

***REVIEWED***

***By SLGFD at 11:11 am, Dec 29, 2021***

**TOWN OF LA GRANGE  
North Carolina**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For The Fiscal Year Ended June 30, 2021**

**TOWN OF LA GRANGE  
North Carolina**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For The Fiscal Year Ended June 30, 2021**

**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**

**STATISTICAL SECTION**

**(UNAUDITED)**

## **BASIC FINANCIAL STATEMENTS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Proportionate Share of Net Pension Liability**

**Schedule of Contributions**

## **OTHER SCHEDULES**

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

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

## **COMPLIANCE SECTION**

## **GENERAL FUND**

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

**Individual Fund Statements and Schedules**

## **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.

**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 - 48

**Required Supplementary Information:****STATEMENT**

1	Schedule of the Proportionate Share of the Net Pension Liability .....	49
2	Schedule of Contributions to Local Government Employees Retirement System .....	50

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

3	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund .....	51 - 53
4	Balance Sheet – Volunteer Fire Department Fund .....	54
5	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Volunteer Fire Department Fund .....	55
6	Statement of Revenues and Expenditures – Budget and Actual –Electric Fund .....	56 - 57
7	Statement of Revenues and Expenditures – Budget and Actual – Electric System Project .....	58
8	Statement of Revenues and Expenditures – Budget and Actual –Water and Sewer Fund .....	59 - 60
9	Statement of Revenues and Expenditures – Budget and Actual –Well Capital Project Fund ...	61
10	Statement of Revenues and Expenditures – Budget and Actual – Water System Project .....	62
11	Statement of Revenues and Expenditures – Budget and Actual – Wastewater System Project	63
12	Schedule of Cash and Cash Equivalent Balances .....	64

**Other Schedules:****SCHEDULE**

1	Schedule of Ad Valorem Taxes Receivable .....	65
2	Analysis of Current Tax Levy.....	66

**Statistical Section:**

3	Net Position by Component – Last 10 Years .....	67
4	Change in Net Position – Last 10 Years.....	68 - 69
5	Fund Balances – Governmental Fund – Post GASB 54 - Last 10 Years .....	70
6	Fund Balances – Governmental Funds – Pre GASB 54 .....	71
7	Changes in Fund Balances – Governmental Funds – Last 10 Years .....	72
8	Direct and Overlapping Property Tax Rates – Last 10 Years .....	73
9	Governmental Funds Tax Revenues by Sources – Last 10 Years .....	74
10	Assessed Value of Taxable Property – Last 10 Years .....	75

SCHEDULE

11	Property Tax Levies and Collections – Last 10 Years.....	76
12	Ratios of Outstanding Debt by Type – Last 10 Years .....	77
13	Legal Debt Margin Information – Last 10 Years .....	78
14	Demographic and Economic Statistics – Last 10 Years.....	79
15	Principal Employers – Current Year and 10 Years Ago .....	80
16	Full Time Equivalent Government Employees by Function/Program – Last 10 Years .....	81
17	Capital Asset Statistics by Function/Program – Last 10 Years .....	82

**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> .....	83 - 84
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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, 2021. 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, 2021, 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 2,614 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 \$50,000 within the same fund; and official report of such transfers must be made at the next Council Meeting. Transfers between funds may not be made without Ordinance from the Town Council.

### **ECONOMIC CONDITION**

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 several 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 (future Interstate). A new residential development in northern La Grange is being constructed and will bring 48 new residential units to the Town in 2022. The Town has

received a plat for a new 249 lot residential subdivision that would drastically increase the Town's population should the 4 year build out estimate be realized.

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 ElectricCities 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 5.266 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 and to comply with the State's new Energy Plan, as mandated by the North Carolina General Assembly, and, 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 approved new purchasing and capitalization policies and adopted an updated personnel policy during the fiscal year ending June 30, 2021. 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 Depository 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.

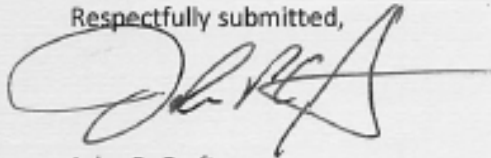
#### **PENSION PLANS**

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 10.19% of earnings for employees for the period of July 1, 2020 to June 30, 2021. 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 15, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 49 through 50, 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 1, 2021, 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

December 1, 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, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

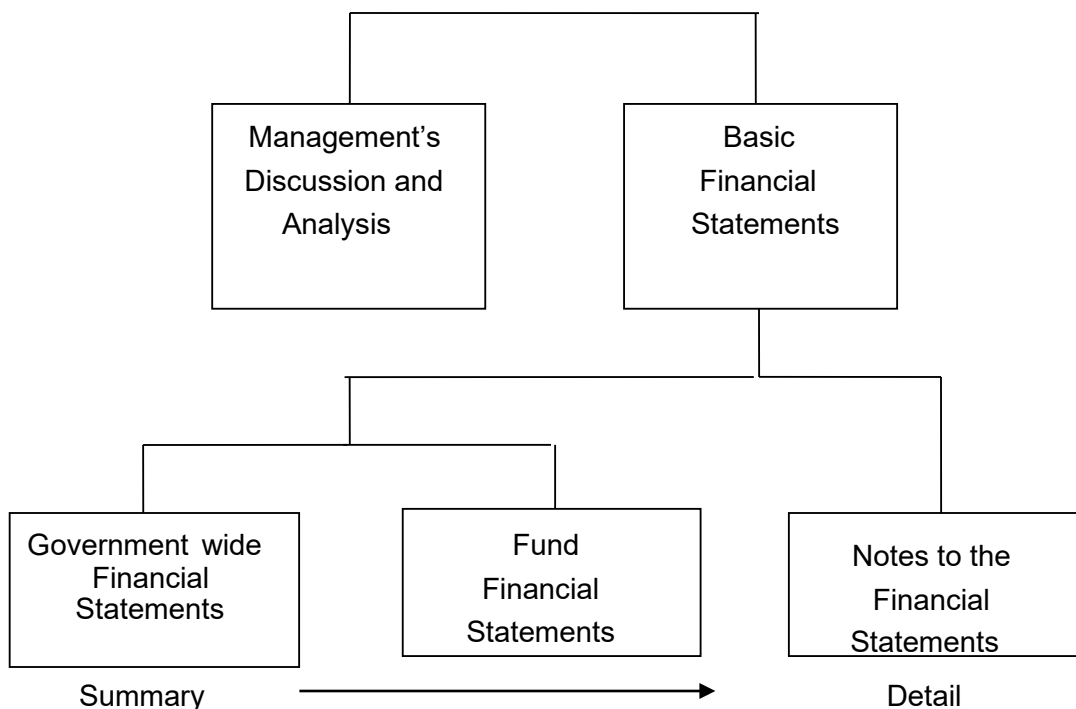
- The assets and deferred outflows of resources of the Town of La Grange exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,080,400 (net position).
- The government's total net position increased by \$337,717 primarily due to an increase in governmental activities of \$243,228 and an increase in business-type activities of \$94,489.
- At the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$2,604,831. Approximately 71.50% of this total amount or \$1,864,189 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 \$1,864,189 or 106.50% of total general fund expenditures for the fiscal year.
- The Town of La Grange's total debt increased by \$3,897,316 (568.29%) during the current fiscal year which consists of debt service payments of \$81,974 and debt proceeds of \$3,979,290.

### 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. **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 start on page 26 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 49 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, 2021 and 2020**  
**Figure 1**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$3,324,149	\$2,808,733	\$6,725,350	\$2,826,474	\$10,049,499	\$5,635,207
Capital assets	2,195,934	2,266,382	9,064,064	8,346,659	11,259,998	10,613,041
<b>Total assets</b>	<b>\$5,520,083</b>	<b>\$5,075,115</b>	<b>\$15,789,414</b>	<b>\$11,173,133</b>	<b>\$21,309,497</b>	<b>\$16,248,248</b>
Deferred outflows of resources	\$71,653	\$65,147	\$193,728	\$167,541	\$265,381	\$232,688
Current liabilities	\$116,290	\$48,960	\$1,838,696	\$510,853	\$1,954,986	\$559,813
Long-term liabilities	363,736	218,634	4,132,194	913,793	4,495,930	1,132,427
<b>Total liabilities</b>	<b>\$480,026</b>	<b>\$267,594</b>	<b>\$5,970,890</b>	<b>\$1,424,646</b>	<b>\$6,450,916</b>	<b>\$1,692,240</b>
Deferred inflows of resources	\$18,775	\$22,961	\$24,787	\$23,052	\$43,562	\$46,013
Net position:						
Net investment in capital assets	\$1,919,074	\$2,195,544	\$7,720,479	\$7,731,705	\$9,639,553	\$9,927,249
Restricted	1,062,606	967,319			1,062,606	967,319
Unrestricted	2,111,255	1,686,844	2,266,986	2,161,271	4,378,241	3,848,115
<b>Total net position</b>	<b>\$5,092,935</b>	<b>\$4,849,707</b>	<b>\$9,987,465</b>	<b>\$9,892,976</b>	<b>\$15,080,400</b>	<b>\$14,742,683</b>

## 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 \$15,080,400 as of June 30, 2021. The Town's net position increased by \$337,717 for the fiscal year ended June 30, 2021. However, the largest portion, 63.92%, 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, \$1,062,606 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,378,241 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 95.84%. The statewide average was 98.95%.
- Increased revenues in the water & sewer fund.

**Town of La Grange, North Carolina**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$584,320	\$552,788	\$4,679,244	\$4,666,400	\$5,263,564	\$5,219,188
Operating grants and contributions	122,309	120,328	1,695	6,815	124,004	127,143
General revenues:						
Property taxes	700,914	725,000			700,914	725,000
Grants and contributions not restricted to specific programs	486,076	423,908	51,190	152,088	537,266	575,996
Other	22,599	287,615	166,875	61,139	189,474	348,754
<b>Total revenues</b>	<b>\$1,916,218</b>	<b>\$2,109,639</b>	<b>\$4,899,004</b>	<b>\$4,886,442</b>	<b>\$6,815,222</b>	<b>\$6,996,081</b>
<b>Expenses:</b>						
General government	\$168,035	\$23,073			\$168,035	\$23,073
Public safety	793,610	760,589			793,610	760,589
Human services	5,160	4,775			5,160	4,775
Transportation	276,400	259,119			276,400	259,119
Environmental protection	310,328	333,227			310,328	333,227
Cultural and recreational	137,247	176,069			137,247	176,069
Interest on long-term debt	2,210	4,239			2,210	4,239
Electric			\$3,430,973	\$3,540,194	3,430,973	3,540,194
Water and sewer			1,353,542	1,186,013	1,353,542	1,186,013
<b>Total expenses</b>	<b>\$1,692,990</b>	<b>\$1,561,091</b>	<b>\$4,784,515</b>	<b>\$4,726,207</b>	<b>\$6,477,505</b>	<b>\$6,287,298</b>
Transfers	\$20,000	\$20,462	(\$20,000)	(\$20,462)		
<b>Change in net position</b>	<b>\$243,228</b>	<b>\$569,010</b>	<b>\$94,489</b>	<b>\$139,773</b>	<b>\$337,717</b>	<b>\$708,783</b>
Net position, beginning of year	\$4,849,707	\$4,280,697	\$9,892,976	\$9,753,203	\$14,742,683	\$14,033,900
<b>Net position, ending</b>	<b>\$5,092,935</b>	<b>\$4,849,707</b>	<b>\$9,987,465</b>	<b>\$9,892,976</b>	<b>\$15,080,400</b>	<b>\$14,742,683</b>

**Management Discussion and Analysis**  
**Town of La Grange**

**Governmental activities.** Governmental activities increased the Town's net position by \$243,228 accounting for 72.02% of the total growth in the net position of the Town of La Grange. The increase in net position was the result of continued effort to control costs and manage expenditures. Revenues for general governmental functions (General Fund and Volunteer Fire Department Fund) amounted to \$1,993,432 for the fiscal year ended June 30, 2021.

**Town of La Grange, North Carolina**  
**Summary of Revenues – Governmental Funds**  
**For the Years Ended June 30, 2021 and 2020**  
**Figure 3**

	<b>Year Ended June 30, 2021</b>		<b>Year Ended June 30, 2020</b>	
	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>
Ad valorem taxes	36.27%	\$723,080	33.65%	\$702,323
Local option sales taxes	14.95%	297,932	11.13%	232,216
Unrestricted intergovernmental	8.24%	164,282	8.02%	167,307
Restricted intergovernmental	10.74%	214,181	10.52%	219,626
Permits and fees	1.42%	28,282	0.36%	7,432
Sales and services	23.75%	473,439	21.75%	453,857
Investment earnings	0.13%	2,501	0.82%	17,036
Miscellaneous	4.50%	89,735	13.75%	287,165
<b>Total</b>	<b>100.00%</b>	<b>\$1,993,432</b>	<b>100.00%</b>	<b>\$2,086,962</b>

Assessed valuation of all taxable property in the Town is approximately \$131,687,783.

Expenditures for general government purposes (General Fund and Volunteer Fire Department Fund) total \$1,852,479 for the fiscal year ended June 30, 2021.

**Town of La Grange, North Carolina**  
**Summary of Expenditures by Function – Governmental Funds**  
**For the Years Ended June 30, 2021 and 2020**  
**Figure 4**

	<b>Year Ended June 30, 2021</b>		<b>Year Ended June 30, 2020</b>	
	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>
General Government	7.89%	\$146,249	9.41%	\$154,703
Public safety	40.01%	741,089	43.05%	707,987
Human services	0.21%	3,939	0.21%	3,553
Transportation	17.62%	326,410	16.41%	269,888
Environmental protection	27.70%	513,191	17.28%	284,170
Cultural and recreational	5.16%	95,676	9.94%	163,402
Debt service	1.40%	25,925	3.70%	60,941
<b>Total</b>	<b>100.00%</b>	<b>\$1,852,479</b>	<b>100.00%</b>	<b>\$1,644,644</b>

Fund Balance in the General Fund at June 30, 2021, was \$2,604,831 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 \$94,489, accounting for 27.98% of the total growth in the government's net position. The increase in net position is a result in increased operating revenues. The Town's enterprise operations consist of water and sewer utilities and electric utilities.

## **Management Discussion and Analysis**

### **Town of La Grange**

The Water and Sewer net position at June 30, 2021 was \$8,237,455 compared to \$8,253,293 the preceding year. Operating income (loss) after depreciation totaled (\$131,360) and \$55,625 for the years ended June 30, 2021 and 2020, respectively. The primary reason for this decrease was a decrease in operating revenue and increase in operating expenses in the water and sewer fund.

The Town's water system average daily use is approximately 300,000 gallons daily with a capacity of approximately 645,000 gallons daily. The Town'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, 2021 was \$1,750,010 compared to \$1,639,683 the preceding year. Operating income (loss) after depreciation totaled \$42,910 for the year ended June 30, 2021, whereas 2020 showed an operating loss after depreciation of (\$91,879). The primary reason for this increase was increased revenues and decreased expenses in the electric fund.

Electric system revenues for the year ended June 30, 2021 was \$3,472,224. System power cost for power purchased from NCEMPA for the year ended June 30, 2021 was \$2,303,379.

The Town of La Grange's electrical customer base is approximately 1,500. The systems average peak demand is 5.266 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 \$1,864,181, while total fund balance reached \$2,604,831. 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 106.50% of total General fund expenditures, while total fund balance represents 148.83% 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 two occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. For 2021, significant budget amendments were made for the general government function (increase of \$23,034), the public safety function (increase of \$74,000), the human services function (increase of \$2,500) and the environmental protection function (increase of \$237,876).

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 \$1,048,997 and \$1,217,989 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 exceeded expenditures in the Electric Fund by \$105,128.
- On a budgetary basis, revenues exceeded expenditures in the Water and Sewer Fund by \$344,529.

### 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, 2021 totals \$11,259,998 (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 Street Sweeper for \$69,135
- Purchase of a Freightliner Garbage Truck for \$220,397
- Purchase of Water Meters for \$20,519
- Purchase of a Kubota Mower for \$7,995
- Electric improvements and meter reading equipment for \$39,250
- Construction in Progress of \$333,181 in the Water and Sewer Fund
- Construction in Progress of \$787,338 in the Electric Fund

**Town of La Grange, North Carolina**  
**Condensed Statement of Capital Assets (net of depreciation)**  
**June 30, 2021 and 2020**  
**Figure 5**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$41,050	\$41,050	\$447,230	\$447,230	\$488,280	\$488,280
Construction in Progress			1,499,886	379,367	1,499,886	379,367
Buildings and improvements	1,376,240	1,615,592			1,376,240	1,615,592
Equipment	64,902	83,990	343,337	397,585	408,239	481,575
Vehicles	499,030	302,153	127,976	172,103	627,006	474,256
Infrastructure and utility systems	214,712	223,597	6,645,635	6,950,374	6,860,347	7,173,971
<b>Total</b>	<b>\$2,195,934</b>	<b>\$2,266,382</b>	<b>\$9,064,064</b>	<b>\$8,346,659</b>	<b>\$11,259,998</b>	<b>\$10,613,041</b>

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, 2021, the Town of La Grange had total installment notes payable of \$4,583,108, of which \$276,860 belongs to governmental activities and \$4,306,248 belongs to business-type activities.

The Town of La Grange's total debt increased by \$3,897,316 during the current fiscal year, primarily due to principal payments of \$81,974 and debt proceeds of \$3,979,290.

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. 7. 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% (US Census 2019, 2020 information not available at the Town level as of this date).
- 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, 2022**

**Governmental Activities:** Property taxes, sales taxes, and franchise taxes make up the projected 0.12% decrease in budgeted revenue for the fiscal year 2021-2022. The Town reduced expenses to maintain a balanced budget. Budgeted expenditures in the General Fund are expected to decrease by \$77,395. This decrease primarily reflects decreased personnel related costs and satisfied USDA debt that was used to resurface some of the Town's streets in the late 1990's.

**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. Based on building permit applications, the acquisition of nearly all of the available vacant residential lot inventory and options and purchases of large tracts of vacant land by developers, indications are that the Town will begin to experience rapid residential growth in the next 4-5 years. Commercial growth will likely follow the residential growth. The tax revenues generated from this growth will help fund several priorities but will likely not be sufficient to meet future needs.

**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. but the cost to expand and improve the Town's Wastewater Treatment Plant to meet the demands of the rapid growth on the horizon will be a challenge. All totaled, the Town will expend approximately \$20,560,000 (including nearly \$13,000,000 in grant funding) on investments in the Town's critical water and wastewater collections and treatment facilities. In addition, \$3,750,000 will be invested in the Town's Electric System to lower wholesale power costs.

### **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](http://www.lagrangenc.com).

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$1,883,977	\$558,676	\$2,442,653
Investments	375,541	1,157,043	1,532,584
Receivables, net	239,106	314,469	553,575
Internal balances	(156,995)	156,995	
Note receivable - current maturities		4,709	4,709
Inventories	69,845	437,936	507,781
Prepaid items	17,716	86,052	103,768
Restricted cash and cash equivalents	894,959	4,009,470	4,904,429
<b>Total Current Assets</b>	<b>\$3,324,149</b>	<b>\$6,725,350</b>	<b>\$10,049,499</b>
<i>Capital assets:</i>			
Land and construction in progress	\$41,050	\$1,947,116	\$1,988,166
Other capital assets, net of depreciation	2,154,884	7,116,948	9,271,832
<b>Total Capital Assets</b>	<b>\$2,195,934</b>	<b>\$9,064,064</b>	<b>\$11,259,998</b>
<b>Total Assets</b>	<b>\$5,520,083</b>	<b>\$15,789,414</b>	<b>\$21,309,497</b>
<b>Deferred outflows of resources</b>	<b>\$71,653</b>	<b>\$193,728</b>	<b>\$265,381</b>
<b><u>LIABILITIES</u></b>			
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts payable and accrued liabilities	\$35,336	\$230,732	\$266,068
Current maturities of notes payable	80,954	567,631	648,585
Payable from restricted assets		1,040,333	1,040,333
<b>Total Current Liabilities</b>	<b>\$116,290</b>	<b>\$1,838,696</b>	<b>\$1,954,986</b>
<i>Long-term Liabilities:</i>			
Compensated absences	\$48,674	\$71,416	\$120,090
Net pension liability	119,156	322,161	441,317
Notes payable, net of current maturities	195,906	3,738,617	3,934,523
<b>Total Long-term Liabilities</b>	<b>\$363,736</b>	<b>\$4,132,194</b>	<b>\$4,495,930</b>
<b>Total Liabilities</b>	<b>\$480,026</b>	<b>\$5,970,890</b>	<b>\$6,450,916</b>
<b>Deferred inflows of resources</b>	<b>\$18,775</b>	<b>\$24,787</b>	<b>\$43,562</b>
<b>Net Position:</b>			
Net investment in capital assets	\$1,919,074	\$7,720,479	\$9,639,553
<i>Restricted For:</i>			
Stabilization by state statute	169,948		169,948
Transportation	284,125		284,125
Fire protection	608,525		608,525
Unrestricted	2,111,263	2,266,986	4,378,249
<b>Total Net Position</b>	<b>\$5,092,935</b>	<b>\$9,987,465</b>	<b>\$15,080,400</b>

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

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$168,035	\$104,763			(\$63,272)		(\$63,272)
Public safety	793,610	27,642	\$120,260		(645,708)		(645,708)
Human services	5,160				(5,160)		(5,160)
Transportation	276,400	82,599			(193,801)		(193,801)
Environmental protection	310,328	362,605	2,049		54,326		54,326
Cultural and recreational	137,247	6,711			(130,536)		(130,536)
Interest on long-term debt	2,210				(2,210)		(2,210)
<b>Total Governmental Activities</b>	<b>\$1,692,990</b>	<b>\$584,320</b>	<b>\$122,309</b>	<b>\$0</b>	<b>(\$986,361)</b>	<b>\$0</b>	<b>(\$986,361)</b>
Business-type Activities:							
Electric	\$3,430,973	\$3,471,824	\$400			\$41,251	\$41,251
Water and Sewer	1,353,542	1,207,420	1,295			(144,827)	(144,827)
<b>Total Business-type Activities</b>	<b>\$4,784,515</b>	<b>\$4,679,244</b>	<b>\$1,695</b>	<b>\$0</b>		<b>(\$103,576)</b>	<b>(\$103,576)</b>
<b>Total Primary Government</b>	<b>\$6,477,505</b>	<b>\$5,263,564</b>	<b>\$124,004</b>	<b>\$0</b>	<b>(\$986,361)</b>	<b>(\$103,576)</b>	<b>(\$1,089,937)</b>
<b>General Revenues:</b>							
Property taxes, levied for general purpose					\$700,914		\$700,914
Local option sales tax					321,794	\$51,190	372,984
Grants and contributions not restricted to specific programs					164,282		164,282
Unrestricted investment earnings					2,501	1,163	3,664
Unrestricted miscellaneous revenue					20,098	165,712	185,810
<b>Total general revenues not including transfers</b>					<b>\$1,209,589</b>	<b>\$218,065</b>	<b>\$1,427,654</b>
Transfers					20,000	(20,000)	
<b>Total general revenues and transfers</b>					<b>\$1,229,589</b>	<b>\$198,065</b>	<b>\$1,427,654</b>
<b>Change in Net Position</b>					<b>\$243,228</b>	<b>\$94,489</b>	<b>\$337,717</b>
<i>Net position, beginning of year</i>					<b>\$4,849,707</b>	<b>\$9,892,976</b>	<b>\$14,742,683</b>
<b>NET POSITION, ENDING</b>					<b>\$5,092,935</b>	<b>\$9,987,465</b>	<b>\$15,080,400</b>

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

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2021

	<u>Major</u>	<u>Non-major</u>	
		<u>Other</u>	
	<u>General Fund</u>	<u>Governmental</u>	<u>Total</u>
		<u>Funds</u>	
<b>ASSETS:</b>			
Cash and cash equivalents	\$1,875,960	\$8,017	\$1,883,977
Investments	375,541		375,541
Restricted cash and investments	284,125	610,834	894,959
Receivables, net:			
Taxes	53,463		53,463
Accounts	11,221		11,221
Intergovernmental	159,514	8,821	168,335
Prepaid Items	17,716		17,716
Inventories	69,845		69,845
<b>TOTAL ASSETS</b>	<b><u>\$2,847,385</u></b>	<b><u>\$627,672</u></b>	<b><u>\$3,475,057</u></b>
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$22,488	\$10,326	\$32,814
Due to other funds.	156,995		156,995
<b>Total Liabilities</b>	<b><u>\$179,483</u></b>	<b><u>\$10,326</u></b>	<b><u>\$189,809</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Sanitation revenue receivable	\$9,608		\$9,608
Property taxes receivable	53,463		53,463
<b>Total Deferred Inflows of Resources</b>	<b><u>\$63,071</u></b>	<b><u>\$0</u></b>	<b><u>\$63,071</u></b>
<b>FUND BALANCES:</b>			
Non spendable:			
Inventories	\$69,845		\$69,845
Prepays	17,716		17,716
Restricted for:			
Stabilization by state statute	161,127	\$8,821	169,948
Transportation	284,125		284,125
Fire protection		608,525	608,525
Committed for:			
Public safety	31,955		31,955
Transportation	11,606		11,606
Environmental protection	164,268		164,268
Unassigned	1,864,189		1,864,189
<b>Total Fund Balances</b>	<b><u>\$2,604,831</u></b>	<b><u>\$617,346</u></b>	<b><u>\$3,222,177</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$2,847,385</u></b>	<b><u>\$627,672</u></b>	

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

**TOWN OF LA GRANGE, NORTH CAROLINA**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021

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

Total Fund Balances, Governmental Funds		\$3,222,177
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$17,869,029	
Accumulated depreciation	<u>15,673,095</u>	2,195,934
Deferred outflows of resources related to pensions are not reported in the funds.		71,653
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.		6,087
Earned revenues considered deferred inflows of resources in funds statements.		
Tax revenue	<u>\$53,463</u>	53,463
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt	(\$276,860)	
Net pension liability	(119,156)	
OPEB Liability	<u></u>	(396,016)
Deferred inflows of resources related to pensions are not reported in the funds.		(9,167)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest	(\$2,522)	
Compensated absences	<u>(48,674)</u>	(51,196)
<b>Net Position of Governmental Activities</b>		<b><u>\$5,092,935</u></b>

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, 2021

	<u>Major</u>	<u>Non-Major</u>	
	<u>General Fund</u>	<u>Other Governmental General</u>	<u>Total</u>
<b>REVENUES:</b>			
Ad Valorem Taxes	\$723,080		\$723,080
Local Option Sales Tax	297,932		297,932
Unrestricted Intergovernmental	164,282		164,282
Restricted Intergovernmental	84,648	\$129,533	214,181
Permits and Fees	28,282		28,282
Sales and Services	473,439		473,439
Investment Earnings	737	1,764	2,501
Miscellaneous	23,279	19,245	42,524
Non-Operating Revenue	47,211		47,211
<b>TOTAL REVENUES</b>	<b>\$1,842,890</b>	<b>\$150,542</b>	<b>\$1,993,432</b>
<b>EXPENDITURES:</b>			
<i>Current:</i>			
General Government	\$146,249		\$146,249
Public Safety	638,771	\$102,318	741,089
Human Services	3,939		3,939
Transportation	326,410		326,410
Environmental Protection	513,191		513,191
Cultural and Recreational	95,676		95,676
Debt Service:			
Principal Retirement	23,269		23,269
Interest and Fees	2,656		2,656
<b>TOTAL EXPENDITURES</b>	<b>\$1,750,161</b>	<b>\$102,318</b>	<b>\$1,852,479</b>
Revenues Over Expenditures	\$92,729	\$48,224	\$140,953
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Issuance of Debt	\$229,290		\$229,290
Proceeds from Sale of Fixed Asset	108,932		108,932
Transfers From Other Funds	20,000	\$40,650	60,650
Transfer To Other Funds	(40,650)		(40,650)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$317,572</b>	<b>\$40,650</b>	<b>\$358,222</b>
<b>Net Change in Fund Balance</b>	<b>\$410,301</b>	<b>\$88,874</b>	<b>\$499,175</b>
Fund Balance, Beginning of Year	\$2,160,678	\$528,472	\$2,689,150
Change in Reserve for Inventories	33,852		33,852
<b>FUND BALANCE, END OF YEAR</b>	<b>\$2,604,831</b>	<b>\$617,346</b>	<b>\$3,222,177</b>

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, 2021**

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

Net changes in fund balances	\$499,175
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Change in fund balance due to change in reserve for inventory	33,852
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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	\$289,532	
Depreciation expense for governmental assets	<u>(196,001)</u>	93,531

Cost, net of accumulated depreciation, of assets disposed of	(163,979)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	30,970
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax and sanitation revenues	<u>(\$22,166)</u>	(22,166)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Proceeds from long-term debt	(\$229,290)	
Principal payments on long-term debt	23,268	
Decrease in accrued interest payable	<u>446</u>	(205,576)

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	(\$36,175)	
Other post-employment benefits	10,332	
Compensated absences	<u>3,264</u>	(22,579)
<b>Total Changes in Net Position of Governmental Activities</b>		<b><u>\$243,228</u></b>

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**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2021**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Positive (Negative)</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$685,936	\$685,936	\$723,080	\$37,144
Local Option Sales Tax	202,392	241,512	297,932	56,420
Unrestricted Intergovernmental	162,500	162,500	164,282	1,782
Restricted Intergovernmental	88,107	88,107	84,648	(3,459)
Permits and Fees	14,650	14,650	28,282	13,632
Sales and Services	436,900	436,900	473,439	36,539
Investment Earnings	9,616	9,616	737	(8,879)
Miscellaneous	25,959	25,959	23,279	(2,680)
Non-Operating Revenue			47,211	47,211
<b>Total Revenues</b>	<b>\$1,626,060</b>	<b>\$1,665,180</b>	<b>\$1,842,890</b>	<b>\$177,710</b>
<b>Expenditures:</b>				
General Government	\$213,502	\$236,536	\$146,249	\$90,287
Public Safety	583,898	657,898	638,771	19,127
Human Services	3,575	6,075	3,939	2,136
Transportation	375,421	375,421	326,410	49,011
Environmental Protection	364,339	602,215	513,191	89,024
Cultural and Recreational	138,750	138,750	95,676	43,074
Debt Service:				
Principal Retirement and Interest	25,925	25,925	25,925	
<b>Total Expenditures</b>	<b>\$1,705,410</b>	<b>\$2,042,820</b>	<b>\$1,750,161</b>	<b>\$292,659</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$79,350)</b>	<b>(\$377,640)</b>	<b>\$92,729</b>	<b>\$470,369</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Issuance of Debt		\$229,290	\$229,290	
Proceeds from Sale of Fixed Assets			108,932	(\$108,932)
Transfers from Other Funds	\$120,000	120,000	20,000	100,000
Transfers to Other Funds	(40,650)	(40,650)	(40,650)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$79,350</b>	<b>\$308,640</b>	<b>\$317,572</b>	<b>(\$8,932)</b>
<b>Fund Balance Appropriated</b>	<b>\$0</b>	<b>\$69,000</b>		<b>(\$69,000)</b>
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$410,301</b>	<b>\$410,301</b>
<i>Fund balance, beginning of year</i>			\$2,160,678	
<i>Change in reserve for inventories</i>			33,852	
<b>Fund balance, end of year</b>			<b>\$2,604,831</b>	

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, 2021

<u>Assets</u>	<u>Major</u>		<u>Total</u>
	<u>Electric Fund</u>	<u>Water &amp; Sewer Fund</u>	
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$197,071	\$361,605	\$558,676
Investments	588,280	568,763	1,157,043
Receivables, net:			
Accounts	119,328	59,933	179,261
Intergovernmental	70,104	65,104	135,208
Due from other funds	74,537	82,458	156,995
Note receivable - current maturities	4,709		4,709
Inventories	255,772	182,164	437,936
Prepaid items	54,076	31,976	86,052
Restricted Cash and Cash Equivalents	3,973,997	35,473	4,009,470
<b>Total Current Assets</b>	<b>\$5,337,874</b>	<b>\$1,387,476</b>	<b>\$6,725,350</b>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Land and other construction in progress	\$793,338	\$1,153,778	\$1,947,116
Other capital assets, net of depreciation	741,809	6,375,139	7,116,948
<b>Total Capital Assets</b>	<b>\$1,535,147</b>	<b>\$7,528,917</b>	<b>\$9,064,064</b>
<b>Total Assets</b>	<b>\$6,873,021</b>	<b>\$8,916,393</b>	<b>\$15,789,414</b>
<b>Deferred Outflows of Resources</b>	<b>\$95,537</b>	<b>\$98,191</b>	<b>\$193,728</b>
<u>Liabilities</u>			
<b>Current Liabilities:</b>			
Accounts Payable	\$207,246	\$23,486	\$230,732
Current maturities of notes payable	555,497	12,134	567,631
Liabilities payable from restricted assets:			
Accounts Payable	781,438		781,438
Customer Deposits	229,895	29,000	258,895
<b>Total Current Liabilities</b>	<b>\$1,774,076</b>	<b>\$64,620</b>	<b>\$1,838,696</b>
<b>Long-term liabilities:</b>			
Compensated absences	\$32,074	\$39,342	\$71,416
Net pension liability	158,874	163,287	322,161
Notes payable, net of current maturities	3,241,300	497,317	3,738,617
<b>Total long-term liabilities</b>	<b>\$3,432,248</b>	<b>\$699,946</b>	<b>\$4,132,194</b>
<b>Total Liabilities</b>	<b>\$5,206,324</b>	<b>\$764,566</b>	<b>\$5,970,890</b>
<b>Total Inflows of resources</b>	<b>\$12,224</b>	<b>\$12,563</b>	<b>\$24,787</b>
<u>Net Position</u>			
Net investment in capital assets	\$701,013	\$7,019,466	\$7,720,479
Unrestricted	1,048,997	1,217,989	2,266,986
<b>Total net position</b>	<b>\$1,750,010</b>	<b>\$8,237,455</b>	<b>\$9,987,465</b>

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

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended June 30, 2021

	Major		
	Electric Fund	Water and Sewer Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$3,471,824	\$1,207,420	\$4,679,244
Other operating revenues	400	1,295	1,695
<b>Total Operating Revenues</b>	<b>\$3,472,224</b>	<b>\$1,208,715</b>	<b>\$4,680,939</b>
<b>OPERATING EXPENSES:</b>			
Electrical operations	\$1,052,034		\$1,052,034
Electrical power purchases	2,303,379		2,303,379
Water operations		\$376,283	376,283
Sewer operations		349,558	349,558
Wastewater operations		217,258	217,258
Depreciation	73,901	396,976	470,877
<b>Total operating expenses</b>	<b>\$3,429,314</b>	<b>\$1,340,075</b>	<b>\$4,769,389</b>
<b>Operating income (loss)</b>	<b>\$42,910</b>	<b>(\$131,360)</b>	<b>(\$88,450)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
ARP Money	\$48,424	\$65,104	\$113,528
Investment Earnings	742	421	1,163
Sale of Materials	172		172
Interest Expense	(1,659)	(13,467)	(15,126)
Rental Income	16,056	22,039	38,095
Local Option Sales Tax		51,190	51,190
Miscellaneous Revenues	3,682	10,235	13,917
<b>Total nonoperating revenues (expenses)</b>	<b>\$67,417</b>	<b>\$135,522</b>	<b>\$202,939</b>
Income before contributions and transfers	\$110,327	\$4,162	\$114,489
Transfer to other funds		(20,000)	(20,000)
<b>Change in Net Position</b>	<b>\$110,327</b>	<b>(\$15,838)</b>	<b>\$94,489</b>
Total net position, beginning of year	1,639,683	8,253,293	9,892,976
<b>Total net position, end of year</b>	<b>\$1,750,010</b>	<b>\$8,237,455</b>	<b>\$9,987,465</b>

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, 2021

	Major		
	Electric Fund	Water and Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$3,498,101	\$1,257,785	\$4,755,886
Cash paid for goods and services	(2,850,779)	(575,199)	(3,425,978)
Cash paid to employees for services	(551,122)	(561,185)	(1,112,307)
Customer deposits received	29,239	12,489	41,728
<b>Net cash provided (used) by operating activities</b>	<b>\$125,439</b>	<b>\$133,890</b>	<b>\$259,329</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to/from other funds		(\$20,000)	(\$20,000)
Local option sales taxes received		50,102	50,102
Other revenues	\$19,910	32,274	52,184
<b>Net cash provided (used) by noncapital financing activities</b>	<b>\$19,910</b>	<b>\$62,376</b>	<b>\$82,286</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(\$39,250)	(\$361,694)	(\$400,944)
Principal received on note receivable	14,125		14,125
Proceeds from Debt Issuance	3,744,100		3,744,100
Principal paid on installment obligations	(46,797)	(11,909)	(58,706)
Interest paid on installment obligations	(2,083)	(13,581)	(15,664)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>\$3,670,095</b>	<b>(\$387,184)</b>	<b>\$3,282,911</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investments	\$59,136	\$181,916	\$241,052
Interest on investments	742	421	1,163
<b>Net cash provided (used) by investing activities</b>	<b>\$59,878</b>	<b>\$182,337</b>	<b>\$242,215</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$3,875,322</b>	<b>(\$8,581)</b>	<b>\$3,866,741</b>
Cash and Cash Equivalents, July 1	295,746	405,659	701,405
<b>Cash and Cash Equivalents, June 30</b>	<b>\$4,171,068</b>	<b>\$397,078</b>	<b>\$4,568,146</b>
<i>Reconciliation of cash at end of year:</i>			
Cash	\$197,071	\$361,605	\$558,676
Restricted cash	3,973,997	35,473	4,009,470
<b>Total cash</b>	<b>\$4,171,068</b>	<b>\$397,078</b>	<b>\$4,568,146</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$42,910	(\$131,360)	(\$88,450)
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>			
Depreciation	\$73,901	\$396,976	\$470,877
<i>Changes in assets and liabilities:</i>			
(Increase) Decrease in accounts receivable	25,947	28,818	54,765
(Increase) Decrease in due from other funds	(38,660)	(386,792)	(425,452)
(Increase) Decrease in inventory	(4,143)	(122,506)	(126,649)
(Increase) Decrease in prepaid items	(6,169)	(11,442)	(17,611)
(Increase) Decrease in deferred outflows of resources for pensions	(9,604)	(16,583)	(26,187)
Increase (Decrease) in accounts payable and accrued liabilities	(4,961)	3,781	(1,180)
Increase (Decrease) in customer deposits	29,239	12,489	41,728
Increase (Decrease) in due to other funds		340,000	340,000
Increase (Decrease) in compensated absences payable	8,057	4,667	12,724
Increase (Decrease) in net pension liability	9,329	39,912	49,241
Increase (Decrease) in other post-employment benefits		(26,212)	(26,212)
Increase (Decrease) in deferred inflows of resources for pensions	(407)	2,142	1,735
<b>Total adjustments</b>	<b>\$82,529</b>	<b>\$265,250</b>	<b>\$347,779</b>
<b>Net cash provided by (used by) operating activities</b>	<b>\$125,439</b>	<b>\$133,890</b>	<b>\$259,329</b>

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, 2021

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**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.

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. The Electric System Project fund has been consolidated into the Electric Fund for financial reporting purposes. The budgetary comparison for the Electric System Project has been included in the supplemental information.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

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**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, the Water System Project Fund, and the Wastewater System Project Fund have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for each fund have 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, 2021

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**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 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 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 \$337,410.

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, 2021, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

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**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, 2021 follows.

<b>Town of La Grange Restricted Cash</b>	
<i>Governmental Activities:</i>	
General Fund:	
Streets-Powell Bill	\$245,961
Streets-USDA Loan Provision	38,164
Volunteer Fire Department Fund:	
Fire Protection - Lenoir and Wayne Counties	394,809
Firefighter's Relief Fund	216,025
<b>Total Governmental Activities</b>	<b><u>\$894,959</u></b>
<i>Business-type Activities:</i>	
Electric Fund:	
Customer Deposits	\$229,895
BESS - Electric System Project	\$3,744,102
Water and Sewer Fund:	
Customer Deposits	14,766
USDA Debt Service	20,707
<b>Total Business-type Activities</b>	<b><u>\$4,009,470</u></b>
<b>Total Restricted Cash</b>	<b><u>\$4,904,429</u></b>

**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, 2020. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's general fund, ad valorem tax 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, 2021

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**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 considers assets with a minimum cost of \$1,500 to be capital assets. 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:

<b>Asset Class</b>	<b>Useful Life</b>
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 2021 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, 2021

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**E. 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, 2021

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**E. 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, 2021

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**E. 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, 2021

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**A. Assets (continued)**

At June 30, 2021, the Town's deposits had a carrying amount of \$7,062,457; \$2,442,153 was unrestricted and \$4,620,304 was restricted, and a bank balance of \$7,027,120. Of the bank balance, \$500,000 was covered by federal depository insurance and \$6,527,120 was covered by collateral held under the Pooling Method. At June 30, 2021, the Town had \$500 cash on hand.

**2. Investments**

At June 30, 2021, 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	Fair Value Level 1	\$1,816,709	N/A	AAAm

Of the \$1,816,709, \$1,532,584 was unrestricted and \$284,125 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 and AAAm-mf by Moody's Investors Service as of June 30, 2021.

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**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**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, 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, 2021 were as follows:

<u>Year Ending June 30</u>	
2022	\$4,708
	<b><u>\$4,708</u></b>

**4. Receivables – Allowances for Doubtful Accounts**

Government-wide receivables as of June 30, 2021 are as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Inter- Governmental</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General Fund	\$87,036	\$47,712	\$159,514	\$7,834	\$302,096
Volunteer Fire Department Fund			8,821		8,821
<b>Total</b>	<b>\$87,036</b>	<b>\$47,712</b>	<b>\$168,335</b>	<b>\$7,834</b>	<b>\$310,917</b>
Allowance for doubtful accounts	(33,573)	(38,238)			(71,811)
<b>Total Governmental Activities</b>	<b>\$53,463</b>	<b>\$9,474</b>	<b>\$168,335</b>	<b>\$7,834</b>	<b>\$239,106</b>
Business-type Activities:					
Electric Fund		\$307,008	\$70,104		\$377,112
Water and Sewer Fund		192,025	65,104		257,129
<b>Total</b>	<b>\$0</b>	<b>\$499,033</b>	<b>\$135,208</b>	<b>\$0</b>	<b>\$634,241</b>
Allowance for doubtful accounts		(319,772)			(319,772)
<b>Total Business-type Activities</b>	<b>\$0</b>	<b>\$179,261</b>	<b>\$135,208</b>	<b>\$0</b>	<b>\$314,469</b>

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

Sales tax refund	\$6,248
ARPA Money	47,211
Local option sales tax	52,622
Utility franchise taxes	33,834
Solid waste disposal tax	508
Lenoir County - Fire district taxes	8,174
Lenoir County - Motor vehicle taxes	19,738
<b>Total Governmental Activities</b>	<b>\$168,335</b>
Sales tax refund	\$21,680
ARPA Money	113,528
<b>Total Business-Type Activities</b>	<b>\$135,208</b>
<b>Total Intergovernmental Receivables</b>	<b>\$303,543</b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**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:

<b>Year Ending June 30</b>	
2022	\$14,451
2023	14,743
Thereafter	1,340
	<b><u>\$30,534</u></b>

**6. Capital Assets**

**Primary Government**

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$41,050			\$41,050
Total Capital Assets Not Being Depreciated	<b><u>\$41,050</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$41,050</u></b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$2,167,982		\$172,367	\$1,995,615
Improvements	319,015			319,015
Equipment	549,726		1,221	548,505
Vehicles	1,248,466	\$289,532		1,537,998
Infrastructure	13,426,846			13,426,846
Total Capital Assets Being Depreciated	<b><u>\$17,712,035</u></b>	<b><u>\$289,532</u></b>	<b><u>\$173,588</u></b>	<b><u>\$17,827,979</u></b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$744,336	\$58,895	\$8,388	\$794,843
Improvements	127,069	16,478		143,547
Equipment	465,736	19,088	1,221	483,603
Vehicles	946,313	92,655		1,038,968
Infrastructure	13,203,249	8,885		13,212,134
Total Accumulated Depreciation	<b><u>\$15,486,703</u></b>	<b><u>\$196,001</u></b>	<b><u>\$9,609</u></b>	<b><u>\$15,673,095</u></b>
Total Capital Assets Being Depreciated, Net	\$2,225,332			\$2,154,884
<b>Governmental Activity Capital Assets, Net</b>	<b><u>\$2,266,382</u></b>			<b><u>\$2,195,934</u></b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**A. Assets (continued)**

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

General Government	\$23,789
Public safety	51,942
Human Services	1,221
Transportation	24,588
Environmental protection	52,890
Cultural and recreation	41,571
<b>Total Depreciation Expense</b>	<b><u>\$196,001</u></b>

**Enterprise Funds**

Capital asset activity for the Enterprise Fund for the year ended June 30, 2021, was as follows:

	<b><u>Beginning Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balances</u></b>
<b><i>Business-type Activity:</i></b>				
<b><i>Electric Fund:</i></b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$6,000			\$6,000
Construction in Progress		\$787,338		787,338
Total Capital Assets Not Being Depreciated	<b><u>\$6,000</u></b>	<b><u>\$787,338</u></b>	<b><u>\$0</u></b>	<b><u>\$793,338</u></b>
<b>Capital Assets Being Depreciated:</b>				
Electric system	\$1,401,390	\$39,250		\$1,440,640
Equipment	338,182			338,182
Vehicles	485,701			485,701
Total Assets Being Depreciated	<b><u>\$2,225,273</u></b>	<b><u>\$39,250</u></b>	<b><u>\$0</u></b>	<b><u>\$2,264,523</u></b>
<b><i>Less Accumulated Depreciation for:</i></b>				
Electric system	\$890,414	\$29,357		\$919,771
Equipment	223,838	15,920		239,758
Vehicles	334,561	28,624		363,185
Total Accumulated Depreciation	<b><u>\$1,448,813</u></b>	<b><u>\$73,901</u></b>	<b><u>\$0</u></b>	<b><u>\$1,522,714</u></b>
Total Capital Assets Being Depreciated, Net	\$776,460			\$741,809
<b>Electric Fund Capital Assets, Net</b>	<b><u>\$782,460</u></b>			<b><u>\$1,535,147</u></b>

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**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**A. Assets (continued)**

***Business-type Activity:***

***Water and Sewer Fund:***

**Capital Assets Not Being Depreciated:**

Land	\$441,230			\$441,230
Construction in Progress	379,367	\$333,181		712,548
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$820,597</b>	<b>\$333,181</b>	<b>\$0</b>	<b>\$1,153,778</b>

**Capital Assets Being Depreciated:**

Plant and Distribution Systems	\$15,205,701	\$20,519	\$1,094	\$15,225,126
Equipment	1,004,598	7,994	357	1,012,235
Vehicles	227,678			227,678
<b>Total Assets Being Depreciated</b>	<b>\$16,437,977</b>	<b>\$28,513</b>	<b>\$1,451</b>	<b>\$16,465,039</b>

***Less Accumulated Depreciation for:***

Plant and Distribution Systems	\$8,766,303	\$335,151	\$1,094	\$9,100,360
Equipment	721,357	46,322	357	767,322
Vehicles	206,715	15,503		222,218
<b>Total Accumulated Depreciation</b>	<b>\$9,694,375</b>	<b>\$396,976</b>	<b>\$1,451</b>	<b>\$10,089,900</b>

*Total Capital Assets Being Depreciated, Net*

\$6,743,602			\$6,375,139
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**Water and Sewer Fund Capital Assets, Net**

<b>\$7,564,199</b>			<b>\$7,528,917</b>
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**Total Business-type Activities Capital Assets, Net**

<b>\$8,346,659</b>			<b>\$9,064,064</b>
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The Town has active construction projects as of June 30, 2021. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Electric System Project	\$787,338	\$2,962,663
<b>Total</b>	<b>\$787,338</b>	<b>\$2,962,663</b>

**B. Liabilities**

**1. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at the government-wide level at June 30, 2021, were as follows:

	<u>Vendors</u>	<u>Salaries and Employee Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$15,862	\$6,626	\$2,522	\$25,010
Volunteer Fire Department Fund	10,326			10,326
<b>Total Governmental Activities</b>	<b>\$26,188</b>	<b>\$6,626</b>	<b>\$2,522</b>	<b>\$35,336</b>
Business-Type Activities:				
Electric Fund	\$985,040	\$2,874	\$770	\$988,684
Water and Sewer Fund	15,006	3,906	4,574	23,486
<b>Total Business-type Activities</b>	<b>\$1,000,046</b>	<b>\$6,780</b>	<b>\$5,344</b>	<b>\$1,012,170</b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

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**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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*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, 2021, was 10.15% 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 \$114,702 for the year ended June 30, 2021.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**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, 2021, the Town reported a liability of \$441,317 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.01235%, which was a decrease of .00134% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$133,985. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$55,731	
Changes of assumptions and other inputs	32,843	
Net difference between projected and actual earnings on pension plan investments	62,104	
Changes in proportion and differences between employer contributions and proportionate share of contributions		\$33,953
Employer contributions subsequent to the measurement date	114,702	
	<b><u>\$265,380</u></b>	<b><u>\$33,953</u></b>

\$114,702 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2022	\$26,283
2023	46,559
2024	25,503
2025	18,380
2026	
Thereafter	<b><u>\$116,725</u></b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

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**B. Liabilities (Continued)**

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

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%
<b>Total</b>	<b>100.0%</b>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. 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, 2021

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**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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability	\$895,386	\$441,317	\$63,955

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

***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, 2021 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, 2021 totaled \$11,512 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, 2021

**B. Liabilities (Continued)**

**3. Other Post-Employment Benefit Obligation**

**Healthcare Benefits**

Beginning in 2005, the Town changed their policy and no longer offered health insurance to retirees. The last qualifying retiree came off the plan as of June 29, 2021.

**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.

**5. Deferred Outflows and Inflows of Resources**

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

<b>Source</b>	<b>Amount</b>
Contributions to the pension plan in current fiscal year	\$114,702
Differences between expected and actual experience	55,731
Changes of assumptions	32,843
Net difference between projected and actual earnings on pension plan investments	62,104
	<b><u>\$265,380</u></b>

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

<b>Source</b>	<b>Statement of Net Position</b>	<b>General Fund Balance Sheet</b>
Taxes receivable (General Fund)		\$53,463
Refuse receivable (General Fund)	\$9,608	9,608
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,954	
	<b><u>\$43,562</u></b>	<b><u>\$63,071</u></b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

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**B. Liabilities (Continued)**

**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.

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. 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, 2021 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	\$47,570
\$229,290 loan from Southern Bank, executed in March 2021, due in 4 annual installments of \$57,322.53, plus interest at 1.29%.	229,290
<b>Total installment notes payable serviced by the General Fund</b>	<b>\$276,860</b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**B. Liabilities (Continued)**

**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	\$46,797
\$3,750,000 loan from Truist, executed in June 2021, due in 7 annual installments of \$573,199.83 including interest at 1.72%.	3,750,000
<b>Total installment notes payable serviced by the Electric Fund</b>	<b>\$3,796,797</b>

**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	\$127,720
\$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	290,350
\$101,225 loan from WWSRP, executed in May 2020, 20 annual principal only installments are due May 1 each year.	91,381
<b>Total installment notes payable serviced by the Electric Fund</b>	<b>\$509,451</b>

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
2022	\$80,954	\$5,251	\$567,631	\$78,908
2023	81,261	4,149	530,094	68,874
2024	57,323	1,479	539,234	59,734
2025	57,322	739	548,534	50,434
2026			557,998	40,970
2027-2031			1,188,545	86,696
2032-2036			78,796	50,045
2037-2041			77,752	40,967
2042-2047			73,225	30,310
2047-2051			85,735	17,800
2052-2054			58,704	3,974
<b>Total</b>	<b>\$276,860</b>	<b>\$11,618</b>	<b>\$4,306,248</b>	<b>\$528,712</b>

As of June 30, 2021, the Town of La Grange, North Carolina had a legal debt margin of \$10,258,163.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**B. Liabilities (Continued)**

***b. Changes in Long-Term Liabilities***

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>	<b>Portion of</b>
					<b>Balance</b>
<b>Governmental Activities:</b>					
Compensated Absences	\$51,938		\$3,264	\$48,674	
Net Pension Liability (LGRS)	100,943	\$18,214		119,157	
Other Post-Employment Benefits	17,475		17,475		
Notes Payable	70,838	229,290	23,268	276,860	\$80,954
<b>Governmental Activity Long-Term Liabilities</b>	<b><u>\$241,194</u></b>	<b><u>\$247,504</u></b>	<b><u>\$44,007</u></b>	<b><u>\$444,691</u></b>	<b><u>\$80,954</u></b>

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>	<b>Portion of</b>
					<b>Balance</b>
<b>Business-type Activities:</b>					
Electric Fund:					
Compensated Absences	\$24,017	\$8,057		\$32,074	
Net Pension Liability (LGRS)	149,545	9,329		158,874	
Notes Payable	93,594	3,750,000	\$46,797	3,796,797	\$555,497
Water and Sewer Fund:					
Compensated Absences	34,675	4,667		39,342	
Net Pension Liability (LGRS)	123,375	39,912		163,287	
Other Post-Employment Benefits	26,212		26,212		
Notes Payable	521,360		11,909	509,451	12,134
<b>Business-type Activity Long-Term Liabilities</b>	<b><u>\$972,778</u></b>	<b><u>\$3,811,965</u></b>	<b><u>\$84,918</u></b>	<b><u>\$4,699,825</u></b>	<b><u>\$567,631</u></b>

***c. Interfund Balances and Activity***

Transfers to/from other funds for the year ended June 30, 2021 consists of the following:

Transfer to:	
General Fund	\$20,000
Well Capital Project	14,142
Volunteer Fire Department Fund	40,650
	<b><u>\$74,792</u></b>
Transfer from:	
General Fund	\$40,650
Water and Sewer Fund	34,142
	<b><u>\$74,792</u></b>

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 to the Well Capital Project was to close out the fund.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

**B. Liabilities (Continued)**

Interfund balances due to/from other funds for the year ended June 30, 2021, consist of the following:

Due from the General Fund to the Electric Fund	\$74,537
Due from the General Fund to the Water and Sewer Fund	82,458
	<b><u>\$156,995</u></b>

**d. Net Investment in Capital Assets**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Total Capital Assets	\$2,195,934	\$9,064,064	\$11,259,998
Less: Associated Notes Payable	(276,860)	(1,343,585)	(1,620,445)
	<b><u>\$1,919,074</u></b>	<b><u>\$7,720,479</u></b>	<b><u>\$9,639,553</u></b>

**e. Fund Balances**

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

	<b>General Fund</b>	<b>Volunteer Fire Department Fund</b>	<b>Total</b>
<b>Total Fund Balance:</b>	\$2,604,831	\$617,346	\$3,222,177
<b>Less:</b>			
Inventories	69,845		69,845
Prepays	17,716		17,716
Stabilization by State Statute	161,127	8,821	169,948
Transportation	284,125		284,125
Fire Protection		608,525	608,525
Public Safety	31,955		31,955
Transportation	11,606		11,606
Environmental Protection	164,268		164,268
<b>Remaining Fund Balance</b>	<b><u>\$1,864,189</u></b>	<b><u>\$0</u></b>	<b><u>\$1,864,189</u></b>

**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, 2021 amounted to \$2,303,379.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2021

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**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 December 1, 2021, the date on which the financial statements were available to be issued. As a result of the continued 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.

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST EIGHT FISCAL YEARS\***

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Town's proportion of the net pension liability (asset) (%)	0.01235%	0.01369%	0.01463%	0.01530%	0.01801%	0.01725%	0.01738%	0.01650%
Town's portion of the net pension liability (asset) (\$)	\$441,318	\$373,863	\$347,074	\$233,743	\$382,236	(\$77,417)	\$102,500	(\$139,764)
Town's covered-employee payroll*	\$902,394	\$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	48.91%	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%	96.45%

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

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

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

<b>Schedule of Town Contributions</b>								
<b>Last Eight Fiscal Years</b>								
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$114,702	\$80,764	\$69,132	\$66,565	\$62,483	\$61,862	\$61,943	\$59,125
Contributions in relation to the contractually required contribution	114,702	80,764	69,132	66,565	62,483	61,862	61,943	59,125
<b>Contribution deficiency (excess)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Town's covered-employee payroll	\$1,130,070	\$902,394	\$892,046	\$882,826	\$900,226	\$887,907	\$876,153	\$836,274
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.54%	6.94%	6.97%	7.07%	7.07%

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<i>Ad Valorem Taxes:</i>			
Taxes	\$683,136	\$712,780	\$29,644
Penalties and Interest	2,800	10,300	7,500
<b>Total</b>	<b>\$685,936</b>	<b>\$723,080</b>	<b>\$37,144</b>
<b>Local Option Sales Taxes</b>	<b>\$241,512</b>	<b>\$297,932</b>	<b>\$56,420</b>
<i>Unrestricted Intergovernmental:</i>			
Utility Franchise Taxes	\$150,000	\$152,851	\$2,851
Beer and Wine Taxes	12,500	11,431	(1,069)
<b>Total</b>	<b>\$162,500</b>	<b>\$164,282</b>	<b>\$1,782</b>
<i>Restricted Intergovernmental:</i>			
Powell Bill Allocation	\$86,607	\$82,599	(\$4,008)
Solid Waste Disposal Tax Distribution	1,500	2,049	549
<b>Total</b>	<b>\$88,107</b>	<b>\$84,648</b>	<b>(\$3,459)</b>
<i>Permits and Fees:</i>			
Building Permits	\$14,000	\$27,642	\$13,642
Other Permits	650	640	(10)
<b>Total</b>	<b>\$14,650</b>	<b>\$28,282</b>	<b>\$13,632</b>
<i>Sales and Services:</i>			
Sanitation Revenues	\$348,000	\$362,605	\$14,605
Cemetery Lot Sales	47,900	96,285	48,385
Community Center Revenues	40,500	6,711	(33,789)
Other Sales and Services	500	7,838	7,338
<b>Total</b>	<b>\$436,900</b>	<b>\$473,439</b>	<b>\$36,539</b>
<b>Investment Earnings</b>	<b>\$9,616</b>	<b>\$737</b>	<b>(\$8,879)</b>
<i>Miscellaneous:</i>			
Other Revenues	\$25,959	\$23,279	(\$2,680)
<b>Total</b>	<b>\$25,959</b>	<b>\$23,279</b>	<b>(\$2,680)</b>
<i>Non-Operating Revenue:</i>			
ARP Money		\$47,211	\$47,211
<b>Total</b>	<b>\$0</b>	<b>\$47,211</b>	<b>\$47,211</b>
<b>Total Revenues</b>	<b>\$1,665,180</b>	<b>\$1,842,890</b>	<b>\$177,710</b>
<b>Expenditures</b>			
<i>General Government:</i>			
General Government:			
Mayor and Town Council	\$10,624	\$7,931	\$2,693
Other Operating Expenditures	96,025	51,663	44,362
Capital Outlay	32,534	1,596	30,938
<b>Total</b>	<b>\$139,183</b>	<b>\$61,190</b>	<b>\$77,993</b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
For the Fiscal Year Ended June 30, 2021

<b>Expenditures</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<i>Administration:</i>			
Salaries and Employee Benefits	\$106,653	\$97,634	\$9,019
Other Operating Expenditures	4,700	1,425	3,275
Reimbursement - Electric Fund	(14,000)	(14,000)	
<b>Total</b>	<b>\$97,353</b>	<b>\$85,059</b>	<b>\$12,294</b>
<b>Total General Government</b>	<b>\$236,536</b>	<b>\$146,249</b>	<b>\$90,287</b>
<i>Public Safety:</i>			
Police:			
Contracted Services	\$568,077	\$568,598	(\$521)
Other Operating Expenditures	37,850	19,679	18,171
<b>Total</b>	<b>\$605,927</b>	<b>\$588,277</b>	<b>\$17,650</b>
Inspections:			
Salaries and Employee Benefits	\$41,671	\$45,405	(\$3,734)
Other Operating Expenditures	10,300	5,089	5,211
<b>Total</b>	<b>\$51,971</b>	<b>\$50,494</b>	<b>\$1,477</b>
<b>Total Public Safety</b>	<b>\$657,898</b>	<b>\$638,771</b>	<b>\$19,127</b>
<i>Human Services:</i>			
Council on Aging:			
Operating Expenditures	\$6,075	\$3,939	\$2,136
<i>Transportation:</i>			
Streets:			
Salaries and Employee Benefits	\$109,627	\$145,737	(\$36,110)
Vehicle Fuel and Maintenance	19,500	24,812	(5,312)
Utilities	23,000	22,662	338
Repairs and Maintenance	91,644	21,840	69,804
Other Operating Expenditures	52,650	42,064	10,586
Capital Outlay	79,000	69,295	9,705
<b>Total</b>	<b>\$375,421</b>	<b>\$326,410</b>	<b>\$49,011</b>
<i>Environmental Protection:</i>			
Sanitation:			
Salaries and Employee Benefits	\$80,078	\$96,382	(\$16,304)
Contracted Services	1,500	565	935
Other Operating Expenditures	160,900	128,591	32,309
Capital Outlay	292,376	220,397	71,979
<b>Total</b>	<b>\$534,854</b>	<b>\$445,935</b>	<b>\$88,919</b>
Cemetery:			
Salaries and Employee Benefits	\$12,311	\$15,845	(\$3,534)
Operating Expenditures	55,050	51,411	3,639
<b>Total</b>	<b>\$67,361</b>	<b>\$67,256</b>	<b>\$105</b>
<b>Total Environmental Protection</b>	<b>\$602,215</b>	<b>\$513,191</b>	<b>\$89,024</b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
<u><i>Cultural and Recreational:</i></u>			
Recreation:			
Salaries and Employee Benefits	\$26,600	\$31,080	(\$4,480)
Operating Expenditures	74,150	40,157	33,993
Capital Outlay	10,000	142	9,858
<b>Total</b>	<b>\$110,750</b>	<b>\$71,379</b>	<b>\$39,371</b>
Library:			
Operating Expenditures	<b>\$27,500</b>	<b>\$23,797</b>	<b>\$3,703</b>
Contribution to the Arts Council	<b>\$500</b>	<b>\$500</b>	
<b>Total Cultural and Recreational</b>	<b>\$138,750</b>	<b>\$95,676</b>	<b>\$43,074</b>
<u><i>Debt Service:</i></u>			
Note Principal	\$23,269	\$23,269	
Interest and Fees	2,656	2,656	
<b>Total</b>	<b>\$25,925</b>	<b>\$25,925</b>	<b>\$0</b>
<b>Total Expenditures</b>	<b>\$2,042,820</b>	<b>\$1,750,161</b>	<b>\$292,659</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$377,640)</b>	<b>\$92,729</b>	<b>\$470,369</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Issuance of Debt	\$229,290	\$229,290	
Proceeds from Sale of Fixed Asset		108,932	\$108,932
Transfers From Other Funds:			
Water and Sewer Fund	20,000	20,000	
Electric Fund	100,000		(100,000)
Transfers To Other Funds:			
Volunteer Fire Department Fund	(40,650)	(40,650)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$308,640</b>	<b>\$317,572</b>	<b>\$8,932</b>
<b>Revenues and Other Financing Sources Over (Under)</b>			
<b>Expenditures and Other Financing Uses</b>	<b>(\$69,000)</b>	<b>\$410,301</b>	<b>\$479,301</b>
<b>Appropriated Fund Balance</b>	<b>\$69,000</b>		<b>(\$69,000)</b>
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$410,301</b>	<b>\$410,301</b>
Fund Balances, Beginning of Year		2,160,678	
Change in Reserve for Inventories		33,852	
Fund Balance, End of Year		<b>\$2,604,831</b>	

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**BALANCE SHEET – VOLUNTEER FIRE DEPARTMENT**  
June 30, 2021

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<b>ASSETS:</b>	
Cash and cash equivalents	\$8,017
Restricted cash and investments	610,834
Receivables, net:	
Intergovernmental	8,821
<b>TOTAL ASSETS</b>	<b>\$627,672</b>
<b>LIABILITIES:</b>	
Accounts payable and accrued liabilities	\$10,326
<b>Total Liabilities</b>	<b>\$10,326</b>
<b>FUND BALANCES:</b>	
Restricted for:	
Stabilization by state statute	\$8,821
Fire protection	608,525
<b>Total Fund Balances</b>	<b>\$617,346</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$627,672</b>

## STATEMENT 5

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – VOLUNTEER FIRE DEPARTMENT FUND**  
For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Restricted Intergovernmental:			
Lenoir County Fire District Taxes	\$90,060	\$99,964	\$9,904
Wayne County Fire District Taxes	4,805	5,707	902
Lenoir County Local Option Sales Tax	14,000	23,862	9,862
Sales Tax Refund	2,000		(2,000)
<b>Total</b>	<b>\$110,865</b>	<b>\$129,533</b>	<b>\$18,668</b>
Miscellaneous:			
Fundraising and Contributions	\$15,000	\$14,589	(\$411)
Firemen's Relief Funds	7,000		(7,000)
Other Income		4,656	4,656
<b>Total</b>	<b>\$22,000</b>	<b>\$19,245</b>	<b>(\$2,755)</b>
Investment Earnings	\$600	\$1,764	\$1,164
<b>Total Revenues</b>	<b>\$133,465</b>	<b>\$150,542</b>	<b>\$17,077</b>
<b>Expenditures</b>			
Public Safety:			
Repairs	\$31,000	\$22,378	\$8,622
Fuel	8,500	6,141	2,359
Firefighting Supplies	43,300	12,467	30,833
Insurance	26,750	30,909	(4,159)
Radio Maintenance	15,000	3,821	11,179
Utilities	15,000	12,916	2,084
Pension	11,450	6,488	4,962
Dues	2,500	3,465	(965)
Fundraising	3,400	3,733	(333)
Auditing & Other Fees	1,500		1,500
Capital Outlay	15,715		15,715
<b>Total Expenditures</b>	<b>\$174,115</b>	<b>\$102,318</b>	<b>\$71,797</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$40,650)</b>	<b>\$48,224</b>	<b>\$88,874</b>
<b>Other Financing Sources (Uses):</b>			
Transfers From Other Funds	\$40,650	\$40,650	
<b>Total Other Financing Sources (Uses)</b>	<b>\$40,650</b>	<b>\$40,650</b>	<b>\$0</b>
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$88,874</b>	<b>\$88,874</b>
<i>Fund Balances, Beginning of Year</i>		528,472	
<b>Fund Balances, End of Year</b>		<b>\$617,346</b>	

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL – ELECTRIC FUND**  
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Operating Revenues:			
Charges for Services:			
Electric Charges	\$3,487,820	\$3,461,064	(\$26,756)
Service Charges	15,000	10,760	(4,240)
<b>Total Charges for Services</b>	<b>\$3,502,820</b>	<b>\$3,471,824</b>	<b>(\$30,996)</b>
Other Operating Revenues.	\$14,126	\$400	(\$13,726)
<b>Total Operating Revenues</b>	<b>\$3,516,946</b>	<b>\$3,472,224</b>	<b>(\$44,722)</b>
Nonoperating Revenues:			
ARP Money		\$48,424	\$48,424
Investment Earnings	\$8,000	740	(7,260)
Sale of Materials	100	172	72
Miscellaneous Revenues	7,000	3,683	(3,317)
Sales Tax Refund	30,000		(30,000)
Rental Income	16,135	16,056	(79)
<b>Total Nonoperating Revenues</b>	<b>\$61,235</b>	<b>\$69,075</b>	<b>\$7,840</b>
<b>Total Revenues</b>	<b>\$3,578,181</b>	<b>\$3,541,299</b>	<b>(\$36,882)</b>
<b>Expenditures</b>			
Electrical Operations:			
Salaries and Employee Benefits	\$507,605	\$551,122	(\$43,517)
Contracted Services	70,000	61,820	8,180
Maintenance and Repairs	75,200	116	75,084
Reimbursement to General Fund	14,000	14,000	
Other Operating Expenditures	501,000	417,604	83,396
<b>Total</b>	<b>\$1,167,805</b>	<b>\$1,044,662</b>	<b>\$123,143</b>
<b>Electrical Power Purchases</b>	<b>\$2,275,567</b>	<b>\$2,303,379</b>	<b>(\$27,812)</b>
<b>Capital Outlay</b>	<b>\$43,800</b>	<b>\$39,250</b>	<b>\$4,550</b>
Debt Service:			
Principal Payments	\$48,909	\$46,797	\$2,112
Interest Payments	2,100	2,083	17
<b>Total</b>	<b>\$51,009</b>	<b>\$48,880</b>	<b>\$2,129</b>
<b>Total Expenditures</b>	<b>\$3,538,181</b>	<b>\$3,436,171</b>	<b>\$102,010</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$40,000</b>	<b>\$105,128</b>	<b>\$65,128</b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL – ELECTRIC FUND**  
For the Fiscal Year Ended June 30, 2021

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**Other Financing Sources (Uses):**

Transfer to General Fund	(\$100,000)		\$100,000
Fund Balance Appropriated	60,000		(60,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$40,000)</b>	<b>\$0</b>	<b>\$40,000</b>

**Revenues, and Other Financing Sources, and**

<b>Appropriated Fund Balance Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$105,128</b>	<b>\$105,128</b>
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**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

\$105,128

**Reconciling Items:**

Debt Principal

46,797

Capital Outlay

39,250

Depreciation

(73,901)

Investment Earnings - Electric System Project

2

Decrease in Accrued Interest Payable

425

Increase in Accrued Compensated Absences

(8,057)

Increase in Net Pension Liability

(9,330)

Increase in Deferred Outflows of Resources - Pensions

9,605

Decrease in Deferred Inflows of Resources - Pensions

408

**Total Reconciling Items****\$5,199****Change in Net Position****\$110,327**

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL – ELECTRIC SYSTEM PROJECT**  
For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment Earnings			\$2	\$2	(\$2)
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2</b>	<b>\$2</b>	<b>(\$2)</b>
<b>Expenditures:</b>					
Capital Outlay	\$3,750,000		\$787,338	\$787,338	\$2,962,663
<b>Total Expenditures</b>	<b>\$3,750,000</b>	<b>\$0</b>	<b>\$787,338</b>	<b>\$787,338</b>	<b>\$2,962,663</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$3,750,000)</b>	<b>\$0</b>	<b>(\$787,338)</b>	<b>(\$787,338)</b>	<b>\$2,962,663</b>
<b>Other Financing Sources:</b>					
Loan Proceeds	\$3,750,000		\$3,750,000	\$3,750,000	
<b>Total Other Financing Sources</b>	<b>\$3,750,000</b>	<b>\$0</b>	<b>\$3,750,000</b>	<b>\$3,750,000</b>	<b>\$0</b>
<b>Revenues Over (Under) Expenditures and Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,962,663</b>	<b>\$2,962,663</b>	<b>\$2,962,663</b>
<i>Beginning Fund Balance, July 1</i>					
<b>Ending Fund Balance, June 30</b>			<b>\$2,962,663</b>		

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL – WATER AND SEWER FUND**  
For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Operating Revenues:			
Charges for Services:			
Water Charges	\$547,032	\$531,739	(\$15,293)
Sewer Charges	782,178	671,223	(110,955)
Water and Sewer Taps	700	4,458	3,758
<b>Total Charges for Services</b>	<b>\$1,329,910</b>	<b>\$1,207,420</b>	<b>(\$122,490)</b>
Other Operating Revenues.	\$1,000	\$1,295	\$295
<b>Total Operating Revenues</b>	<b>\$1,330,910</b>	<b>\$1,208,715</b>	<b>(\$122,195)</b>
Nonoperating Revenues:			
Federal Grants	\$500		(\$500)
ARP Money		\$65,104	65,104
Investment Earnings	7,500	421	(7,079)
Rental Income	21,156	22,039	883
Miscellaneous Revenues	500	10,235	9,735
Local Option Sales Tax	40,000	51,190	11,190
<b>Total Nonoperating Revenues</b>	<b>\$69,656</b>	<b>\$148,989</b>	<b>\$79,333</b>
<b>Total Revenues</b>	<b>\$1,400,566</b>	<b>\$1,357,704</b>	<b>(\$42,862)</b>
<b>Expenditures</b>			
Water Operations:			
Salaries and Employee Benefits	\$232,911	\$227,652	\$5,259
Utilities	38,500	40,345	(1,845)
Repairs and Maintenance	14,000	10,151	3,849
Contracted Services	51,000	31,463	19,537
Other Operating Expenditures	177,880	67,815	110,065
<b>Total</b>	<b>\$514,291</b>	<b>\$377,426</b>	<b>\$136,865</b>
Sewer Operations:			
Salaries and Employee Benefits	\$161,303	\$179,141	(\$17,838)
Utilities	70,000	67,295	2,705
Repairs and Maintenance	28,000	25,707	2,293
Contracted Services	21,000	9,511	11,489
Other Operating Expenditures	107,750	58,440	49,310
<b>Total</b>	<b>\$388,053</b>	<b>\$340,094</b>	<b>\$47,959</b>

## TOWN OF LA GRANGE, NORTH CAROLINA

## STATEMENT OF REVENUES AND EXPENDITURES– BUDGET AND ACTUAL – WATER AND SEWER FUND

For the Fiscal Year Ended June 30, 2021

Wastewater Operations:			
Salaries and Employee Benefits	\$170,495	\$154,392	\$16,103
Utilities	17,000	15,795	1,205
Repairs and Maintenance	22,000	14,489	7,511
Contracted Services	11,000	8,891	2,109
Other Operating Expenditures	63,436	28,084	35,352
<b>Total</b>	<b>\$283,931</b>	<b>\$221,651</b>	<b>\$62,280</b>
<b>Capital Outlay</b>	<b>\$32,500</b>	<b>\$28,514</b>	<b>\$3,986</b>
Debt Service:			
Principal Payments	\$14,000	\$11,909	\$2,091
Interest Payments	40,371	13,581	26,790
<b>Total</b>	<b>\$54,371</b>	<b>\$25,490</b>	<b>\$28,881</b>
<b>Total Expenditures</b>	<b>\$1,273,146</b>	<b>\$993,175</b>	<b>\$279,971</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$127,420</b>	<b>\$364,529</b>	<b>\$237,109</b>
<b>Other Financing Sources (Uses):</b>			
Fund Balance Appropriated	\$232,580		(\$232,580)
Transfer to General Fund	(20,000)	(\$20,000)	
Transfer to Fund 82	(100,000)		100,000
Transfer to Fund 84	(240,000)		240,000
<b>Total Other Financing Sources (Uses)</b>	<b>(\$127,420)</b>	<b>(\$20,000)</b>	<b>\$107,420</b>
<b>Revenues, and Other Financing Sources, and Appropriated Fund Balance Over (Under) Expenditures and Other Financing Uses</b>	<b>\$0</b>	<b>\$344,529</b>	<b>\$344,529</b>
<b>Reconciliation from a budgetary basis (modified accrual) to full accrual:</b>			
Revenues, and other financing sources, and appropriated Fund Balance over (under) Expenditures and Other Financing Uses		\$344,529	
Reconciling Items:			
Capital Outlay		28,514	
Debt Principal		11,909	
Depreciation		(396,976)	
Increase in Accrued Compensated Absences		(4,667)	
Decrease in Accrued OPEB Liability		26,212	
Increase in Net Pension Liability		(39,913)	
Increase in Deferred Outflows of Resources - Pensions		27,296	
Decrease in Deferred Outflows of Resources - OPEB		(10,714)	
Increase in Deferred Inflows of Resources - Pensions		(2,142)	
Decrease in Accrued Interest Payable		114	
<b>Total Reconciling Items</b>		<b>(\$360,367)</b>	
<b>Change in Net Position</b>		<b>(\$15,838)</b>	

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL- (NON-GAAP) – WELL CAPITAL PROJECT FUND**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

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

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL- (NON-GAAP) – WATER SYSTEM PROJECT**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

		<b>Actual</b>			<b>Variance</b>
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Favorable (Unfavorable)</b>
<b>Revenues:</b>					
Local Contribution	\$103,000	\$61,304		\$61,304	\$41,696
<b>Total Revenues</b>	<b>\$103,000</b>	<b>\$61,304</b>	<b>\$0</b>	<b>\$61,304</b>	<b>\$41,696</b>
<b>Expenditures:</b>					
Capital Outlay	\$2,932,700				\$2,932,700
Engineering	354,300	\$61,304	\$98,576	\$159,880	194,420
<b>Total Expenditures</b>	<b>\$3,287,000</b>	<b>\$61,304</b>	<b>\$98,576</b>	<b>\$159,880</b>	<b>\$3,127,120</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$3,184,000)</b>	<b>\$0</b>	<b>(\$98,576)</b>	<b>(\$98,576)</b>	<b>(\$3,085,424)</b>
<b>Other Financing Sources (Uses)</b>					
Loan from Water Sewer Fund	\$204,900				\$204,900
Repayment of Water Fund Loan	(204,900)				(204,900)
USDA Loan Funds	3,184,000				3,184,000
<b>Total Other Financing Sources</b>	<b>\$3,184,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,184,000</b>
<b>Revenues Over (Under) Expenditures and Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$98,576)</b>	<b>(\$98,576)</b>	<b>(\$98,576)</b>
<i>Beginning Fund Balance, July 1</i>					
<b>Ending Fund Balance, June 30</b>			<b>(\$98,576)</b>		

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL- (NON-GAAP) – WASTEWATER SYSTEM PROJECT**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

		Actual			Variance
	Project	Prior	Current	Total to	Favorable
	Authorization	Years	Year	Date	(Unfavorable)
<b>Revenues:</b>					
Local Contribution		\$318,064		\$318,064	\$318,064
<b>Total Revenues</b>	<b>\$0</b>	<b>\$318,064</b>	<b>\$0</b>	<b>\$318,064</b>	<b>\$318,064</b>
<b>Expenditures:</b>					
Capital Outlay	\$6,291,800				(\$6,291,800)
Engineering	632,200	\$318,064	\$234,605	\$552,669	(79,531)
<b>Total Expenditures</b>	<b>\$6,924,000</b>	<b>\$318,064</b>	<b>\$234,605</b>	<b>\$552,669</b>	<b>(\$6,371,331)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$6,924,000)</b>	<b>\$0</b>	<b>(\$234,605)</b>	<b>(\$234,605)</b>	<b>\$6,689,395</b>
<b>Other Financing Sources (Uses)</b>					
Loan from Water Sewer Fund	\$215,000				(\$215,000)
Repayment of Water Fund Loan	(215,000)				215,000
USDA Loan Funds	6,924,000				(6,924,000)
<b>Total Other Financing Sources</b>	<b>\$6,924,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,924,000)</b>
<b>Revenues Over (Under) Expenditures and Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$234,605)</b>	<b>(\$234,605)</b>	<b>(\$234,605)</b>
<i>Beginning Fund Balance, July 1</i>					
<b>Ending Fund Balance, June 30</b>			<b>(\$234,605)</b>		

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**SCHEDULE OF CASH AND CASH EQUIVALENT BALANCES**  
June 30, 2021

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**Cash and Cash Equivalents:**

On Hand	\$500
In Time Deposits	2,100,817
Certificate of Deposit	3,988,988
	<u><b>\$6,090,305</b></u>

**Investments:**

North Carolina Capital Management Trust	\$2,789,361
<b>Total</b>	<u><b>\$2,789,361</b></u>

**Total Cash and Investments**

**\$8,879,666**

**Distribution by Funds:**

General Fund	\$2,535,626
Volunteer Fire Department Fund	618,851
Electric Fund	4,759,348
Water and Sewer Fund	965,841
<b>Total</b>	<u><b>\$8,879,666</b></u>

**Unrestricted:**

Cash and Cash Equivalents	\$2,442,653
Investments	1,532,584
<b>Total Unrestricted</b>	<u><b>\$3,975,237</b></u>

**Restricted:**

Cash and Cash Equivalents	\$4,620,304
Investments	284,125
<b>Total Restricted</b>	<u><b>\$4,904,429</b></u>

**Total Cash and Investments**

**\$8,879,666**

**SCHEDULE 1**

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2021

	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-21		\$701,001	\$671,860	\$29,141
2019-20	\$34,190		19,027	15,163
2018-19	17,978		8,819	9,159
2017-18	12,003		4,668	7,335
2016-17	8,279		2,723	5,556
2015-16	5,000		1,464	3,536
2014-15	3,712		603	3,109
2013-14	5,219		560	4,659
2012-13	4,111		326	3,785
2011-12	3,309		128	3,181
2010-11	2,540		128	2,412
	<b>\$96,341</b>	<b>\$701,001</b>	<b>\$710,306</b>	<b>\$87,036</b>
<i>Less: Allowance for Uncollected Ad Valorem Taxes Receivable</i>				<u>(33,573)</u>
<b>Ad Valorem Taxes Receivable - Net</b>				<b><u>\$53,463</u></b>
<b>Reconciliation With Revenues:</b>				
Ad Valorem Taxes - General Fund				\$723,080
Reconciling Items:				
Taxes Written Off				(2,474)
Interest and Penalties Collected				(10,300)
<b>Total Collections and Credits</b>				<b><u>\$710,306</u></b>

**TOWN OF LA GRANGE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
For the Fiscal Year Ended June 30, 2021

			<b>Total Levy</b>	
<b>Town-Wide</b>			<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
	<b>Property Valuation</b>	<b>Rate</b>	<b>Amount of Levy</b>	
<b>Original Levy:</b>				
Property Taxed at Current Year's Rate	\$126,628,298	0.532	\$673,663	\$599,631
Property Taxed at Prior Year's Rate	5,059,485	0.532	26,916	\$74,032
Penalties and Interest			422	26,916
<b>Total</b>	<b>\$131,687,783</b>		<b>\$701,001</b>	<b>\$600,053</b>
<b>Releases</b>		0.532		
<b>Total</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>Net Levy</b>	<b>\$131,687,783</b>		<b>\$701,001</b>	<b>\$600,053</b>
Uncollected Taxes at June 30, 2021			(29,141)	(29,141)
<b>Current Year's Taxes Collected</b>			<b>\$671,860</b>	<b>\$570,912</b>
<b>Current Levy Collection Percentage</b>			<b>95.84%</b>	<b>95.14%</b>
			<b>100.00%</b>	

**SCHEDULE 3**

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

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$1,919,074	\$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
Restricted	1,062,598	967,319	703,209	710,004	557,310	771,768	870,312	1,010,419	470,682	113,853
Unrestricted	211,263	1,686,844	1,492,853	1,169,586	954,996	716,666	596,517	527,875	903,529	1,239,900
<b>Total</b>	<b>\$3,192,935</b>	<b>\$4,849,707</b>	<b>\$4,280,697</b>	<b>\$3,767,087</b>	<b>\$3,487,540</b>	<b>\$3,636,628</b>	<b>\$3,689,655</b>	<b>\$3,743,632</b>	<b>\$3,556,763</b>	<b>\$3,808,705</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$7,720,479	\$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
Restricted							65,521	66,133	456,842	
Unrestricted	2,266,986	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
<b>Total</b>	<b>\$9,987,465</b>	<b>\$9,892,976</b>	<b>\$9,753,203</b>	<b>\$9,632,746</b>	<b>\$9,825,226</b>	<b>\$9,934,734</b>	<b>\$10,248,071</b>	<b>\$10,778,377</b>	<b>\$10,830,481</b>	<b>\$10,597,438</b>
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$9,639,553	\$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
Restricted	1,062,598	967,319	703,209	710,004	557,310	771,768	935,833	1,076,552	927,524	113,853
Unrestricted	2,478,249	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
<b>Total</b>	<b>\$13,180,400</b>	<b>\$14,742,683</b>	<b>\$14,033,900</b>	<b>\$13,399,833</b>	<b>\$13,312,766</b>	<b>\$13,571,362</b>	<b>\$13,937,726</b>	<b>\$14,522,009</b>	<b>\$14,387,244</b>	<b>\$14,406,143</b>

**SCHEDULE 4**

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

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Expenses</b>										
Governmental Activities:										
General Government	\$168,035	\$23,073	\$147,783	\$140,767	\$147,153	\$170,280	\$141,847	\$159,342	\$157,003	\$199,661
Public Safety	793,610	760,589	745,131	759,116	847,376	762,806	672,763	768,452	764,576	637,167
Human Services	5,160	4,775	4,755	4,681	4,580	2,367	5,287	6,553	5,990	5,726
Transportation	276,400	259,119	260,045	260,942	485,303	519,225	544,717	522,616	495,248	551,473
Cultural and Recreational	137,247	176,069	492,637	317,605	330,652	309,758	327,892	349,571	77,939	85,940
Environmental Protection	310,328	333,227	161,996	145,547	159,780	169,374	119,107	59,598	315,474	296,715
Interest on Long-Term Debt	2,210	4,239	5,749	8,635	11,551	12,012	15,659	18,163	13,800	17,237
<b>Total</b>	<b>\$1,692,990</b>	<b>\$1,561,091</b>	<b>\$1,818,096</b>	<b>\$1,637,293</b>	<b>\$1,986,395</b>	<b>\$1,945,822</b>	<b>\$1,827,272</b>	<b>\$1,884,295</b>	<b>\$1,830,030</b>	<b>\$1,793,919</b>
<b>Business-type Activities:</b>										
Electric	\$3,430,973	\$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
Water and Sewer	1,353,542	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
<b>Total</b>	<b>\$4,784,515</b>	<b>\$4,726,207</b>	<b>\$4,813,530</b>	<b>\$5,064,719</b>	<b>\$5,144,581</b>	<b>\$5,020,538</b>	<b>\$5,509,944</b>	<b>\$5,602,851</b>	<b>\$5,299,118</b>	<b>\$5,714,125</b>
<b>Total Governmental Activities</b>	<b>\$6,477,505</b>	<b>\$6,287,298</b>	<b>\$6,631,626</b>	<b>\$6,702,012</b>	<b>\$7,130,976</b>	<b>\$6,966,360</b>	<b>\$7,337,216</b>	<b>\$7,487,146</b>	<b>\$7,129,148</b>	<b>\$7,508,044</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services										
Environmental Protection	\$362,605	\$344,792	\$397,520	\$364,242	\$401,520	\$329,317	\$344,562	\$353,494	\$362,309	\$343,039
Public Safety	27,642	6,812			119,279	22,644	9,271	49,683	41,097	42,168
Transportation	82,599	91,499								
Cultural and Recreational	6,711	39,538	62,842	47,951	50,718	37,854				
General Government	104,763	70,147	7,697	10,129	12,601	59,340		40,000	12,500	
Operating Grants and Contributions	122,309	120,328	279,192	219,349	140,515	125,864	198,819	216,263	231,657	137,935
Capital Grants and Contributions							85,282	298,629	4,838	92,487
<b>Total</b>	<b>\$706,629</b>	<b>\$673,116</b>	<b>\$747,251</b>	<b>\$641,671</b>	<b>\$724,633</b>	<b>\$575,019</b>	<b>\$637,934</b>	<b>\$958,069</b>	<b>\$652,401</b>	<b>\$615,629</b>
Business-type Activities:										
Charges for Services:										
Electric	\$3,471,824	\$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
Water and Sewer	1,207,420	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
Operating Grants and Contributions	1,695	6,815	117,331		156,585			4,867,691	338	52,913
Capital Grants and Contributions								350,000	40,000	200,936
<b>Total</b>	<b>\$4,680,939</b>	<b>\$4,673,215</b>	<b>\$5,059,176</b>	<b>\$4,867,691</b>	<b>\$4,913,524</b>	<b>\$4,756,548</b>	<b>\$5,083,885</b>	<b>\$10,393,692</b>	<b>\$5,138,365</b>	<b>\$5,377,859</b>
<b>Total Primary Government</b>	<b>\$5,387,568</b>	<b>\$5,346,331</b>	<b>\$5,806,427</b>	<b>\$5,509,362</b>	<b>\$5,638,157</b>	<b>\$5,331,567</b>	<b>\$5,721,819</b>	<b>\$11,351,761</b>	<b>\$5,790,766</b>	<b>\$5,993,488</b>

**SCHEDULE 4**  
**(Continued)**

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

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(\$986,361)	(\$887,975)	(\$1,070,845)	(\$995,622)	(\$1,261,762)	(\$1,370,803)	(\$1,189,338)	(\$926,226)	(\$1,177,629)	(\$1,178,290)
Business-type Activities	(103,576)	(52,992)	245,646	(197,028)	(231,057)	(263,990)	(426,059)	4,790,841	(160,753)	(336,266)
<b>Total Primary Government</b>	<b>(\$1,089,937)</b>	<b>(\$940,967)</b>	<b>(\$825,199)</b>	<b>(\$1,192,650)</b>	<b>(\$1,492,819)</b>	<b>(\$1,634,793)</b>	<b>(\$1,615,397)</b>	<b>\$3,864,615</b>	<b>(\$1,338,382)</b>	<b>(\$1,514,556)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$700,914	\$725,000	\$709,290	\$707,470	\$633,669	\$643,216	\$624,057	\$624,057	\$617,941	\$613,905
Sales Taxes	321,794	256,601	259,850	226,971	214,271	184,725	178,144	178,144	165,867	178,366
Franchise Taxes	164,282	167,307	175,316	174,984	193,706	195,316	198,367	198,367	166,540	172,032
Investment Earnings	2,501	17,036	17,005	9,505	4,393	2,200	2,425	2,425	3,073	2,381
Miscellaneous	20,098	270,579	176,165	31,133	47,807	115,971	80,207	80,207	28,721	29,124
Gain (Loss) on Disposal of Capital Assets				27,398	18,828	6,933	(14,737)	(14,737)	(17,888)	
Transfers	20,000	20,462	232,331	90,000		169,415	98,990	98,990	(315,778)	78,077
<b>Total</b>	<b>\$1,229,589</b>	<b>\$1,456,985</b>	<b>\$1,569,957</b>	<b>\$1,267,461</b>	<b>\$1,112,674</b>	<b>\$1,317,776</b>	<b>\$1,167,453</b>	<b>\$1,167,453</b>	<b>\$648,476</b>	<b>\$1,073,885</b>
Business-type Activities:										
Sales Tax	\$51,190	\$53,652	\$43,633	\$48,729	\$36,801	\$31,956	\$34,847	\$34,847	\$37,237	\$34,195
Other Taxes		98,436								
ARPA Money	113,528									
Investment Earnings	1,163	19,831	21,237	6,057	4,090	1,444	1,452	1,452	1,479	2,314
Miscellaneous	52,184	41,308	41,872	42,745	73,811	71,488	58,536	58,536	63,714	94,881
Gain (Loss) on Disposal of Capital Assets			400	21,202	6,847	15,180	7,575	7,575	(24,412)	
Transfers	(20,000)	(20,462)	(232,331)	(90,000)		(169,415)	(98,990)	(98,990)	315,778	(78,077)
<b>Total</b>	<b>\$198,065</b>	<b>\$192,765</b>	<b>(\$125,189)</b>	<b>\$28,733</b>	<b>\$121,549</b>	<b>(\$49,347)</b>	<b>\$3,420</b>	<b>\$3,420</b>	<b>\$393,796</b>	<b>\$53,313</b>
<b>Total Primary Government</b>	<b>\$1,427,654</b>	<b>\$1,649,750</b>	<b>\$1,444,768</b>	<b>\$1,296,194</b>	<b>\$1,234,223</b>	<b>\$1,268,429</b>	<b>\$1,170,873</b>	<b>\$1,170,873</b>	<b>\$1,042,272</b>	<b>\$1,127,198</b>
<b>Change in Net Position</b>										
Governmental Activities	\$243,228	\$569,010	\$499,112	\$271,839	(\$149,088)	(\$53,027)	(\$21,885)	\$241,227	(\$529,153)	(\$104,405)
Business-type Activities	94,489	139,773	120,457	(168,295)	(109,508)	(313,337)	(422,639)	4,794,261	233,043	(282,953)
<b>Total Primary Government</b>	<b>\$337,717</b>	<b>\$708,783</b>	<b>\$619,569</b>	<b>\$103,544</b>	<b>(\$258,596)</b>	<b>(\$366,364)</b>	<b>(\$444,524)</b>	<b>\$5,035,488</b>	<b>(\$296,110)</b>	<b>(\$387,358)</b>

**SCHEDULE 5**

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

<b>June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General Fund:</b>										
Nonspendable	\$87,561	\$54,075	\$41,381	\$39,430						
Restricted	445,252	438,847	492,697	344,593	\$262,229	\$445,697	\$493,960	\$442,858	\$141,928	\$113,853
Committed	207,829	207,731	546,355	522,071	481,947	446,650	453,687	431,089	410,209	707,661
Assigned									75,000	28,000
Unassigned	1,864,189	1,460,025	940,813	639,365	449,048	431,810	298,164	302,640	366,237	464,942
<b>Total</b>	<b>\$2,604,831</b>	<b>\$2,160,678</b>	<b>\$2,021,246</b>	<b>\$1,545,459</b>	<b>\$1,193,224</b>	<b>\$1,324,157</b>	<b>\$1,245,811</b>	<b>\$1,176,587</b>	<b>\$993,374</b>	<b>\$1,314,456</b>
<b>All Other Governmental Funds:</b>										
Nonspendable										
Restricted	\$617,346	\$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)		
<b>Total</b>	<b>\$617,346</b>	<b>\$528,472</b>	<b>\$210,512</b>	<b>\$365,411</b>	<b>\$295,081</b>	<b>\$125,196</b>	<b>\$189,904</b>	<b>\$296,282</b>	<b>\$328,754</b>	<b>\$0</b>

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)**

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

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**

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>										
Ad Valorem Taxes	\$723,080	\$702,323	\$708,740	\$708,474	\$633,669	\$643,216	\$633,450	\$645,440	\$608,178	\$619,043
Local Option Sales Taxes	297,932	232,216	259,850	226,971	214,271	183,072	178,144	165,165	165,867	178,366
Other Taxes and Licenses										
Unrestricted Intergovernmental	164,282	167,307	175,316	174,984	193,706	195,316	198,367	179,420	163,524	170,627
Restricted Intergovernmental	214,181	219,626	279,192	219,349	240,623	210,695	284,101	451,739	233,033	226,321
Permits and Fees	28,282	7,432	7,697	10,129	12,601	22,644	9,381	9,853	12,737	12,319
Sales and Services	473,439	453,857	459,574	436,972	400,079	388,657	351,830	428,448	400,572	390,405
Investment Earnings	2,501	17,036	17,005	9,505	4,393	2,200	2,425	2,128	3,073	2,382
Miscellaneous	89,735	287,165	176,165	31,133	121,136	70,648	107,203	35,211	29,222	33,513
<b>Total Revenues</b>	<b>\$1,993,432</b>	<b>\$2,086,962</b>	<b>\$2,083,539</b>	<b>\$1,817,517</b>	<b>\$1,820,478</b>	<b>\$1,716,448</b>	<b>\$1,764,901</b>	<b>\$1,917,404</b>	<b>\$1,616,206</b>	<b>\$1,632,976</b>
<b>Expenditures</b>										
General Government	\$146,249	\$154,703	\$119,738	\$115,066	\$148,126	\$218,068	\$130,944	\$144,294	\$142,383	\$181,557
Public Safety	741,089	707,987	929,655	715,207	914,207	854,189	693,543	798,908	740,207	595,056
Transportation	326,410	269,888	233,172	246,758	228,236	241,828	252,501	387,197	3,843	316,008
Cultural and Recreational	95,676	163,402	192,785	106,174	119,077	142,187	410,978	259,594	222,420	251,254
Human Services	3,939	3,553	3,534	3,460	3,359	1,146	3,603	4,406	256,433	3,579
Environmental Protection	513,191	284,170	434,649	234,559	433,494	238,257	226,499	449,604	308,134	65,930
Debt Service:										
Principal Retirement	23,269	56,015	90,838	124,277	152,851	170,108	169,314	115,806	114,721	102,906
Interest and Fees	2,656	4,926	7,060	9,759	11,747	13,375	16,911	17,387	13,800	17,237
<b>Total Expenditures</b>	<b>\$1,852,479</b>	<b>\$1,644,644</b>	<b>\$2,011,431</b>	<b>\$1,555,260</b>	<b>\$2,011,097</b>	<b>\$1,879,158</b>	<b>\$1,904,293</b>	<b>\$2,177,196</b>	<b>\$1,801,941</b>	<b>\$1,533,527</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$140,953</b>	<b>\$442,318</b>	<b>\$72,108</b>	<b>\$262,257</b>	<b>(\$190,619)</b>	<b>(\$162,710)</b>	<b>(\$139,392)</b>	<b>(\$259,792)</b>	<b>(\$185,735)</b>	<b>\$99,449</b>
<b>Other Financing Sources (Uses)</b>										
Operating Transfers From Other Funds	60,650	70,200	321,263	90,000		169,415	98,990	50,000		50,627
Operating Transfers To Other Funds	(40,650)	(49,738)	(88,932)						(315,778)	
Total Operating Transfers	\$20,000	\$20,462	\$232,331	\$90,000	\$0	\$169,415	\$98,990	\$50,000	(\$315,778)	\$50,627
Proceeds from Sale of Capital Assets	108,932			27,558	18,828	6,933	3,250	4,985	6,974	3,220
Loan Proceeds	229,290				210,743			319,360	225,000	
<b>Total Other Financing Sources (Uses)</b>	<b>\$358,222</b>	<b>\$20,462</b>	<b>\$232,331</b>	<b>\$117,558</b>	<b>\$229,571</b>	<b>\$176,348</b>	<b>\$102,240</b>	<b>\$374,345</b>	<b>(\$83,804)</b>	<b>\$53,847</b>
<b>Net Changes in Fund Balance</b>	<b>\$499,175</b>	<b>\$462,780</b>	<b>\$304,439</b>	<b>\$379,815</b>	<b>\$38,952</b>	<b>\$13,638</b>	<b>(\$37,152)</b>	<b>\$114,553</b>	<b>(\$269,539)</b>	<b>\$153,296</b>
Debt Service as a Percentage of Noncapital Expenditures	1.40%	3.71%	4.87%	8.62%	8.18%	9.76%	9.78%	6.12%	7.13%	7.83%

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

<b>Year Ended June 30,</b>	<b>Town Direct Rates</b>		<b>Overlapping Rates</b>		<b>Total Direct and Overlapping Rates</b>
	<b>General Fund Rate</b>	<b>Total Direct Rate</b>	<b>Fire District</b>	<b>County Rate</b>	
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
2021	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**


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<b>Year Ended June 30,</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Privilege License Tax</b>	<b>Utility Tax</b>	<b>Beer and Wine Tax</b>	<b>Other Taxes</b>	<b>Total</b>
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
2021	723,080	297,932		152,851	11,431		1,185,294

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

<b>Year Ended June 30,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Registered Motor Vehicles</b>	<b>Total Property Valuation</b>	<b>Total Direct Tax Rate Per \$100</b>
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
2021	104,903,344	5,937,633	1,871,556	18,975,250	131,687,783	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 in Subsequent Years	Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
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%	19,027	690,767	97.85%
2021	673,663	27,338	701,001	671,860	95.84%		671,860	95.84%

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

<b>Year Ended June 30,</b>	<b>Governmental Activities Installment Notes Payable</b>	<b>Business-type Activities Installment Notes Payable</b>	<b>Total Primary Government</b>	<b>Per Capita (1)</b>	<b>Percentage of Personal Income (1)</b>
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	*	*
2021	276,860	4,306,248	4,583,108	*	*

\* 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**

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Debt Limit, 8% of Assessed Value	\$10,535,023	\$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
Total Net Debt Applicable to Limit	276,860	70,838	126,854	217,692	341,968	284,076	454,184	623,498	419,944	309,665
<b>Legal Debt Margin</b>	<b>\$10,258,163</b>	<b>\$10,536,166</b>	<b>\$10,481,642</b>	<b>\$10,380,857</b>	<b>\$10,783,567</b>	<b>\$10,768,618</b>	<b>\$10,539,416</b>	<b>\$10,639,524</b>	<b>\$10,398,177</b>	<b>\$10,483,523</b>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.63%	0.67%	1.20%	2.05%	3.07%	2.57%	4.13%	5.54%	3.88%	2.87%

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

<b>Year Ended June 30,</b>	<b>(1) Population</b>	<b>(2) Personal Income (in Thousands)</b>	<b>Per Capita Personal Income</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate Percentage</b>
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	2,619	*	26,404	8506	*
2021	2,614	*	*	8722	*

\* 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

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

<b>Employer</b>	<b>2020</b>			<b>2010</b>		
	<b>Full Time Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Full Time Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Howell's Child Care	283	1	n/a	n/a		n/a
Cooper Crouse-Hinds	134	2	n/a	n/a		n/a
Lenoir County Schools	108	3	n/a	n/a		n/a
Food Lion	90	4	n/a	n/a		n/a
Bojangles	65	5	n/a	n/a		n/a
Sandpiper	60	6	n/a	n/a		n/a
Riley Landscaping	34	7	n/a	n/a		n/a
P&D Precast	21	8	n/a	n/a		n/a
U.S. Post Office	20	9	n/a	n/a		n/a
Town of La Grange	20	10	n/a	n/a		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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	c	1
Electric Operations	3	3	3	3	3	3	3	3	3	2
Water	4	4	4	4	4	4	4	4	4	3
Wastewater	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>19</b>

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police:										
Stations	1	1	1	1	1	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	3	2
Other Public Works:										
Streets (Miles)	22	22	22	22	22	22	22	22	22	22
Streetlights	430	430	428	428	426	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	2	0	0	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	214	212	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	5266	5380	5688	5314	N/A	N/A	N/A	N/A	5283	5266
Maximum NCP kW	6262	6363	6988	8003	N/A	N/A	N/A	N/A	6011	6420



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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**

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**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, 2021, 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 December 1, 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.

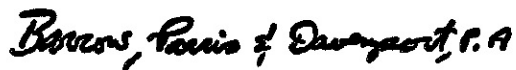
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

December 1, 2021