund Balance	\$27,798		(\$27,798)
Net Change in Fund Balance	\$0	\$144,831	\$144,831
Fund Balances, Beginning of Year		2,021,235	
Change in Reserve for Inventories		(5,388)	
Fund Balance, End of Year		\$2,160,678	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings			\$0
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
General Improvements			\$0
<i>Total Expenditures</i>	\$0	\$0	\$0
Revenues Over (Under) Expenditures	\$0	\$0	\$0
Other Financing Sources (Uses):			
Transfers To Other Funds		(\$11)	(\$11)
<i>Total Other Financing Sources (Uses)</i>	\$0	(\$11)	(\$11)
Net Change in Fund Balance	\$0	(\$11)	(\$11)
<i>Fund Balances, Beginning of Year</i>		11	
Fund Balances, End of Year		\$0	

TOWN OF LA GRANGE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUND - VOLUNTEER FIRE DEPARTMENT FUND
BALANCE SHEET
June 30, 2020

ASSETS:

Cash and cash equivalents	\$5,962
Restricted cash and investments	513,002
Receivables, net:	
Intergovernmental	10,344
TOTAL ASSETS	\$529,308

LIABILITIES:

Accounts payable and accrued liabilities	\$836
Total Liabilities	\$836

FUND BALANCES:

Restricted for:	
Stabilization by state statute	\$10,344
Fire protection	518,128
Total Fund Balances	\$528,472

TOTAL LIABILITIES AND FUND BALANCES	\$529,308
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STATEMENT 8

TOWN OF LA GRANGE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUND - VOLUNTEER FIRE DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental:			
Lenoir County Fire District Taxes	\$90,060	\$96,128	\$6,068
Wayne County Fire District Taxes	4,805	5,546	741
Lenoir County Local Option Sales Tax	14,000	24,385	10,385
Sales Tax Refund	3,035		(3,035)
Total	\$111,900	\$126,059	\$14,159
Miscellaneous:			
Fundraising and Contributions	\$22,000	\$16,586	(\$5,414)
Insurance Claims		12,715	12,715
Firemen's Relief Funds		215,288	215,288
Other Income		426	426
Total	\$22,000	\$245,015	\$223,015
Investment Earnings	\$600	\$3,294	\$2,694
Total Revenues	\$134,500	\$374,368	\$239,868
Expenditures			
Public Safety:			
Repairs	\$33,000	\$24,724	\$8,276
Fuel	8,500	4,062	4,438
Firefighting Supplies	38,800	21,490	17,310
Insurance	26,000	23,020	2,980
Radio Maintenance	15,000	4,256	10,744
Utilities	15,000	12,630	2,370
Pension	11,450	9,108	2,342
Dues	2,500	1,810	690
Fundraising	4,900	2,835	2,065
Capital Outlay	20,000	2,200	17,800
Total Expenditures	\$175,150	\$106,135	\$69,015
Revenues Over (Under) Expenditures	(\$40,650)	\$268,233	\$308,883
Other Financing Sources (Uses):			
Transfers From Other Funds	\$40,650	\$49,727	\$9,077
Total Other Financing Sources (Uses)	\$40,650	\$49,727	\$9,077
Net Change in Fund Balance	\$0	\$317,960	\$317,960
<i>Fund Balances, Beginning of Year</i>		210,512	
Fund Balances, End of Year		\$528,472	

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

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

TOWN OF LA GRANGE, NORTH CAROLINA
ELECTRIC FUND
STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Charges for Services:			
Electric Charges	\$3,492,173	\$3,427,627	(\$64,546)
Service Charges	15,000	12,310	(2,690)
Total Charges for Services	\$3,507,173	\$3,439,937	(\$67,236)
Other Operating Revenues.	\$14,126	\$5,400	(\$8,726)
Total Operating Revenues	\$3,521,299	\$3,445,337	(\$75,962)
Nonoperating Revenues:			
Federal Grants	\$100,000		(\$100,000)
Investment Earnings	8,000	\$9,810	1,810
Sale of Materials	100		(100)
Miscellaneous Revenues	7,000	3,388	(3,612)
Sales Tax Refund	30,000		(30,000)
Rental Income	16,135	16,056	(79)
Total Nonoperating Revenues	\$161,235	\$29,254	(\$131,981)
Total Revenues	\$3,682,534	\$3,474,591	(\$207,943)
Expenditures			
Electrical Operations:			
Salaries and Employee Benefits	\$506,045	\$483,111	\$22,934
Contracted Services	50,000	68,623	(18,623)
Maintenance and Repairs	19,000	8,328	10,672
Reimbursement to General Fund	14,000	14,000	
Other Operating Expenditures	595,300	446,677	148,623
Total	\$1,184,345	\$1,020,739	\$163,606
Electrical Power Purchases	\$2,391,438	\$2,369,263	\$22,175
Capital Outlay	\$19,500	\$2,936	\$16,564
Debt Service:			
Principal Payments	\$83,251	\$80,997	\$2,254
Interest Payments	4,000	3,621	379
Total	\$87,251	\$84,618	\$2,633
Total Expenditures	\$3,682,534	\$3,477,556	\$204,978
Revenues Over (Under) Expenditures	\$0	(\$2,965)	(\$2,965)

TOWN OF LA GRANGE, NORTH CAROLINA
ELECTRIC FUND
STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

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

Revenues, and other financing sources, and appropriated

Fund Balance over (under) Expenditures and Other

Financing Uses (\$2,965)

Reconciling Items:

Debt Principal \$80,997

Capital Outlay 2,936

Depreciation (113,361)

Decrease in Accrued Interest Payable 643

Increase in Accrued Compensated Absences (5,701)

Increase in Net Pension Liability (9,848)

Increase in Deferred Outflows of Resources - Pensions (19,691)

Decrease in Deferred Inflows of Resources - Pensions 1,386

Total Reconciling Items (\$62,639)

Change in Net Position (\$65,604)

TOWN OF LA GRANGE, NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Charges for Services:			
Water Charges	\$547,032	\$563,611	\$16,579
Sewer Charges	782,178	661,582	(120,596)
Water and Sewer Taps	700	1,270	570
Total Charges for Services	\$1,329,910	\$1,226,463	(\$103,447)
Other Operating Revenues.	\$1,000	\$1,415	\$415
Total Operating Revenues	\$1,330,910	\$1,227,878	(\$103,032)
Nonoperating Revenues:			
Federal Grants	\$193,921	\$98,436	(\$95,485)
Investment Earnings	8,000	10,021	2,021
Rental Income	21,156	20,796	(360)
Sale of Scrap Metal		75	75
Miscellaneous Revenues	500	994	494
Local Option Sales Tax	40,000	53,652	13,652
Total Nonoperating Revenues	\$263,577	\$183,974	(\$79,603)
Total Revenues	\$1,594,487	\$1,411,852	(\$182,635)
Expenditures			
Water Operations:			
Salaries and Employee Benefits	\$219,025	\$152,713	\$66,312
Utilities	37,000	37,316	(316)
Repairs and Maintenance	14,000	2,867	11,133
Contracted Services	51,000	36,207	14,793
Other Operating Expenditures	69,850	43,779	26,071
Total	\$390,875	\$272,882	\$117,993
Sewer Operations:			
Salaries and Employee Benefits	\$154,864	\$146,701	\$8,163
Utilities	68,000	70,884	(2,884)
Repairs and Maintenance	28,000	10,178	17,822
Contracted Services	24,600	24,552	48
Other Operating Expenditures	92,900	72,187	20,713
Total	\$368,364	\$324,502	\$43,862
Wastewater Operations:			
Salaries and Employee Benefits	\$153,530	\$96,841	\$56,689
Utilities	17,000	12,593	4,407
Repairs and Maintenance	20,000	15,664	4,336
Contracted Services	11,000	9,473	1,527
Other Operating Expenditures	51,788	32,322	19,466
Total	\$253,318	\$166,893	\$86,425

TOWN OF LA GRANGE, NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

Capital Outlay	\$535,511	\$368,410	\$167,101
Debt Service:			
Principal Payments	\$12,000	\$11,971	\$29
Interest Payments	13,957	13,797	160
Total	\$25,957	\$25,768	\$189
Total Expenditures	\$1,574,025	\$1,158,455	\$415,570
Revenues Over (Under) Expenditures	\$20,462	\$253,397	\$232,935
Other Financing Sources (Uses):			
Transfer to General Fund	\$20,462	(\$20,462)	
Total Other Financing Sources (Uses)	\$20,462	(\$20,462)	\$0
Revenues, and Other Financing Sources, and Appropriated Fund Balance Over (Under) Expenditures and Other Financing Uses	\$0	\$232,935	\$232,935
Reconciliation from a budgetary basis (modified accrual) to full accrual:			
Revenues, and other financing sources, and appropriated Fund Balance over (under) Expenditures and Other Financing Uses		\$232,935	
Reconciling Items:			
Capital Outlay		368,410	
Debt Principal		11,971	
Depreciation		(400,179)	
Increase in Accrued Compensated Absences		(1,594)	
Decrease in Accrued OPEB Liability		6,233	
Increase in Net Pension Liability		(7,903)	
Decrease in Deferred Outflows of Resources - Pensions		(16,412)	
Increase in Deferred Outflows of Resources - OPEB		10,714	
Decrease in Deferred Inflows of Resources - Pensions		1,165	
Decrease in Accrued Interest Payable		37	
Total Reconciling Items		(\$27,558)	
Change in Net Position		\$205,377	

TOWN OF LA GRANGE, NORTH CAROLINA
WELL CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL- (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Engineering	\$40,000	\$46,364	\$7,778	\$54,142	(\$14,142)
Total Expenditures	\$40,000	\$46,364	\$7,778	\$54,142	(\$14,142)
Revenues Over (Under) Expenditures	(\$40,000)	(\$46,364)	(\$7,778)	(\$54,142)	(\$14,142)
Other Financing Sources:					
Transfer from Water and Sewer Fund	\$40,000	\$40,000		\$40,000	
Total Other Financing Sources	\$40,000	\$40,000	\$0	\$40,000	\$0
Revenues Over (Under) Expenditures and Other Financing Sources	\$0	(\$6,364)	(\$7,778)	(\$14,142)	(\$14,142)
<i>Beginning Fund Balance, July 1</i>			(6,364)		
Ending Fund Balance, June 30			(\$14,142)		

TOWN OF LA GRANGE, NORTH CAROLINA
SCHEDULE OF CASH AND CASH EQUIVALENT BALANCES
June 30, 2020

Cash and Cash Equivalents:

On Hand	\$500
In Time Deposits	1,511,515
Certificate of Deposit	226,605
	<u>\$1,738,620</u>

Investments:

North Carolina Capital Management Trust	\$2,983,755
Total	<u>\$2,983,755</u>

Total Cash and Investments

\$4,722,375

Distribution by Funds:

General Fund	\$2,102,748
Volunteer Fire Department Fund	518,964
Electric Fund	943,904
Water and Sewer Fund	1,156,759
Total	<u><u>\$4,722,375</u></u>

Unrestricted:

Cash and Cash Equivalents	\$987,527
Investments	2,642,957
Total Unrestricted	<u><u>\$3,630,484</u></u>

Restricted:

Cash and Cash Equivalents	\$751,093
Investments	340,798
Total Restricted	<u><u>\$1,091,891</u></u>

Total Cash and Investments

\$4,722,375

OTHER SCHEDULES

**This section contains additional information
required on property taxes.**

- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**

TOWN OF LA GRANGE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2020

	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-20		\$705,930	\$671,740	\$34,190
2018-19	\$30,157		12,179	17,978
2017-18	18,375		6,372	12,003
2016-17	10,507		2,228	8,279
2015-16	6,082		1,082	5,000
2014-15	4,785		1,073	3,712
2013-14	5,901		682	5,219
2012-13	4,582		471	4,111
2011-12	3,536		227	3,309
2010-11	2,671		131	2,540
2009-10	2,542		69	2,473
	\$89,138	\$705,930	\$696,254	\$98,814
<i>Less: Allowance for Uncollected Ad Valorem Taxes Receivable</i>				(34,643)
Ad Valorem Taxes Receivable - Net				\$64,171
Reconciliation With Revenues:				
Ad Valorem Taxes - General Fund				\$702,323
Reconciling Items:				
Taxes Written Off				(557)
Interest and Penalties Collected				(5,512)
Total Collections and Credits				\$696,254

TOWN OF LA GRANGE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2020

			Total Levy	
Town-Wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy	
Original Levy:				
Property Taxed at Current Year's Rate	\$128,603,771	0.532	\$684,172	\$607,271
Property Taxed at Prior Year's Rate	4,874,009	0.532	25,930	\$76,902
Penalties and Interest			564	25,930
Total	\$133,477,780		\$710,666	\$607,835
Releases	(\$890,226)	0.532	(\$4,736)	(\$4,736)
Total	(\$890,226)		(\$4,736)	\$0
Net Levy	\$132,587,554		\$705,930	\$603,099
Uncollected Taxes at June 30, 2020			(34,190)	(34,190)
Current Year's Taxes Collected			\$671,740	\$568,909
Current Levy Collection Percentage			95.16%	94.33%
				100.00%

STATISTICAL SECTION

(UNAUDITED)

SCHEDULE 3

TOWN OF LA GRANGE, NORTH CAROLINA
NET POSITION BY COMPONENT – (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN YEARS

Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$2,195,544	\$2,084,635	\$1,887,497	\$1,975,234	\$2,148,194	\$2,222,826	\$2,205,338	\$2,182,552	\$2,454,952	\$2,688,005
Restricted	967,319	703,209	710,004	557,310	771,768	870,312	1,010,419	470,682	113,853	710,501
Unrestricted	1,686,844	1,492,853	1,169,586	954,996	716,666	596,517	527,875	903,529	1,239,900	514,603
Total	\$4,849,707	\$4,280,697	\$3,767,087	\$3,487,540	\$3,636,628	\$3,689,655	\$3,743,632	\$3,556,763	\$3,808,705	\$3,913,109
Business-type Activities:										
Net Investment in Capital Assets	\$7,731,705	\$7,886,488	\$7,948,839	\$8,345,803	\$8,700,504	\$9,066,437	\$9,416,523	\$9,133,249	\$9,903,170	\$10,008,440
Restricted						65,521	66,133	456,842		28,670
Unrestricted	2,161,271	1,866,715	1,683,907	1,479,423	1,234,230	1,116,113	1,295,721	1,240,390	694,268	843,281
Total	\$9,892,976	\$9,753,203	\$9,632,746	\$9,825,226	\$9,934,734	\$10,248,071	\$10,778,377	\$10,830,481	\$10,597,438	\$10,880,391
Primary Government:										
Net Investment in Capital Assets	\$9,927,249	\$9,971,123	\$9,836,336	\$10,321,037	\$10,848,698	\$11,289,263	\$11,621,861	\$11,315,801	\$12,358,122	\$12,696,445
Restricted	967,319	703,209	710,004	557,310	771,768	935,833	1,076,552	927,524	113,853	739,171
Unrestricted	3,848,115	3,359,568	2,853,493	2,434,419	1,950,896	1,712,630	1,823,596	2,143,919	1,934,168	1,357,884
Total	\$14,742,683	\$14,033,900	\$13,399,833	\$13,312,766	\$13,571,362	\$13,937,726	\$14,522,009	\$14,387,244	\$14,406,143	\$14,793,500

SCHEDULE 4

TOWN OF LA GRANGE, NORTH CAROLINA
CHANGE IN NET POSITION – (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN YEARS

Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
General Government	\$23,073	\$147,783	\$140,767	\$147,153	\$170,280	\$141,847	\$159,342	\$157,003	\$199,661	\$177,167
Public Safety	760,589	745,131	759,116	847,376	762,806	672,763	768,452	764,576	637,167	645,115
Human Services	4,775	4,755	4,681	4,580	2,367	5,287	6,553	5,990	5,726	3,568
Transportation	259,119	260,045	260,942	485,303	519,225	544,717	522,616	495,248	551,473	494,139
Cultural and Recreational	176,069	492,637	317,605	330,652	309,758	327,892	349,571	77,939	85,940	68,079
Environmental Protection	333,227	161,996	145,547	159,780	169,374	119,107	59,598	315,474	296,715	301,737
Interest on Long-Term Debt	4,239	5,749	8,635	11,551	12,012	15,659	18,163	13,800	17,237	21,234
Total	\$1,561,091	\$1,818,096	\$1,637,293	\$1,986,395	\$1,945,822	\$1,827,272	\$1,884,295	\$1,830,030	\$1,793,919	\$1,711,039
Business-type Activities:										
Electric	\$3,540,194	\$3,554,393	\$3,379,845	\$3,455,594	\$3,323,921	\$3,826,037	\$3,918,219	\$3,661,069	\$3,893,225	\$3,809,376
Water and Sewer	1,186,013	1,259,137	1,684,874	1,688,987	1,696,617	1,683,907	1,684,632	1,638,049	1,820,900	1,606,184
Total	\$4,726,207	\$4,813,530	\$5,064,719	\$5,144,581	\$5,020,538	\$5,509,944	\$5,602,851	\$5,299,118	\$5,714,125	\$5,415,560
Total Governmental Activities	\$6,287,298	\$6,631,626	\$6,702,012	\$7,130,976	\$6,966,360	\$7,337,216	\$7,487,146	\$7,129,148	\$7,508,044	\$7,126,599
Program Revenues										
Governmental Activities:										
Charges for Services										
Environmental Protection	\$344,792	\$397,520	\$364,242	\$401,520	\$329,317	\$344,562	\$353,494	\$362,309	\$343,039	\$344,195
Public Safety	6,812			119,279	22,644	9,271	49,683	41,097	42,168	6,740
Transportation	91,499									
Cultural and Recreational	39,538	62,842	47,951	50,718	37,854					
General Government	70,147	7,697	10,129	12,601	59,340		40,000	12,500		375
Operating Grants and Contributions	120,328	279,192	219,349	140,515	125,864	198,819	216,263	231,657	137,935	88,346
Capital Grants and Contributions						85,282	298,629	4,838	92,487	
Total	\$673,116	\$747,251	\$641,671	\$724,633	\$575,019	\$637,934	\$958,069	\$652,401	\$615,629	\$439,656
Business-type Activities:										
Charges for Services:										
Electric	\$3,439,937	\$3,572,570	\$3,541,838	\$3,378,393	\$3,439,139	\$3,764,577	\$3,844,206	\$3,722,188	\$3,700,161	\$4,010,677
Water and Sewer	1,226,463	1,369,275	1,325,853	1,378,546	1,317,409	1,319,308	1,331,795	1,375,839	1,423,849	1,359,630
Operating Grants and Contributions	6,815	117,331		156,585			4,867,691	338	52,913	
Capital Grants and Contributions							350,000	40,000	200,936	
Total	\$4,673,215	\$5,059,176	\$4,867,691	\$4,913,524	\$4,756,548	\$5,083,885	\$10,393,692	\$5,138,365	\$5,377,859	\$5,370,307
Total Primary Government	\$5,346,331	\$5,806,427	\$5,509,362	\$5,638,157	\$5,331,567	\$5,721,819	\$11,351,761	\$5,790,766	\$5,993,488	\$5,809,963

SCHEDULE 4
(Continued)

TOWN OF LA GRANGE, NORTH CAROLINA
CHANGE IN NET POSITION – (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN YEARS

Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense) Revenue										
Governmental Activities	(\$887,975)	(\$1,070,845)	(\$995,622)	(\$1,261,762)	(\$1,370,803)	(\$1,189,338)	(\$926,226)	(\$1,177,629)	(\$1,178,290)	(\$1,271,383)
Business-type Activities	(52,992)	245,646	(197,028)	(231,057)	(263,990)	(426,059)	4,790,841	(160,753)	(336,266)	(45,253)
Total Primary Government	(\$940,967)	(\$825,199)	(\$1,192,650)	(\$1,492,819)	(\$1,634,793)	(\$1,615,397)	\$3,864,615	(\$1,338,382)	(\$1,514,556)	(\$1,316,636)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$725,000	\$709,290	\$707,470	\$633,669	\$643,216	\$624,057	\$624,057	\$617,941	\$613,905	\$606,691
Sales Taxes	256,601	259,850	226,971	214,271	184,725	178,144	178,144	165,867	178,366	165,810
Franchise Taxes	167,307	175,316	174,984	193,706	195,316	198,367	198,367	166,540	172,032	172,754
Investment Earnings	17,036	17,005	9,505	4,393	2,200	2,425	2,425	3,073	2,381	5,376
Miscellaneous	270,579	176,165	31,133	47,807	115,971	80,207	80,207	28,721	29,124	74,751
Gain (Loss) on Disposal of Capital Assets			27,398	18,828	6,933	(14,737)	(14,737)	(17,888)		
Transfers	20,462	232,331	90,000		169,415	98,990	98,990	(315,778)	78,077	(41,514)
Total	\$1,456,985	\$1,569,957	\$1,267,461	\$1,112,674	\$1,317,776	\$1,167,453	\$1,167,453	\$648,476	\$1,073,885	\$983,868
Business-type Activities:										
Sales Tax	\$53,652	\$43,633	\$48,729	\$36,801	\$31,956	\$34,847	\$34,847	\$37,237	\$34,195	\$32,801
Other Taxes	98,436									1,596,182
Investment Earnings	19,831	21,237	6,057	4,090	1,444	1,452	1,452	1,479	2,314	2,459
Miscellaneous	41,308	41,872	42,745	73,811	71,488	58,536	58,536	63,714	94,881	37,761
Gain (Loss) on Disposal of Capital Assets		400	21,202	6,847	15,180	7,575	7,575	(24,412)		
Transfers	(20,462)	(232,331)	(90,000)		(169,415)	(98,990)	(98,990)	315,778	(78,077)	41,514
Total	\$192,765	(\$125,189)	\$28,733	\$121,549	(\$49,347)	\$3,420	\$3,420	\$393,796	\$53,313	\$1,710,717
Total Primary Government	\$1,649,750	\$1,444,768	\$1,296,194	\$1,234,223	\$1,268,429	\$1,170,873	\$1,170,873	\$1,042,272	\$1,127,198	\$2,694,585
Change in Net Position										
Governmental Activities	\$569,010	\$499,112	\$271,839	(\$149,088)	(\$53,027)	(\$21,885)	\$241,227	(\$529,153)	(\$104,405)	(\$287,515)
Business-type Activities	139,773	120,457	(168,295)	(109,508)	(313,337)	(422,639)	4,794,261	233,043	(282,953)	1,665,464
Total Primary Government	\$708,783	\$619,569	\$103,544	(\$258,596)	(\$366,364)	(\$444,524)	\$5,035,488	(\$296,110)	(\$387,358)	\$1,377,949

SCHEDULE 5

TOWN OF LA GRANGE, NORTH CAROLINA
FUND BALANCES – GOVERNMENTAL FUNDS – POST GASB 54
LAST TEN YEARS

June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$54,075	\$41,381	\$39,430							
Restricted	438,847	492,697	344,593	\$262,229	\$445,697	\$493,960	\$442,858	\$141,928	\$113,853	\$710,501
Committed	207,731	546,355	522,071	481,947	446,650	453,687	431,089	410,209	707,661	
Assigned								75,000	28,000	8,000
Unassigned	1,460,025	940,813	639,365	449,048	431,810	298,164	302,640	366,237	464,942	442,659
Total	\$2,160,678	\$2,021,246	\$1,545,459	\$1,193,224	\$1,324,157	\$1,245,811	\$1,176,587	\$993,374	\$1,314,456	\$1,161,160
All Other Governmental Funds:										
Nonspendable										
Restricted	\$528,472	\$210,512	\$365,411	\$295,081	\$326,071	\$376,352	\$567,561	\$328,754		
Committed										
Assigned										
Unassigned					(200,875)	(186,448)	(271,279)			
Total	\$528,472	\$210,512	\$365,411	\$295,081	\$125,196	\$189,904	\$296,282	\$328,754	\$0	\$0

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)

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

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

SCHEDULE 7

TOWN OF LA GRANGE, NORTH CAROLINA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN YEARS

Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Ad Valorem Taxes	\$702,323	\$708,740	\$708,474	\$633,669	\$643,216	\$633,450	\$645,440	\$608,178	\$619,043	\$604,315
Local Option Sales Taxes	232,216	259,850	226,971	214,271	183,072	178,144	165,165	165,867	178,366	165,810
Other Taxes and Licenses										50
Unrestricted Intergovernmental	167,307	175,316	174,984	193,706	195,316	198,367	179,420	163,524	170,627	172,954
Restricted Intergovernmental	219,626	279,192	219,349	240,623	210,695	284,101	451,739	233,033	226,321	88,096
Permits and Fees	7,432	7,697	10,129	12,601	22,644	9,381	9,853	12,737	12,319	7,115
Sales and Services	453,857	459,574	436,972	400,079	388,657	351,830	428,448	400,572	390,405	344,195
Investment Earnings	17,036	17,005	9,505	4,393	2,200	2,425	2,128	3,073	2,382	5,376
Miscellaneous	287,165	176,165	31,133	121,136	70,648	107,203	35,211	29,222	33,513	67,523
Total Revenues	\$2,086,962	\$2,083,539	\$1,817,517	\$1,820,478	\$1,716,448	\$1,764,901	\$1,917,404	\$1,616,206	\$1,632,976	\$1,455,434
Expenditures										
General Government	\$154,703	\$119,738	\$115,066	\$148,126	\$218,068	\$130,944	\$144,294	\$142,383	\$181,557	\$250,370
Public Safety	707,987	929,655	715,207	914,207	854,189	693,543	798,908	740,207	595,056	608,153
Transportation	269,888	233,172	246,758	228,236	241,828	252,501	387,197	3,843	316,008	293,658
Cultural and Recreational	163,402	192,785	106,174	119,077	142,187	410,978	259,594	222,420	251,254	54,971
Human Services	3,553	3,534	3,460	3,359	1,146	3,603	4,406	256,433	3,579	3,568
Environmental Protection	284,170	434,649	234,559	433,494	238,257	226,499	449,604	308,134	65,930	252,201
Debt Service:										
Principal Retirement	56,015	90,838	124,277	152,851	170,108	169,314	115,806	114,721	102,906	98,910
Interest and Fees	4,926	7,060	9,759	11,747	13,375	16,911	17,387	13,800	17,237	21,234
Total Expenditures	\$1,644,644	\$2,011,431	\$1,555,260	\$2,011,097	\$1,879,158	\$1,904,293	\$2,177,196	\$1,801,941	\$1,533,527	\$1,583,065
Revenues Over (Under) Expenditures	\$442,318	\$72,108	\$262,257	(\$190,619)	(\$162,710)	(\$139,392)	(\$259,792)	(\$185,735)	\$99,449	(\$127,631)
Other Financing Sources (Uses)										
Operating Transfers From Other Funds	70,200	321,263	90,000		169,415	98,990	50,000		50,627	21,737
Operating Transfers To Other Funds	(49,738)	(88,932)						(315,778)		(63,251)
Total Operating Transfers	\$20,462	\$232,331	\$90,000	\$0	\$169,415	\$98,990	\$50,000	(\$315,778)	\$50,627	(\$41,514)
Proceeds from Sale of Capital Assets			27,558	18,828	6,933	3,250	4,985	6,974	3,220	7,228
Loan Proceeds				210,743			319,360	225,000		
Total Other Financing Sources (Uses)	\$20,462	\$232,331	\$117,558	\$229,571	\$176,348	\$102,240	\$374,345	(\$83,804)	\$53,847	(\$34,286)
Net Changes in Fund Balance	\$462,780	\$304,439	\$379,815	\$38,952	\$13,638	(\$37,152)	\$114,553	(\$269,539)	\$153,296	(\$161,917)
Debt Service as a Percentage of Noncapital Expenditures	3.71%	4.87%	8.62%	8.18%	9.76%	9.78%	6.12%	7.13%	7.83%	7.59%

TOWN OF LA GRANGE, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS

Year Ended June 30,	Town Direct Rates		Overlapping Rates		Total Direct and Overlapping Rates
	General Fund Rate	Total Direct Rate	Fire District	County Rate	
2011	0.450	0.450	0.040	0.800	1.290
2012	0.450	0.450	0.040	0.800	1.290
2013	0.450	0.450	0.040	0.800	1.290
2014	0.450	0.450	0.040	0.835	1.325
2015	0.450	0.450	0.040	0.835	1.325
2016	0.470	0.470	0.040	0.835	1.345
2017	0.470	0.470	0.040	0.835	1.345
2018	0.532	0.532	0.040	0.830	1.402
2019	0.532	0.532	0.040	0.830	1.402
2020	0.532	0.532	0.040	0.845	1.417

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

SCHEDULE 9**TOWN OF LA GRANGE, NORTH CAROLINA****GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE – MODIFIED ACCRUAL BASIS OF ACCOUNTING
LAST TEN YEARS**

Year Ended June 30,	Property Tax	Sales Tax	Privilege License Tax	Utility Tax	Beer and Wine Tax	Other Taxes	Total
2011	\$604,315	\$165,810	\$50	\$160,478	\$12,226	\$250	\$943,129
2012	619,043	178,366		157,484	12,448	695	968,036
2013	608,178	165,867		151,516	11,579	429	937,569
2014	645,440	165,165		151,445	12,550	425	975,025
2015	633,450	178,144		169,790	13,612	965	995,961
2016	643,216	183,072		168,810	12,506		1,007,604
2017	633,669	214,271		166,921	12,746	39	1,027,646
2018	708,474	226,971		162,969	12,015		1,110,429
2019	708,740	259,850		163,425	11,891		1,143,906
2020	702,323	232,216		155,552	11,755		1,101,846

TOWN OF LA GRANGE, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Year Ended June 30,	Real Property	Personal Property	Public Service Companies	Registered Motor Vehicles	Total Property Valuation	Total Direct Tax Rate Per \$100
2011	\$112,018,774	\$4,662,463	\$2,095,414	\$14,220,990	\$132,997,641	0.450
2012	112,401,662	4,723,929	1,981,828	15,807,432	134,914,851	0.450
2013	112,395,682	5,083,505	2,002,631	15,744,689	135,226,507	0.450
2014	111,721,803	5,540,476	1,887,720	21,637,778	140,787,777	0.450
2015	104,677,655	5,191,145	1,724,998	25,826,202	137,420,000	0.450
2016	112,437,579	5,954,666	2,145,584	17,620,851	138,158,680	0.470
2017	112,836,496	5,611,974	1,923,057	18,697,660	139,069,187	0.470
2018	105,557,559	5,460,400	2,427,255	19,036,651	132,481,865	0.532
2019	105,422,598	6,401,964	2,003,212	18,778,429	132,606,203	0.532
2020	104,728,146	6,175,903	2,354,278	19,329,227	132,587,554	0.532

Source: Lenoir County Tax Administrator

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

TOWN OF LA GRANGE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ended June 30,	Original Levy	Adjustments	Total Adjusted Levy	Collections within the Year of the Levy		Collections to Date		
				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2011	588,077	10,630	598,707	553,247	92.41%	42,789	596,036	99.55%
2012	609,408	(1,933)	607,475	559,324	92.07%	44,615	603,939	99.42%
2013	609,171	1,855	611,026	558,722	91.44%	47,722	606,444	99.25%
2014	635,554	(1,654)	633,900	591,234	93.27%	36,765	627,999	99.07%
2015	611,124	7,713	618,837	587,798	94.98%	13,898	601,696	97.23%
2016	649,346	256	649,602	617,712	95.09%	25,808	643,520	99.06%
2017	652,934	973	653,907	620,284	94.86%	23,116	643,400	98.39%
2018	671,449	31,222	702,671	667,874	95.05%	16,422	684,296	97.38%
2019	675,382	30,658	706,040	675,883	95.73%	12,179	688,062	97.45%
2020	684,172	21,758	705,930	671,740	95.16%		671,740	95.16%

TOWN OF LA GRANGE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year Ended June 30,	Governmental Activities Installment Notes Payable	Business-type Activities Installment Notes Payable	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
2011	\$412,571	\$234,372	\$646,943	225	0.70%
2012	309,665	157,185	466,850	163	0.47%
2013	419,944	537,698	957,642	334	*
2014	623,498	497,699	1,121,197	393	*
2015	454,184	628,700	1,082,884	379	*
2016	284,076	591,662	875,738	311	*
2017	341,968	547,900	889,868	313	*
2018	217,692	694,392	912,084	329	*
2019	126,854	606,696	733,550	268	*
2020	70,838	614,954	685,792	*	*

* Information not yet available

(1) See schedule 14 for personal income and population data

TOWN OF LA GRANGE, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit, 8% of Assessed Value	\$10,607,004	\$10,608,496	\$10,598,549	\$11,125,535	\$11,052,694	\$10,993,600	\$11,263,022	\$10,818,121	\$10,793,188	\$10,639,811
Total Net Debt Applicable to Limit	70,838	126,854	217,692	341,968	284,076	454,184	623,498	419,944	309,665	412,571
Legal Debt Margin	\$10,536,166	\$10,481,642	\$10,380,857	\$10,783,567	\$10,768,618	\$10,539,416	\$10,639,524	\$10,398,177	\$10,483,523	\$10,227,240
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.67%	1.20%	2.05%	3.07%	2.57%	4.13%	5.54%	3.88%	2.87%	3.88%

TOWN OF LA GRANGE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year Ended June 30,	(1) Population	(2) Personal Income (in Thousands)	Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate Percentage
2011	2,873	\$1,900,136	\$32,022	9231	11.10%
2012	2,868	2,051,045	34,630	9086	10.60%
2013	2,869	*	*	9211	10.00%
2014	2,854	*	*	9167	8.80%
2015	2,854	*	*	9167	8.80%
2016	2,816	*	*	9167	6.40%
2017	2,844	*	*	9167	5.90%
2018	2,774	*	*	9167	4.20%
2019	2,733	*	*	8620	4.00%
2020	*	*	26,404	8506	*

* 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) NC Bureau of Labor Statistics

SCHEDULE 15

**TOWN OF LA GRANGE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2019			2009		
	Full Time Employees	Rank	Percentage of Total Town Employment	Full Time Employees	Rank	Percentage of Total Town Employment
Howell's Child Care	295	1	n/a	n/a	8	n/a
Cooper Crouse-Hinds	132	2	n/a	n/a	1	n/a
Lenoir County Schools	108	3	n/a	n/a	2	n/a
Food Lion	90	4	n/a	n/a	3	n/a
Bojangles	65	5	n/a	n/a	4	n/a
Sandpiper	60	6	n/a	n/a	9	n/a
P&D Precast	23	7	n/a	n/a	5	n/a
U.S. Post Office	20	8	n/a	n/a	6	n/a
Town of La Grange	20	9	n/a	n/a	7	n/a
Riley Landscaping	19	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

Function/Program	Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	c	c	c	c	c	c	c	c	c	c
Transportation	3	3	3	3	3	3	3	3	3	3
Environmental Protection:										
Refuse Collection	1	1	1	1	1	1	1	1	1	1
Cemetery	c	c	c	c	c	c	c	c	1	1
Electric Operations	3	3	3	3	3	3	3	3	2	2
Water	4	4	4	4	4	4	4	4	3	3
Wastewater	3	3	3	3	3	3	3	3	3	3
Total	20	20	20	20	20	20	20	20	19	19

c - denotes contract with outside company

TOWN OF LA GRANGE, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Stations	1	1	1	1	0	0	0	0	0	0
Patrol Unites	9	9	9	9	9	9	9	9	9	9
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection:										
Collection Trucks	3	3	3	3	3	3	3	3	2	2
Other Public Works:										
Streets (Miles)	22	22	22	22	22	22	22	22	22	22
Streetlights	430	428	428	426	385	385	385	385	385	385
Traffic Signals (state owned)	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
Acreage	66	66	66	66	66	66	66	66	66	66
Playgrounds	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	0	0	1	1	1	1	1	1
Soccer/Football Fields	0	0	0	0	0	0	0	0	0	0
Community Spray-parks	1	1	1	1	1	1	1	1	1	1
Water:										
Water Mains (Miles)	30	30	30	30	30	30	30	30	30	30
Fire Hydrants	212	209	209	209	209	209	209	209	209	209
Wastewater:										
Sanitary Sewer (Miles)	24	24	24	24	24	24	24	24	24	24
Storm Sewer (Miles)	30	30	30	30	30	30	30	30	30	30
Treatment Capacity (Kgals)	750	750	750	750	750	750	750	750	750	750
Electric:										
Electric Service Line (Miles)	45	45	45	45	45	45	45	45	45	45
Average NCP kW	5380	5688	5314	N/A	N/A	N/A	N/A	5283	5266	5328
Maximum NCP kW	6363	6988	8003	N/A	N/A	N/A	N/A	6011	6420	6484

COMPLIANCE SECTION



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

Independent Auditor's Report

The Honorable Mayor and 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of La Grange's basic financial statements and have issued our report thereon dated January 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of La Grange's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of La Grange'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 Town of La Grange's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

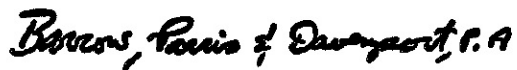
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

Purpose of this Report

This 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.



BARROW, PARRIS & DAVENPORT, P.A.
Kinston, North Carolina

January 7, 2021