

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

Prepared by:

DEPARTMENT OF FINANCE

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016

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November 22, 2016

TO: Citizens of the City of LaGrange, Georgia
Honorable Mayor and Members of the City Council
City of LaGrange, Georgia

The comprehensive annual report of the City of LaGrange, Georgia (the City), for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This is the fourteenth year the City of LaGrange is subject to the requirements of the Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The GASB pronouncement requires management discussion and analysis of the statements, government-wide financial statements, budgetary comparison schedules, added infrastructure reporting requirements and changes to the statement of cash flows, to name a few. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The City of LaGrange, incorporated in 1828, operates under the Council-Manager form of government. The City is organized under seven (7) departments: Community Development, Economic Development, Finance/Human Resources, Information and Technology, Public Safety, Public Services and Public Utilities. These departments operate under the direct supervision of the City Manager, who is appointed by the Mayor and Council, and provide a full range of services to an estimated 31,000 citizens. Included among these services are traditional city functions, such as police and fire protection, sanitation services (garbage and trash collection, landfill, and recycling center), street construction and maintenance, landscaping, cemeteries, building inspection, zoning enforcement and economic development, as well as electric, gas, water and sewer utilities, and telecommunications services.

The Housing Authority of the City of LaGrange and the LaGrange Industrial Development Authority have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The Solid Waste Management Authority of the City of LaGrange and City of LaGrange Gas Authority are reported on a blended basis.

The Downtown LaGrange Development Authority, a legally separate entity for which the City is financially accountable, is included as a component unit. The Downtown LaGrange Development Authority is presented as a discretely presented component unit under GASB-14, as amended by GASB-61, because the Authority is legally separate, the municipality appoints a voting majority of the Authority and is able to impose its will on the Authority, and the Authority provides services and benefits which are not limited to the City.

ECONOMIC CONDITION AND OUTLOOK

The City of LaGrange is located in the west central part of Georgia, approximately 70 miles southwest of the city of Atlanta with Interstate 85 and Interstate 185 adjacent on the east side of the city and West Point Lake adjacent on the west side. Hartsfield Atlanta International Airport is 45 minutes away via I-85 and Columbus is less than an hour away via I-185 south. CSX provides full-service rail facilities with east/west and north/south lines. Truck lines include interstate and intrastate carriers and local terminals. United Parcel Service, Federal Express, and several other national and local firms provide delivery services.

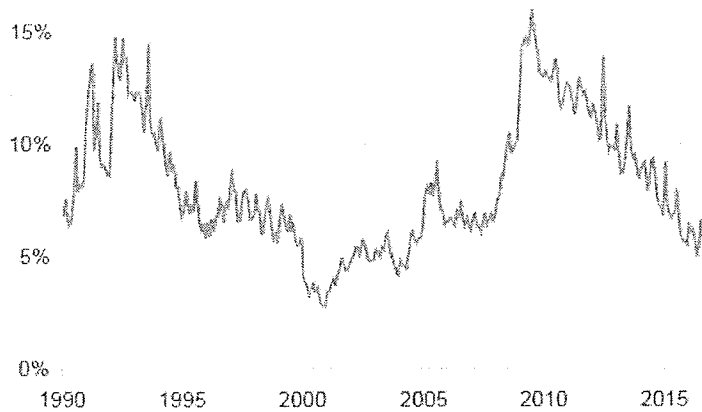
LaGrange is home to over 40 industries in three industrial parks. The 1,600 acre LaGrange Industrial Park and Jim Hamilton Industrial Park, a 640 acre park, are home to a dozen Fortune 500 companies. Callaway South Industrial Park, a newer park which is currently developing, is home to Sewon America and Babcock Distribution Center.

CITY OF LAGRANGE

200 Ridley Avenue ■ LaGrange, Georgia 30240 ■ (706) 883-2010 ■ FAX (706) 883-2020
www.lagrangegea.org

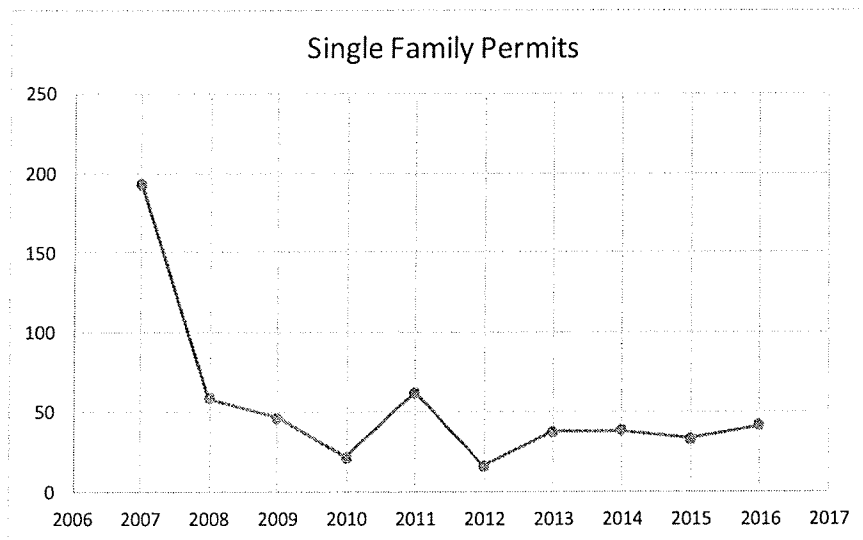
Historical Unemployment Rates for Lagrange

Unemployment Rate (Unadjusted)



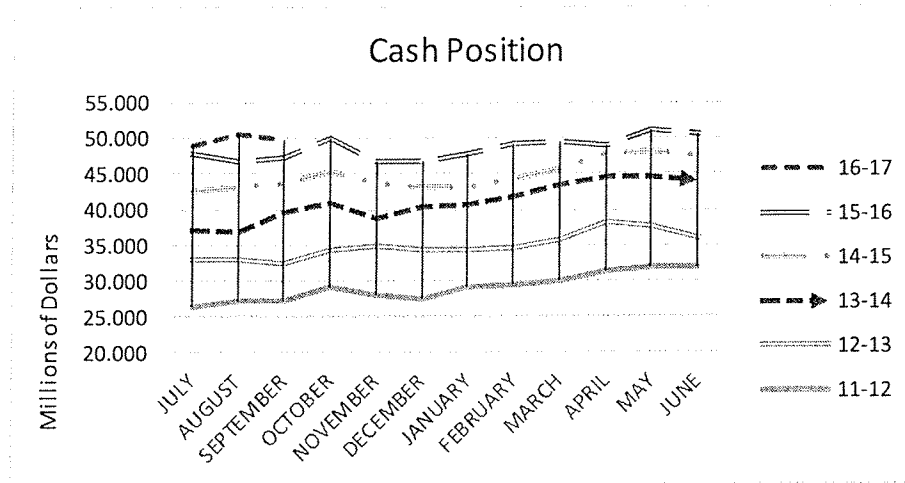
While economic conditions at both the state and national level have improved slightly, there has not been significant growth in the local economy. The City currently has a 5.5% unemployment rate which is 0.05 percentage points (0.9%) lower than the 5.6% average rate for Georgia cities, signaling similar unemployment conditions compared to other cities in Georgia.

Despite the creation of several thousand jobs over the last few years, the local housing market has remains a bit sluggish. The total number of single family building permits issued to date in 2016 is 41, which is significantly below what we were experiencing before the recession.



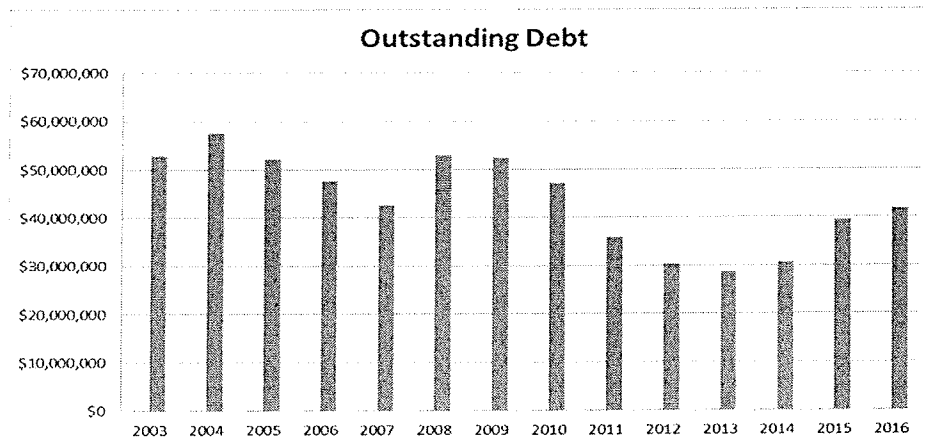
Several major projects were announced in 2016 that will have a positive impact in the years to come. Great Wolf Lodge Resort, North America's largest family of indoor water park resorts, announced location of its newest resort in LaGrange. This development will create more than 600 jobs with an investment of more than \$150 million. The project is currently underway and anticipate completion in May of 2018. Sentury Tire, the fifth-largest and fastest growing tire manufacturer in China, announced locating in LaGrange creating more than 1,000 jobs with an investment of roughly \$530 million. The project is estimated to break ground in 2017. Courtyard by Marriott and a two hundred space parking deck, are currently under construction in downtown LaGrange. The 90 room hotel will employ about 30 people with an investment of roughly eleven million dollars. Construction of the hotel and parking deck is expected to take about 15 months and will open in late 2017. Expansion of three existing industries have also been announced over the past several months, Jindal, Duracell and Nesper, creating roughly 300 jobs and \$276 million dollar investment in our community.

FINANCIAL INFORMATION



Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from losses, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and, 2) the valuation of costs and benefits requires estimates and judgments by management.

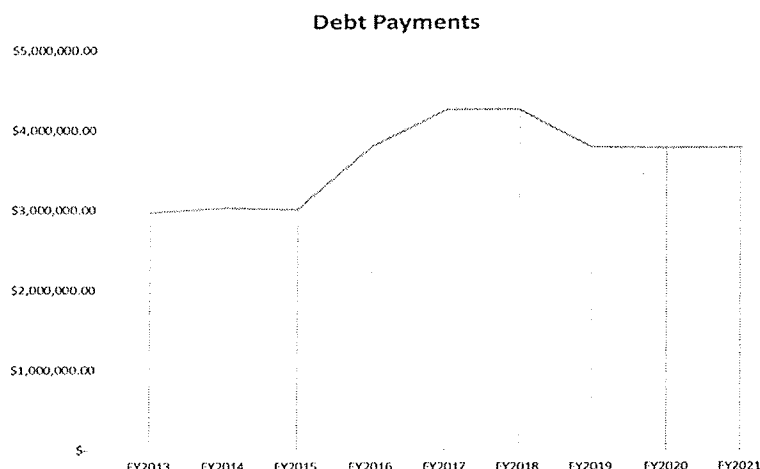
The City's operational and financial performance is very strong. The City's cash balance continues to improve, which is presented in the graph. The City continues to receive cash distributions from the MEAG Trust Fund, however, those distributions will stop in 2017. Deliberate decisions have been made not to spend the MEAG Trust dollars that have been distributed to the City's General Funds over the years and to manage the City with sustainable revenues and expenses on an annual basis. With continued economic uncertainty as well as the upcoming costs associated with the new Vogtle Nuclear units coming online, it is prudent to position the City with a strong cash balance, which has been done and will continue in the coming years.



Steps were taken over the past several years to control expenses and to position the City for financial soundness in the coming years. In Fiscal Year 2011 and 2012, as reflected in the chart, the City paid off significant amounts of Water and Sewer and Sanitation debt. Several revenue bonds were refinanced in Fiscal Years 2012 and 2014 to take advantage of lower interest rates. These steps allowed the City to use cash to avoid interest costs which were significantly higher than what we were receiving in interest on our bank deposits.

Due to infrastructure needs over the past two years, the city secured financing through low interest loans from the Georgia Environmental Facilities Authority. Infrastructure improvements were made to the Long Cane wastewater treatment facility to replace effluent vertical turbine pumps and pump gas engines. The project completed construction in early 2016 and payments on the \$8,637,735 loan began March 1, 2016. The City has also made additional investments in the sewer

system with another GEFA loan to replace an existing pump station and install roughly 16,000 linear feet of 14" force main. This was a 5.6 million dollar project completed in October of 2015 with principal and interest payments commencing on November 1, 2015. Another strategic infrastructure investment was made to construct a new cell in the city's subtitle D landfill. Funds were secured through a loan GEFA in the amount of \$3 million. Loan payments commenced on November 1, 2015.



With the recruitment of Great Wolf Lodge to the community, the City committed to the construction of a \$17 million Conference center. The City is in the process of securing a bond that will be paid back with the incremental hotel motel tax from the project. The bond will actually be issued by the LaGrange Development Authority but the city will agree to pay by intergovernmental contract. The conference center will be leased to Great Wolf Resort for 50 years and Great Wolf will operate the facility.

Budgeting Controls

In addition, the City maintains budgetary controls, the purpose of which is to assure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council of LaGrange. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects fund. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. The following schedule presents a summary of the total governmental funds revenues for the fiscal year ended June 30, 2016 and the amount and percentage of increases and decreases in relation to the prior year's revenue. Total Revenues and Total Expenses showed increases in both revenues and expenses from 2015 to 2016. (A 2.1% decrease in revenue for General Government Funding and a 1.2% decrease in expense.) The governmental fund held relatively stable from 2015 to 2016.

Revenues	Amount	% of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Taxes, Licenses, and Permits	10,579,163	63.5%	(167,182)	(1.5%)
Intergovernmental	3,206,315	19.3%	(51,809)	(1.6%)
Charges for services	310,653	1.9%	60,483	24%
Fines	1,133,181	6.8%	(242,931)	(17.6%)
Investment Income	54,216	.3%	10,512	24%
Grants and Subsidies	0	0%	0	0%
Lease Income	939,322	5.6%	(200,786)	(17.6%)
Miscellaneous	425,595	2.6%	228,234	115.6%
TOTAL	16,648,445	100%	(363,479)	(-2.1%)

Expenditures	Amount	% of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
General Government	2,551,836	8.1%	(182,239)	(6.7%)
Public Safety	15,947,584	51%	395,547	2.5%
Public Services	2,941,310	9.4%	433,522	17.3%
Culture and Recreation	944,873	3%	(15,006)	(1.6%)
Community Development	2,049,237	6.5%	61,426	3.1%
Debt Service	1,204,706	3.8%	(2,573,074)	(68.1%)
Capital Outlay	5,699,449	18.2%	1,509,807	36%
TOTAL	31,338,995	100%	(370,017)	(1.2%)

OTHER INFORMATION

Independent Audit

Georgia Law requires cities to be audited every two years by independent certified public accountants. The City chooses to have an annual audit and this year the Council selected the firm of AJK, LLC to perform the audit. The auditor's report on financial statements is included in the financial section of this report.

Awards

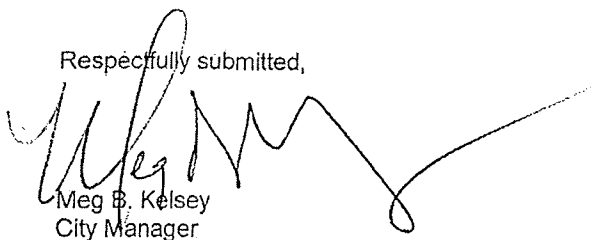
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaGrange for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty ninth year that the City has received this award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The timely preparation of this report was possible because of the hard work and dedication of the Finance Department, the cooperation of all City employees in following City policy in purchasing and accounting for revenues and expenditures and the invaluable assistance of AJK, LLC, the City's auditors. All of these individuals and organizations have our sincere appreciation for their contributions in the preparation of this report. We also wish to acknowledge the leadership and support of the Mayor and Council of the City of LaGrange.

Respectfully submitted,



Meg B. Kelsey
City Manager



Government Finance Officers Association

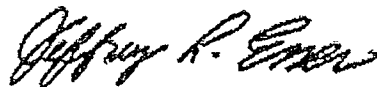
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of LaGrange
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

City of LaGrange, Georgia
LIST OF PRINCIPAL OFFICIALS

June 30, 2016

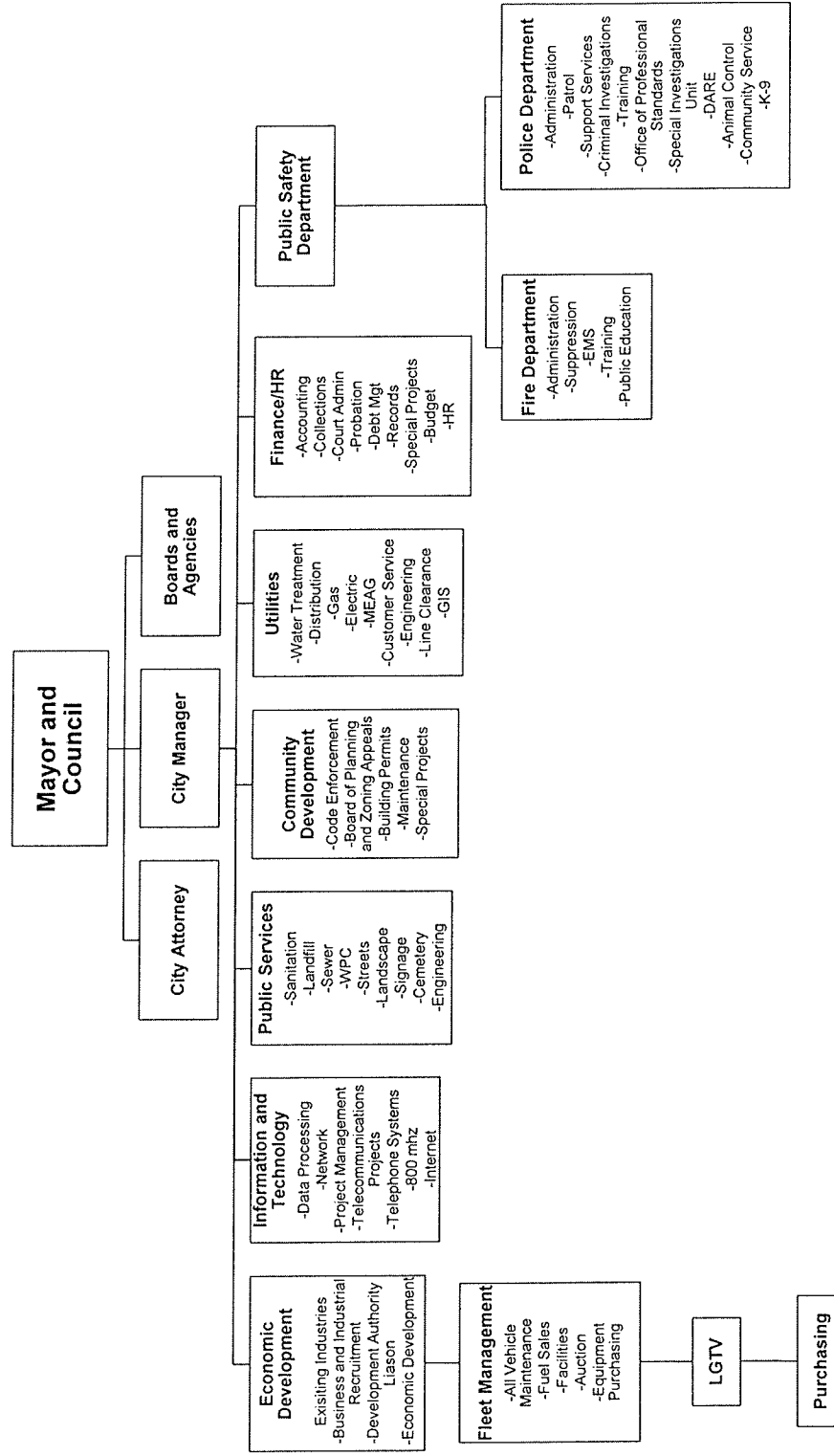
ELECTED OFFICIALS

Jim Thornton	Mayor
Norma Tucker	Council Member
Willie T. Edmondson	Council Member
Tom Gore	Council Member
LeGree McCamey	Council Member
Bobby A. Traylor	Council Member
Nick Woodson	Council Member
Mark Mitchell	Council Member

OTHER OFFICIALS

Meg Kelsey	City Manager
Jeffrey M. Todd	City Attorney
Alton West	Director of Community Development
David E. Brown	Director of Public Services
Patrick C. Bowie, Jr.	Director of Public Utilities
Louis M. Dekmar	Director of Public Safety
Alan Slaughenhaupt	Director of Information and Technology

CITY OF LAGRANGE, GEORGIA
ORGANIZATION CHART
June 30, 2016



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of LaGrange, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of LaGrange, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of funding progress information on pages 46 through 48 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaGrange, Georgia's basic financial statements. The introductory section, combining, comparative, budgetary comparative schedules and individual fund financial statements and schedules, other supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

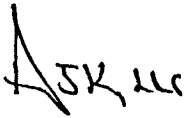
The combining, comparative, budgetary comparative schedules and individual fund financial statements and schedules, and other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining, comparative, budgetary comparative schedules and individual fund financial statements and schedules, and other supplementary information 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of LaGrange, Georgia's basic financial statements for the year ended June 30, 2015, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaGrange, Georgia's basic financial statements as a whole. The individual fund financial statements related to the 2015 financial statements, for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016, on our consideration of the City of LaGrange, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of LaGrange, Georgia's internal control over financial reporting and compliance.



Manchester, Georgia
November 22, 2016

AJK

Management's Discussion and Analysis

As management of the City of LaGrange (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2016 by \$198,547,993. Of this amount, \$19,882,257 may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$9,875,316.
- As of the close of 2016, the City's governmental funds reported combined ending fund balances of \$9,067,290, a decrease of \$144,859 from the prior year.
- At the end of 2016, the fund balance for the general fund was \$3,323,184 or 13.6 percent of general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and fines and forfeiture revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The government activities of the City include general government, public safety, public works, community services, and development services. The business-type activities of the City include water and sewer, solid waste, telecommunications, electric, and natural gas services.

The government-wide financial statements include not only the City of LaGrange itself (known as the primary government), but also a legally separate Downtown LaGrange Development Authority (DLDA) for which the City of LaGrange is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and government activities.

The City maintains three individual governmental fund types. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and which is the City's only major governmental fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this fund. Budgetary comparison statements have been provided for the Special Revenue Funds in the supplementary financial information elsewhere in this report. Since the Capital Project Fund budget is adopted on a project basis, a supplementary budgetary comparison statement has not been provided.

Proprietary funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility operation, Water and Sewerage Fund, and Solid Waste operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Group Insurance, and Property and Casualty activities. These two services primarily benefit the City's general governmental operations and have been allocated to the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund statements provide separate information for the Utility, Water and Sewerage, and Solid Waste operations. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the basic 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$198,547,993 at the close of 2016.

A substantial portion of the City's net position (86.6 percent) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the statement of net position as of June 30, 2016 and June 30, 2015, are as follows:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 13,306,917	\$ 14,083,754	\$ 60,741,705	\$ 60,449,207	\$ 74,048,622	\$ 74,532,961
Capital assets	<u>65,645,400</u>	<u>55,008,113</u>	<u>140,387,011</u>	<u>141,913,643</u>	<u>206,032,411</u>	<u>196,921,756</u>
Total assets	<u>78,952,317</u>	<u>69,091,867</u>	<u>201,128,716</u>	<u>202,362,850</u>	<u>280,081,033</u>	<u>271,454,717</u>
Deferred Outflows of Resources:						
Pensions:						
Differences between expected and actual experience	985,620	463,594	528,854	252,382	1,514,474	715,976
Difference between projected and actual earnings on investments	647,973	-	347,684	-	995,657	-
Contributions after measurement date	<u>1,015,489</u>	<u>936,940</u>	<u>544,881</u>	<u>510,072</u>	<u>1,560,370</u>	<u>1,447,012</u>
Total deferred outflows of resources	<u>2,649,082</u>	<u>1,400,534</u>	<u>1,421,419</u>	<u>762,454</u>	<u>4,070,501</u>	<u>2,162,988</u>
Liabilities:						
Long-term liabilities	7,560,207	6,101,103	38,474,778	37,397,571	46,034,985	43,498,674
Other liabilities	<u>15,869,464</u>	<u>13,861,828</u>	<u>23,585,056</u>	<u>26,627,050</u>	<u>39,454,520</u>	<u>40,488,878</u>
Total liabilities	<u>23,429,671</u>	<u>19,962,931</u>	<u>62,059,834</u>	<u>64,024,621</u>	<u>85,489,505</u>	<u>83,987,552</u>
Deferred Inflows of Resources:						
Pension:						
Difference between projected and actual earnings on investments	-	521,515	-	283,913	-	805,428
Changes of assumptions	<u>74,214</u>	<u>98,450</u>	<u>39,822</u>	<u>53,598</u>	<u>114,036</u>	<u>152,048</u>
Total deferred inflows of resources	<u>74,214</u>	<u>619,965</u>	<u>39,822</u>	<u>337,511</u>	<u>114,036</u>	<u>957,476</u>
Net Position:						
Net invested in capital assets	61,734,629	53,207,058	110,250,942	112,527,782	171,985,571	165,734,840
Restricted	6,680,165	6,595,665			6,680,165	6,595,665
Unrestricted	<u>(10,317,280)</u>	<u>(9,893,218)</u>	<u>30,199,537</u>	<u>26,235,390</u>	<u>19,882,257</u>	<u>16,342,172</u>
Total net position	<u>\$58,097,514</u>	<u>\$ 49,909,505</u>	<u>\$140,450,479</u>	<u>\$138,763,172</u>	<u>\$198,547,993</u>	<u>\$ 188,672,677</u>

A portion of the City's net position (3.36%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position (\$19,882,257) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of 2016, the City is able to report positive balances in net position or fund balances, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities

Governmental activities increased the City's net position by \$8,188,009; however, this is a decrease from prior year of \$2,978,960. The marginal decrease in revenues is primarily due to a decrease in charges for services, and taxes. Governmental activity expenses were up from 2015 to 2016 by \$1,681,177. Below is a breakdown of revenues and expenses by governmental and business type activities for 2016 and 2015.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 2,962,074	\$ 3,125,734	\$ 90,886,838	\$ 98,607,092	\$ 93,848,912	\$ 101,732,826
Capital grants & contributions	10,525,756	10,357,243			10,525,756	10,357,243
Operating grants & contributions	218,943	74,335			218,943	74,335
General revenues						
Other taxes	10,425,840	10,620,836			10,425,840	10,620,836
Other	42,269	35,789	103,009	72,298	145,278	108,087
Total revenues	24,174,882	24,213,937	90,989,847	98,679,390	115,164,729	122,893,327
Expenses:						
General government	3,203,034	3,272,009			3,203,034	3,272,009
Public safety	16,528,248	15,435,028			16,528,248	15,435,028
Public service	3,281,515	2,762,723			3,281,515	2,762,723
Culture and recreation	1,009,469	993,631			1,009,469	993,631
Community development	3,547,065	3,330,554			3,547,065	3,330,554
Interest on long-term debt	232,542	326,751			232,542	326,751
Utilities			68,166,927	73,297,740	68,166,927	73,297,740
Solid waste			9,320,613	8,093,325	9,320,613	8,093,325
Total expenses	27,801,873	26,120,696	77,487,540	81,391,065	105,289,413	107,511,761
Increase in net position before transfers	(3,626,991)	(1,906,759)	13,502,307	17,288,325	9,875,316	15,381,566
Transfers	11,815,000	13,073,728	(11,815,000)	(13,073,728)	-	-
Increase (decrease) in net position	8,188,009	11,166,969	1,687,307	4,214,597	9,875,316	15,381,566
Net position-beginning of year	49,909,505	38,742,536	138,763,172	134,548,575	188,672,677	173,291,111
Net position-end of year	\$ 58,097,514	\$ 49,909,505	\$140,450,479	\$138,763,172	\$198,547,993	\$ 188,672,677

Business-type activities

Business-type activities increased the City's net position by \$1,687,307. Operating revenues decreased only marginally by \$7,689,543. Expenses were down 4.8 percent below 2015. This decrease in expenses is reflective of lower electric and gas purchases during the fiscal year. The City's net income remains strong and stable.

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of 2016, unassigned fund balance of the General Fund was \$2,203,372 while total fund balances reached \$3,323,184. 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 fund balance represents 8.99 percent of the total General Fund expenditures, while total fund balance represents 13.55 percent of that same amount. Transfers in from other funds to supplement the General Fund were \$916,803 from non-major governmental funds and \$12,000,000 from proprietary funds for a total of \$12,916,803, representing 52.7 percent of total fund expenditures. The City of LaGrange does not levy a property tax and uses the enterprise funds to help fund general governmental services.

The fund balance of the General Fund remained healthy at the end of June, 2016. A decrease of \$105,984 in fund balance occurred over the course of Fiscal Year 2016. Small decreases in revenue (sales taxes, title tax, franchise fees) and increases in expenses (public safety, public services, capital outlay) and a lower contribution from enterprise funds, contributes to a decrease in fund balance for 2016.

Other non-major governmental funds have a total fund balance of \$5,744,106. The City showed a net decrease of \$38,875 in the fund balance during the current year for non-major governmental funds. Decreases in revenue (rental income, intergovernmental revenue) and decreases in transfers in are contributing factors to this decrease.

Proprietary funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of 2016 amounted to \$25,051,846, Water and Sewerage Fund \$11,743,254 and those for the Solid Waste Fund amounted to \$(6,595,563). The total change in net position for each fund was \$2,598,993, \$(1,296,690), and \$385,004 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget. During the year, however, revenues were less than budgetary estimates and expenditures were more than budgetary estimates. The decrease in transfers out increased the need to draw upon the fund balance to the extent shown in the budget statement.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$171,985,571 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities, storm sewers, bridges, streets, gas lines, electric lines, and water and sewer lines.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 13,737,811	\$ 9,651,471	\$ 3,510,561	\$ 3,510,561	\$ 17,248,372	\$ 13,162,032
Buildings	22,123,536	19,623,536	26,833,595	26,833,595	48,957,131	46,457,131
Machinery & equipment	10,680,440	9,587,705	22,911,162	21,811,725	33,591,602	31,399,430
Vehicles	3,733,886	3,669,977	1,635,208	1,642,870	5,369,094	5,312,847
Transmission & distribution			193,531,138	170,900,948	193,531,138	170,900,948
Other	45,152,644	42,472,122			45,152,644	42,472,122
Construction in progress	2,290,804		11,118	19,263,361	2,301,922	19,263,361
Total	97,719,121	85,004,811	248,432,782	243,963,060	346,151,903	328,967,871
Less, accumulated depreciation	(32,073,721)	(29,996,698)	(108,045,771)	(102,049,417)	(140,119,492)	(132,046,115)
Total net of accumulated depreciation	\$ 65,645,400	\$ 55,008,113	\$ 140,387,011	\$ 141,913,643	\$ 206,032,411	\$ 196,921,756

More detailed information can be found in the Notes to the Financial Statements, Note 4.

Long-term debt

At the end of 2016, the City had total bonded debt outstanding of \$7,415,000. Of this amount, none is backed by the full faith and credit of the City. All of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$112,451,537, which is significantly in excess of the City's outstanding general obligation bonds, which is zero.

More detailed information can be found in the Notes to the Financial Statements, Note 6.

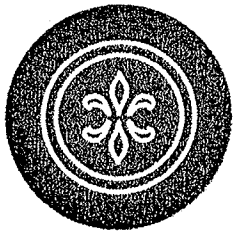
Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Meg B. Kelsey
City Manager
200 Ridley Avenue
LaGrange, Georgia 30240.

NOTICE

Certain pages of this report have been left blank intentionally.
These pages are identified as shown on this page.



LAGRANGE
GEORGIA

BASIC FINANCIAL STATEMENTS

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown LaGrange Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 9,317,340	\$ 10,777,580	\$ 20,094,920	\$ 722,227
Investments	67,229	33,340,988	33,408,217	
Receivables (net of allowance):				
Taxes	1,066,056		1,066,056	2,574
Accounts		10,473,226	10,473,226	15,715
Loans				306,027
Other	711,302		711,302	
Internal balances	1,009,041	(1,009,041)	-	
Inventory	183,753	1,973,618	2,157,371	18,221
Prepaid assets	16,435	62,187	78,622	71,895
Restricted cash	56,244		56,244	400,000
Restricted investments	879,517	5,123,147	6,002,664	
Capital assets:				
Land and construction in progress	16,028,615	3,521,679	19,550,294	5,146,322
Other capital assets, net of accumulated depreciation	49,616,785	136,865,332	186,482,117	10,875,236
Other assets				190,000
Total assets	78,952,317	201,128,716	280,081,033	17,748,217
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension:				
Differences between expected and actual experience	985,620	528,854	1,514,474	
Difference between projected and actual earnings on investments	647,973	347,684	995,657	
Contributions after measurement date	1,015,489	544,881	1,560,370	
Total deferred outflows of resources	2,649,082	1,421,419	4,070,501	-

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown LaGrange Development Authority
<u>LIABILITIES</u>				
Accounts and claims payable	1,844,865	4,159,233	6,004,098	137,938
Accrued liabilities	60,499	33,217	93,716	13,166
Accrued interest	77,934	131,263	209,197	
Customer deposits		2,429,733	2,429,733	
Unearned revenue	528,679	7,402,613	7,931,292	164,857
Noncurrent liabilities:				
Due within one year	1,614,952	3,128,300	4,743,252	1,648,378
Due in more than one year	7,560,207	38,474,778	46,034,985	
Net OPEB obligation	1,793,633	962,411	2,756,044	
Net pension liability	9,948,902	5,338,286	15,287,188	
Total liabilities	23,429,671	62,059,834	85,489,505	1,964,339
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension:				
Changes of assumptions	74,214	39,822	114,036	
Total deferred inflows of resources	74,214	39,822	114,036	-
<u>NET POSITION</u>				
Net investment in capital assets	61,734,629	110,250,942	171,985,571	14,373,180
Restricted for:				
Perpetual care	884,182		884,182	
Public safety	51,877		51,877	
Community development	1,439,974		1,439,974	
Capital projects	4,304,132		4,304,132	
124 Main Street				400,000
Unrestricted	(10,317,280)	30,199,537	19,882,257	1,010,698
Total net position	\$ 58,097,514	\$ 140,450,479	\$ 198,547,993	\$ 15,783,878

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,536,687	\$ 356,953			\$ (2,179,734)	\$ (2,179,734)		
Public safety	16,528,248	1,464,613	\$ 20,000		(15,043,635)	(15,043,635)		
Public service	3,281,515		135,000	\$ 2,999,319	(147,196)	(147,196)		
Culture and recreation	1,009,469	61,010			(948,459)	(948,459)		
Community development	3,547,065	1,079,498	58,943	7,526,437	5,117,813	5,117,813		
Redevelopment and housing	228,000				(228,000)	(228,000)		
Telecommunications	438,347		5,000		(433,347)	(433,347)		
Interest on long-term debt	232,542				(232,542)	(232,542)		
Total governmental activities	27,801,873	2,962,074	218,943	10,525,756	(14,095,100)	\$ (14,095,100)		
Business-type activities:								
Water and sewer	12,491,721	16,165,910			3,674,189	3,674,189		
Gas system	9,585,058	11,694,411			2,109,353	2,109,353		
Electric system	43,771,606	50,570,883			6,799,277	6,799,277		
Sanitation	9,320,613	9,456,822			136,209	136,209		
Telecommunications	2,318,542	2,998,812			680,270	680,270		
Total business-type activities	77,487,540	90,886,838	-	-	13,399,298	13,399,298		
Total primary government	\$ 105,289,413	\$ 93,848,912	\$ 218,943	\$ 10,525,756	(14,095,100)	(695,802)		
Component units:								
Downtown LaGrange Development Authority	\$ 1,773,633	\$ 933,927	\$ 446,469	\$ 1,450,173			\$ 1,056,936	
Total component units	\$ 1,773,633	\$ 933,927	\$ 446,469	\$ 1,450,173			1,056,936	
General revenues:								
Taxes:								
Franchise tax					1,110,440	1,110,440		
Insurance premium tax					1,695,770	1,695,770		
Alcoholic beverage tax					713,178	713,178		
Sales tax					4,769,502	4,769,502		
Ad valorem					409,323	409,323		
Other					1,727,627	1,727,627		
Investment earnings					103,009	145,278	15,093	
Transfers					11,815,000	(11,815,000)		
Total general revenues and transfers					22,283,109	(11,711,991)	15,093	
Change in net position					8,188,009	1,687,307	1,072,029	
Net position at beginning of year					49,909,505	138,763,172	14,711,849	
Net position at end of year					\$ 58,097,514	\$ 140,450,479	\$ 15,783,878	

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,026,052	\$ 5,246,385	\$ 7,272,437
Investments	67,229		67,229
Receivables (net of allowance):			
Taxes	1,066,056		1,066,056
Intergovernmental	135,000	530,858	665,858
Other	9,364		9,364
Inventory	183,753		183,753
Restricted cash and cash equivalents	56,244		56,244
Restricted investments	879,517		879,517
	<u>879,517</u>	<u></u>	<u>879,517</u>
Total assets	<u>\$ 4,423,215</u>	<u>\$ 5,777,243</u>	<u>\$ 10,200,458</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 510,853	\$ 33,137	\$ 543,990
Accrued liabilities	60,499		60,499
Unearned revenue	528,679		528,679
Total liabilities	<u>1,100,031</u>	<u>33,137</u>	<u>1,133,168</u>
Fund Balances:			
Non-spendable:			
Inventory	183,753		183,753
Restricted for:			
Perpetual care	884,182		884,182
Public safety	51,877		51,877
Capital projects		4,304,132	4,304,132
Community development		1,439,974	1,439,974
Unassigned	2,203,372		2,203,372
Total fund balances	<u>3,323,184</u>	<u>5,744,106</u>	<u>9,067,290</u>
Total liabilities and fund balances	<u>\$ 4,423,215</u>	<u>\$ 5,777,243</u>	<u>\$ 10,200,458</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balance - all governmental funds	\$ 9,067,290
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	65,645,400
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The deferred outflows below are not current assets or financial resources and the deferred inflows are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at June 30, 2016 are:

Deferred outflows	2,649,082
Deferred inflows	(74,214)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2016 are:

Accrued interest payable	\$	(77,934)	
Compensated absences		(694,388)	
Notes payable		(855,000)	
Capital leases		(3,055,771)	
Intergovernmental agreements		(4,570,000)	
Net OPEB obligation		(1,793,633)	
Net pension liability		(9,948,902)	(20,995,628)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to certain funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	1,805,584
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Net position of governmental activities	\$ 58,097,514
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CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Sales	\$ 4,769,502		\$ 4,769,502
Franchise	1,110,440		1,110,440
Insurance premium	1,695,770		1,695,770
Alcoholic beverage	713,178		713,178
Ad valorem	409,323		409,323
Other	810,824	\$ 916,803	1,727,627
Licenses and permits	153,323		153,323
Intergovernmental	207,928	2,998,387	3,206,315
Fines and forfeitures	1,133,181		1,133,181
Charges for services	310,653		310,653
Investment income	34,850	19,366	54,216
Rental income		939,322	939,322
Miscellaneous	285,419	140,176	425,595
Total revenues	<u>11,634,391</u>	<u>5,014,054</u>	<u>16,648,445</u>
Expenditures:			
Current:			
General government	1,901,425		1,901,425
Public safety	15,947,584		15,947,584
Public service	2,941,310		2,941,310
Culture and recreation	944,873		944,873
Community development	1,398,232	651,005	2,049,237
Redevelopment and housing		228,000	228,000
Telecommunications and technology	422,411		422,411
Debt service:			
Principal retirements	245,991	732,500	978,491
Interest and fees	2,980	223,235	226,215
Capital outlay:			
General government	91,064	65,389	156,453
Public safety	324,813	853,931	1,178,744
Public service	268,257	920,400	1,188,657
Telecommunications	21,661		21,661
Culture and recreation	8,634		8,634
Community development		3,145,300	3,145,300
Total expenditures	<u>24,519,235</u>	<u>6,819,760</u>	<u>31,338,995</u>
Excess of revenues over (under) expenditures	<u>(12,884,844)</u>	<u>(1,805,706)</u>	<u>(14,690,550)</u>
Other financing sources (uses):			
Sale of capital assets	4,984		4,984
Capital lease	435,152	2,290,555	2,725,707
Transfers in	12,916,803	578,079	13,494,882
Transfers out	(578,079)	(1,101,803)	(1,679,882)
Total other financing sources (uses)	<u>12,778,860</u>	<u>1,766,831</u>	<u>14,545,691</u>
Net change in fund balances	(105,984)	(38,875)	(144,859)
Fund balance, beginning of year	3,429,168	5,782,981	9,212,149
Fund balance, end of year	<u>\$ 3,323,184</u>	<u>\$ 5,744,106</u>	<u>\$ 9,067,290</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Net change in fund balances - All governmental funds \$ (144,859)

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

Governmental funds report capital outlay 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:

Capital outlay	5,626,026
Depreciation	(2,515,176)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position.	7,526,437
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount consists of the change in the following balances:

Compensated absences	(117,657)
Accrued interest payable	(6,327)
Net OPEB obligation	(5,090)
Pension expense	(68,176)

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Principal retirements	978,491
Proceeds from capital leases	(2,725,707)

Internal service funds are used by management to charge costs of certain activities, such as insurance to certain funds. The net revenue (expenses) of certain internal service funds is reported with governmental activities.	<u>(359,953)</u>
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Change in net position of governmental activities	<u><u>\$ 8,188,009</u></u>
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CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 5,050,000	\$ 4,769,502	\$ (280,498)
Franchise	1,207,800	1,110,440	(97,360)
Insurance premium	1,600,000	1,695,770	95,770
Alcoholic beverage	721,000	713,178	(7,822)
Ad valorem	475,000	409,323	(65,677)
Other	743,000	810,824	67,824
Licenses and permits	122,200	153,323	31,123
Intergovernmental	328,500	207,928	(120,572)
Fines and forfeitures	1,496,500	1,133,181	(363,319)
Charges for services	304,400	310,653	6,253
Investment income	100	34,850	34,750
Miscellaneous	149,000	285,419	136,419
Total revenues	<u>12,197,500</u>	<u>11,634,391</u>	<u>(563,109)</u>
Expenditures:			
Current:			
General government:			
Administrative	1,237,803	1,246,877	(9,074)
Finance	701,367	714,124	(12,757)
Garage	(66,178)	(295,239)	229,061
General government	38,000	49,683	(11,683)
City hall	163,219	185,980	(22,761)
Total general government	<u>2,074,211</u>	<u>1,901,425</u>	<u>172,786</u>
Public safety:			
Court administration	394,178	381,323	12,855
Probation	313,506	310,765	2,741
Police	9,233,109	9,373,436	(140,327)
Community service	107,958	76,080	31,878
Traffic control	807,084	897,191	(90,107)
Fire services	4,691,869	4,575,256	116,613
Animal control	287,301	333,533	(46,232)
Total public safety	<u>15,835,005</u>	<u>15,947,584</u>	<u>(112,579)</u>
Public service:			
Engineering and supervision	323,117	314,885	8,232
Streets	1,325,691	1,421,913	(96,222)
Street cleaning	118,648	121,019	(2,371)
Trash and refuse	709,911	794,956	(85,045)
Recycling	233,071	288,537	(55,466)
Total public service	<u>2,710,438</u>	<u>2,941,310</u>	<u>(230,872)</u>

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2016
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	999,593	944,873	54,720
Community development:			
Community development	719,739	712,242	7,497
DAL marketing	79,496	96,354	(16,858)
Other community support	564,662	589,636	(24,974)
Total community development	1,363,897	1,398,232	(34,335)
Telecommunications:			
Administration	224,063	233,351	(9,288)
LGTV	176,303	189,060	(12,757)
Total telecommunications	400,366	422,411	(22,045)
Debt service:			
Principal retirement	245,991	245,991	-
Interest and fees	2,167	2,980	(813)
Total debt service	248,158	248,971	(813)
Capital outlay:			
General government	108,000	91,064	16,936
Public safety	124,000	324,813	(200,813)
Public service	170,730	268,257	(97,527)
Telecommunications	32,000	21,661	10,339
Culture and recreation		8,634	(8,634)
Community development			-
Total capital outlay	434,730	714,429	(279,699)
Total expenditures	24,066,398	24,519,235	(452,837)
Excess (deficiency) of revenues over (under) expenditures	(11,868,898)	(12,884,844)	(1,015,946)
Other financing sources (uses):			
Transfers in	12,860,000	12,916,803	56,803
Transfers out	(537,500)	(578,079)	(40,579)
Sale of capital assets	2,000	4,984	2,984
Capital leases		435,152	435,152
Total other financing sources (uses)	12,324,500	12,778,860	454,360
Net change in fund balances	455,602	(105,984)	(561,586)
Fund balance, beginning of year	3,429,168	3,429,168	-
Fund balance, end of year	\$ 3,884,770	\$ 3,323,184	\$ (561,586)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-Type Activities Major Enterprise Funds			Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Governmental Activities
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,134,066	\$ 8,049,334	\$ 1,594,180	\$ 10,777,580
Investments	29,833,239	3,507,749		33,340,988
Receivables:				
Accounts	7,755,757	1,997,663	719,806	10,473,226
Other				36,080
Due from other funds				1,000,000
Prepays	62,187			62,187
Inventory	1,109,102	864,516		1,973,618
Restricted assets:				
Restricted investments	5,123,147			5,123,147
Total current assets	45,017,498	14,419,262	2,313,986	61,750,746
Noncurrent assets:				
Capital assets, not being depreciated	1,574,303	509,643	1,437,733	3,521,679
Capital assets, being depreciated	36,483,022	75,279,704	25,102,606	136,865,332
Advances to other funds				1,009,041
Total noncurrent assets	38,057,325	75,789,347	26,540,339	140,387,011
Total assets	83,074,823	90,208,609	28,854,325	202,137,757
				4,106,459
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pensions:				
Differences between expected and actual experience	238,984	204,757	85,113	528,854
Difference between projected and actual earnings on investments	157,115	134,613	55,956	347,684
Contributions after measurement date	246,226	210,962	87,693	544,881
Total deferred outflows of resources	642,325	550,332	228,762	1,421,419
				-

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016
(Continued)

	Business-Type Activities Major Enterprise Funds			Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Governmental Activities
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	3,859,572	108,701	190,960	4,159,233
Customer deposits	1,901,283	526,920	1,530	2,429,733
Accrued liabilities	14,764	12,143	6,310	33,217
Accrued compensated absences	91,689	49,485	24,540	165,714
Due to other funds				1,000,000
Unearned revenue	7,402,613			7,402,613
Claims reserve				1,300,000
Notes payable, current		780,564	166,229	946,793
Capital leases, current	301,278		593,453	894,731
Intergovernmental agreement payable, current	255,000			255,000
Landfill postclosure liability, current			41,062	41,062
Liabilities payable from restricted assets:				
Accrued interest	131,263			131,263
Revenue bonds, current	825,000			825,000
Total current liabilities	14,782,462	1,477,813	1,024,084	17,284,359
Noncurrent liabilities:				
Compensated absences	137,535	74,228	36,810	248,573
Revenue bonds, long-term	6,590,000			6,590,000
Notes payable, long-term		15,970,673	3,206,289	19,176,962
Capital leases, long-term	508,378		1,194,205	1,702,583
Intergovernmental agreement payable, long-term	2,940,000			2,940,000
Landfill postclosure liability			7,816,660	7,816,660
Advances from other funds	1,009,041			1,009,041
Net OPEB obligation	434,904	372,617	154,890	962,411
Net pension liability	2,412,318	2,066,828	859,140	5,338,286
Total noncurrent liabilities	14,032,176	18,484,346	13,267,994	45,784,516
Total liabilities	28,814,638	19,962,159	14,292,078	63,068,875
				2,300,875
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pensions:				
Changes of assumptions	17,995	15,418	6,409	39,822
Total deferred inflows of resources	17,995	15,418	6,409	39,822
				-
<u>NET POSITION</u>				
Net investment in capital assets	29,832,669	59,038,110	21,380,163	110,250,942
Unrestricted	25,051,846	11,743,254	(6,595,563)	30,199,537
				1,805,584
Total net position	\$54,884,515	\$ 70,781,364	\$ 14,784,600	\$ 140,450,479
				\$ 1,805,584

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Business-Type Activities Major Enterprise Funds			Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Governmental Activities
Operating revenues:				
Water and sewerage system		\$ 16,077,224		\$ 16,077,224
Gas system	\$ 11,402,218			11,402,218
Electric system	50,452,566			50,452,566
Sanitation			\$ 9,336,924	9,336,924
Premiums				\$ 7,903,286
Telecommunications	2,998,812			2,998,812
Other sales	410,510	88,686	119,898	619,094
Total operating revenue	65,264,106	16,165,910	9,456,822	90,886,838
Operating expenses:				
Water and sewerage system		8,858,461		8,858,461
Gas system	8,024,447			8,024,447
Electric system	42,485,679			42,485,679
Sanitation			7,642,173	7,642,173
Telecommunications	2,620,796			2,620,796
Administrative services				341,652
Depreciation	2,092,404	3,352,980	1,631,490	7,076,874
Risk management				7,984,038
Total operating expenses	55,223,326	12,211,441	9,273,663	8,325,690
Operating income (loss)	10,040,780	3,954,469	183,159	14,178,408
Nonoperating revenues (expenses):				
Investment income	102,716		293	103,009
Gain (loss) on sale of assets	(25,865)	7,713	63,889	45,737
Interest expense	(426,015)	(287,993)	(110,839)	(824,847)
Total nonoperating revenues (expenses)	(349,164)	(280,280)	(46,657)	62,451
Net income (loss) before contribution and transfers	9,691,616	3,674,189	136,502	13,502,307
Transfers in	2,178,048	422,169	248,502	2,848,719
Transfers out	(9,270,671)	(5,393,048)		(14,663,719)
Change in net position	2,598,993	(1,296,690)	385,004	1,687,307
Net position, beginning of year	52,285,522	72,078,054	14,399,596	138,763,172
Net position, end of year	\$ 54,884,515	\$ 70,781,364	\$ 14,784,600	\$ 140,450,479

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Business-Type Activities Major Enterprise Funds				Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	Governmental Activities
Cash flows from operating activities:					
Cash received from customers and users	\$ 63,393,290	\$ 16,150,205	\$ 9,470,578	\$ 89,014,073	\$ 7,876,393
Cash paid to employees	(3,020,365)	(4,025,598)	(2,257,377)	(9,303,340)	
Cash paid to suppliers	(50,253,506)	(5,183,063)	(5,603,422)	(61,039,991)	(8,329,176)
Net cash provided (used) by operating activities	10,119,419	6,941,544	1,609,779	18,670,742	(452,783)
Cash flows from noncapital financing activities:					
Repayment of advance to (from) other funds					86,055
Advances to other funds	(86,055)			(86,055)	
Transfers in	2,178,048	422,169	248,502	2,848,719	
Transfers out	(9,270,671)	(5,393,048)		(14,663,719)	
Net cash provided (used) by noncapital financing activities	(7,178,678)	(4,970,879)	248,502	(11,901,055)	86,055
Cash flows from capital and related financing activities:					
Proceeds from debt		1,879,881	510,661	2,390,542	
Principal payments on revenue bonds	(800,000)			(800,000)	
Proceeds from sale of assets	15,450	7,713	236,882	260,045	
Acquisition of capital assets	(763,315)	(2,611,059)	(1,624,935)	(4,999,309)	
Capital lease payments	(392,978)		(649,677)	(1,042,655)	
Payments on notes payable		(437,501)	(125,418)	(562,919)	
Payments on intergovernmental agreement	(240,000)			(240,000)	
Interest paid	(372,763)	(287,993)	(110,839)	(771,595)	
Net cash provided (used) by capital financing activities	(2,553,606)	(1,448,959)	(1,763,326)	(5,765,891)	-
Cash flows from investing activities:					
Sale (purchase) of investments	(2,885,594)	(12,813)		(2,898,407)	
Investment income	102,716		293	103,009	62,451
Net cash provided (used) by investing activities	(2,782,878)	(12,813)	293	(2,795,398)	62,451
Net increase (decrease) in cash	(2,395,743)	508,893	95,248	(1,791,602)	(304,277)
Cash, beginning of year	3,529,809	7,540,441	1,498,932	12,569,182	2,349,180
Cash, end of year	\$ 1,134,066	\$ 8,049,334	\$ 1,594,180	\$ 10,777,580	\$ 2,044,903

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016
(Continued)

	Business-Type Activities Major Enterprise Funds				Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	Governmental Activities
Cash flows from operating activities:					
Operating income (loss)	\$ 10,040,780	\$ 3,954,469	\$ 183,159	\$ 14,178,408	\$ (422,404)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,092,404	3,352,980	1,631,490	7,076,874	
Changes in operating assets and liabilities:					
Accounts receivable	630,850	(128,753)	13,756	515,853	(26,893)
Inventory	(27,746)	(100,751)		(128,497)	
Prepaid expense	13,005			13,005	(2,195)
Accounts payable	(175,418)	(194,173)	(516,137)	(885,728)	(1,291)
Claims reserve					
Accrued vacation	35,950	27,673	(6,892)	56,731	
Due from other funds	500,000			500,000	
Unearned revenue	(3,156,736)			(3,156,736)	
Other accrued expenses	(61,280)	(42,190)	(19,780)	(123,250)	
Customer deposits	155,070	113,048		268,118	
Closure/postclosure			387,871	387,871	
Net OPEB obligation	12,007	(9,952)	(13,330)	(11,275)	
Net pension liability	60,533	(30,807)	(50,358)	(20,632)	
Net cash provided (used) by operating activities	<u>\$ 10,119,419</u>	<u>\$ 6,941,544</u>	<u>\$ 1,609,779</u>	<u>\$ 18,670,742</u>	<u>\$ (452,783)</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2016, the City incurred debt of \$765,240 in the form of capital leases in connection with the acquisition of new equipment.

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of LaGrange, Georgia (the City) was incorporated in 1828, under the provisions of the State of Georgia. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highway and street, sanitation, health and social services, culture and recreation, community development, planning and zoning, and general administrative services.

The accounting policies of the City of LaGrange, Georgia conform to generally accepted accounting principles applicable to governments. The following is a summary of the City's more significant accounting policies used in the preparation of the accompanying financial statements.

- A. The Reporting Entity - The City of LaGrange, Georgia is a municipal corporation governed by a Mayor and seven member Council. The City has considered all potential component units for inclusion in these financial statements and determined that the Solid Waste Management Authority of the City of LaGrange should be included on a blended basis and that the Downtown LaGrange Development Authority should be included as a discretely presented component unit.

The Solid Waste Management Authority of the City of LaGrange (the "Authority"), consists of an eight member board appointed by the governing authority of the City. The Authority provides a means to issue revenue bonds. Although it is legally separate from the City, the Authority is reported as if it were part of the City's Solid Waste Fund because the board and management of the Authority are substantially the same as the City. Additionally, the City is wholly responsible for the debt of the Authority whose sole purpose is to finance, construct, equip, expand, and maintain the City's solid waste facilities. Separate financial statements are not prepared by the Solid Waste Management Authority.

The component unit column in the financial statements includes the financial data of the Downtown LaGrange Development Authority, the City's only discretely presented component unit. The purpose of the Authority is to revitalize and redevelop central business districts and to promote the public good and the general welfare of the State. It is reported in a separate column to emphasize that it is legally separate from the City. The Downtown LaGrange Development Authority is presented as a discretely presented component unit under GASB-14, as amended by GASB-61, because the Authority is legally separate, the municipality appoints a voting majority of the Authority and is able to impose its will on the Authority, and the Authority provides services and benefits which are not limited to the City. The Downtown LaGrange Development Authority is presented as an enterprise fund type. It is not considered necessary to present condensed financial statements for the Downtown LaGrange Development Authority here since it is the only component unit for the City and has been discretely presented in a separate column in these financial statements. Complete financial statements can be obtained from the Downtown LaGrange Development Authority, 200 Main Street, Suite 1-B, LaGrange, Georgia 30240.

The Downtown Development Authority of the City of LaGrange also meets the above criteria for inclusion as a component unit of the City, but is not included in these financial statements due to immaterial financial activity.

- B. Government-wide and Fund Financial Statements - The government-wide statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government and the component unit of the City. As a general rule, the effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items such as internally dedicated resources, not properly included among program revenues are reported instead as general revenues.

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grants from other governments, sales tax, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the City reports the following major proprietary funds:

Enterprise Funds - These funds account for operations of the City which are to be financed and operated in a manner similar to a private business enterprise in which the costs (including depreciation) incurred in providing services are being recovered primarily through user charges. These operations include sanitation, water and sewer, electricity, telecommunication, and natural gas services.

- **Utility Fund** - The Utility Fund accounts for operations of the City which are to be financed and operated in a manner similar to a private business enterprise in which the costs (including depreciation) incurred in providing services are being recovered primarily through user charges. These operations include electricity, telecommunication, and natural gas services.
- **Water and Sewerage Fund** - The Water and Sewerage Fund accounts for the operations of the City's water and sewerage activities.
- **Sanitation Fund** - The Sanitation Fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Additionally, the government reports the following fund types:

Internal Service Fund - The Group Insurance Fund and the Property and Casualty Insurance Fund account for the City's partial self-insurance of employee medical claims, workers' compensation claims, and general liability claims provided to other departments of the government on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and production and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's net position is reported in three parts - (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

- D. Budgets and Budgetary Accounting - On or about May 1 of each year, the City Manager presents a proposed operating budget to the City Council for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Any supplemental appropriations are approved by the City Council. No supplemental appropriations were made during the year ended June 30, 2016.

The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Capital Projects Fund and SPLOST Fund are budgeted on a project basis, which may be one or more years in length. Proprietary fund type budgets are adopted for management control purposes only.

- E. Cash and Cash Equivalents - Cash and cash equivalents shown on the balance sheet represent demand deposits and non-negotiable certificates of deposit. All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.
- F. Investments - The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. governmental agency obligations; State of Georgia or other states obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "A" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. government or agency obligations; banker's acceptances that are eligible for purchase by the Federal Reserve Bank; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are stated at fair value based upon quoted market prices.

- G. Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

- H. Inventory and Prepaid Items - Inventory is valued at cost determined principally using the first-in, first-out (FIFO) method. Inventory is recorded on the consumption method which means that inventory acquisitions are recorded in inventory accounts initially and charged as expenditures or expenses when used. Prepaid items are also recorded on the consumption method.

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

- I. Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, traffic signals, sewers, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Some assets are capitalized when the aggregated amount of a group of an asset is material. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair market value on the date donated. Construction period interest is capitalized with the cost of the asset. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government, as well as any reported component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40-50 years
Distribution systems.....	33-50 years
Furniture and fixtures.....	5-10 years
Equipment and vehicles.....	5-25 years
Infrastructure.....	10-50 years

- J. Long-Term Obligations - In the government-wide financial statements, and 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- K. Accrued Vacation - A liability for accrued vacation pay is recorded by the City. A liability for unused sick leave pay is not recorded since these amounts do not vest.
- L. Fund Equity - The City has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

- **Nonspendable fund balance** - Amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- **Restricted fund balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- **Committed fund balance** - Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- **Assigned fund balance** - Amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- **Unassigned fund balance** - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by the passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes). It is the City's policy to use restricted fund balances first followed by committed amounts, assigned amounts, and then unassigned amounts, respectively.

- M. Deferred Outflows/Inflows of Resources - In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate 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 outflow of resources in the form of expenditures until that time. The differences between expected and actual experience related to pension, the difference between projected and actual earnings on investments related to pensions, and the contributions made to the pension plan after the measurement date are the only items that the City has that qualify for reporting in this category.

In addition to liabilities, the financial statements of the City will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows in resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources in the form of revenue until that time. The changes in assumptions related to pensions is the only item that the City has that qualifies for reporting in this category.

- N. Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of LaGrange Georgia's Municipal Employees Benefit System (GMEBS) plans and additions to/deductions from the Plans' fiduciary net pension have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- O. Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.
- P. Use of Estimates to Prepare Financial Statements - Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.
- Q. Subsequent Events - Subsequent events have been evaluated by management through November 22, 2016, which is the date the financial statements were available to be issued.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

2. DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$20,151,164, which includes \$7,450 petty cash and the bank balance was \$21,031,268. Of the bank balance, \$515,128 was covered by federal deposit insurance and, \$20,516,140 was covered by collateral held in the pledging bank's trust department or by its agent in the City's name. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2016, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust Coca Cola Stock	January 2015 - September 2016	\$ 38,464,135 <u>879,517</u>
Total investments		39,343,652
Georgia Fund 1 (State Investment Pool)	42 day WAM	<u>67,229</u>
Total pooled cash and investments		<u>\$ 39,410,881</u>

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - As discussed in Note 1. F., state law limits investments available to local governments by statute. The City has no investment policy that would further limit its investment choices. As of June 30, 2016, the City's investment in the state investment pool was rated AA+ by Standard & Poor's.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in one issuer. The investment in the Municipal Competitive Trust is 97.6% total investments.

The City's investment of \$67,229 in the Georgia Fund 1 local government investment pool has not been categorized as to risk level because it is a pool managed by another government. Georgia Fund 1, which was created by the Official Code of Georgia Annotated (OCGA) 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAA rated market funds. Georgia Fund 1 is not considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission as an investment company. The Office of State Treasurer is the regulatory oversight agency of Georgia Fund 1. The pool's primary objectives are safety of capital, investment income liquidity and diversification while maintaining principal (\$1.00) per share value. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

3. NOTES AND ACCOUNTS RECEIVABLE

Primary Government

At June 30, 2016, there were no outstanding notes receivables.

Accounts receivable in the Utility Fund, the Water and Sewerage Fund, and the Sanitation Fund is reported net of an allowance for doubtful accounts of \$7,755,757, \$1,997,663, and \$719,806, respectively.

Component Unit

Note receivable from an individual, 3.25% per annum, to be paid in monthly installments of principal and interest in the amount of \$1,307 from October 1, 2012 through September 1, 2028.	<u>\$ 158,542</u>
Due within one year	<u>\$ 10,698</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Note receivable from C'Sons, LLC, 3.25% per annum, to be paid in monthly installments of principal and interest in the amount of \$491 from March 15, 2015 through February 15, 2018. \$ 10,079

Due within one year \$ 5,156

Note receivable from an individual, 4.00% per annum, to be paid in monthly installments of principal and interest in the amount of \$760 from September 1, 2014 through August 1, 2039. \$ 137,406

Due within one year \$ 3,696

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2016, was as follows:

	June 30, 2015	Additions	Retirements	June 30, 2016
<u>Primary Government</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,651,471	\$ 4,086,340		\$ 13,737,811
Construction in progress		2,290,804		2,290,804
Total capital assets not being depreciated	<u>9,651,471</u>	<u>6,377,144</u>	\$ -	<u>16,028,615</u>
Capital assets being depreciated:				
Buildings	19,623,536	2,500,000		22,123,536
Machinery and equipment	9,587,705	1,261,816	(169,081)	10,680,440
Vehicles	3,669,977	332,981	(269,072)	3,733,886
Infrastructure	42,472,122	2,680,522		45,152,644
Total capital assets being depreciated	<u>75,353,340</u>	<u>6,775,319</u>	<u>(438,153)</u>	<u>81,690,506</u>
Less, accumulated depreciation for:				
Buildings	(4,220,081)	(451,030)		(4,671,111)
Machinery and equipment	(6,507,335)	(543,804)	169,081	(6,882,058)
Vehicles	(2,881,505)	(297,362)	269,072	(2,909,795)
Infrastructure	(16,387,777)	(1,222,980)		(17,610,757)
Total accumulated depreciation	<u>(29,996,698)</u>	<u>(2,515,176)</u>	<u>438,153</u>	<u>(32,073,721)</u>
Total capital assets being depreciated, net	<u>45,356,642</u>	<u>4,260,143</u>	-	<u>49,616,785</u>
Governmental activities capital assets, net	<u>\$ 55,008,113</u>	<u>\$ 10,637,287</u>	<u>\$ -</u>	<u>\$ 65,645,400</u>

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

Governmental activities:	
General government	\$ 408,402
Public safety	297,373
Public service	294,108
Culture and recreation	43,612
Community development	<u>1,471,681</u>
Total depreciation expense for governmental activities	<u>\$ 2,515,176</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

A summary of business-type activities for property, plant and equipment at June 30, 2016 is presented below:

	June 30, 2015	Additions	Retirements	June 30, 2016
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 3,510,561			\$ 3,510,561
Construction in progress	19,263,361		\$ (19,252,243)	11,118
Total capital assets, not being depreciated	22,773,922	\$ -	(19,252,243)	3,521,679
Capital assets being depreciated:				
Buildings	26,833,595			26,833,595
Machinery and equipment	21,811,725	2,351,899	(1,252,462)	22,911,162
Vehicles	1,642,870	34,702	(42,364)	1,635,208
Infrastructure	170,900,948	22,630,190		193,531,138
Total capital assets being depreciated	221,189,138	25,016,791	(1,294,826)	244,911,103
Less, accumulated depreciation for:				
Buildings	(14,765,134)	(502,854)		(15,267,988)
Machinery and equipment	(13,594,833)	(1,555,827)	1,038,156	(14,112,504)
Vehicles	(1,391,755)	(90,242)	42,364	(1,439,633)
Infrastructure	(72,297,695)	(4,927,951)		(77,225,646)
Total accumulated depreciation	(102,049,417)	(7,076,874)	1,080,520	(108,045,771)
Total capital assets being depreciated, net	119,139,721	17,939,917	(214,306)	136,865,332
Business-type activities capital assets, net	\$ 141,913,643	\$ 17,939,917	\$ (19,466,549)	\$ 140,387,011

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

Business-type activities:	
Water and sewerage	\$ 3,352,981
Electric system	586,206
Gas system	1,104,918
Telecommunications	401,279
Sanitation	1,631,490
Total depreciation expense for business-type activities	\$ 7,076,874

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Discretely Presented Component Unit</u>				
Capital assets not being depreciated:				
Land - Property held for lease	\$ 1,496,750			\$ 1,496,750
Land - Event center	34,960			34,960
Land - Promenades	198,000			198,000
Construction in progress	257,994	\$ 3,158,618		3,416,612
Total capital assets not being depreciated	1,987,704	3,158,618	\$ -	5,146,322
Capital assets being depreciated:				
Buildings and improvements	13,363,998	56,509		13,420,507
Equipment	765,713	2,397	(1,212)	766,898
Total capital assets being depreciated	14,129,711	58,906	(1,212)	14,187,405
Less, accumulated depreciation for:				
Buildings and improvements	(2,559,799)	(337,330)		(2,897,129)
Equipment	(332,154)	(83,311)	425	(415,040)
Total accumulated depreciation	(2,891,953)	(420,641)	425	(3,312,169)
Total capital assets being depreciated, net	11,237,758	(361,735)	(787)	10,875,236
Total capital assets, net	\$ 13,225,462	\$ 2,796,883	\$ (787)	\$ 16,021,558

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Depreciation expense for the Authority was charged to functions as follows:

Community development	\$ <u>420,641</u>
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5. CAPITAL LEASES

The City has entered into lease agreements for financing the acquisition of various pieces of equipment and vehicles for the governmental activities and business-type activities. Capital leases for governmental activities are being repaid through the General Fund. Capital leases for business-type activities are being repaid through the Utility and Sanitation Funds. These lease agreements qualify as capital leases for accounting purposes, and the expense resulting from amortization of assets recorded under capital leases is included in depreciation expense. Therefore, the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Construction in progress	\$ 2,290,804	
Machinery and equipment	6,133,678	\$ 15,927,221
Less, accumulated depreciation	<u>(4,989,340)</u>	<u>(10,712,006)</u>
 Total	 <u>\$ 3,435,142</u>	 <u>\$ 5,215,215</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Year ending June 30:		
2017	\$ 619,353	\$ 911,495
2018	522,331	695,538
2019	405,708	510,707
2020	327,748	362,457
2021	333,952	153,645
2022-2026	<u>1,181,523</u>	<u> </u>
Total lease payments	3,390,615	2,633,842
Less, amount representing interest	<u>(334,844)</u>	<u>(36,528)</u>
	 <u>\$ 3,055,771</u>	 <u>\$ 2,597,314</u>

6. LONG-TERM DEBT

A. Notes Payable

Governmental Activities

The City has entered into notes payable for the purpose of financing the City's Transition Center. The total amount of loans issued in prior years was \$3,640,000.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Financing of the City's Transition Center - Debt Service Fund	4.85%	\$ <u>855,000</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Loans payable currently outstanding are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2017	\$ 410,000	\$ 41,468
2018	445,000	21,582
	<u>\$ 855,000</u>	<u>\$ 63,050</u>

Business-Type Activities

The City's Water and Sewerage Fund and Sanitation Fund borrowed funds for system improvements under notes payable agreements with Georgia Environmental Facilities Authority in the amounts of \$18,654,707 and \$4,006,058 respectively.

Notes payables currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Gas recirculation project at landfill – Sanitation Fund	2.33%	\$ 446,030
Construction of Cell No. 5 at landfill – Sanitation Fund	3.03%	2,926,489
Construction of water line – Water and Sewerage Fund	4.10%	454,040
Improvements at water pollution control plant – Water and Sewerage Fund	3.00%	2,318,705
Long Cane pump station – Water and Sewerage Fund	1.40%	8,512,686
Yellow Jacket Creek pump station – Water and Sewerage Fund	1.40%	5,465,805
		<u>\$ 20,123,755</u>

Notes payable service requirements to maturity are as follows:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2017	\$ 946,793	\$ 374,624
2018	965,336	356,081
2019	984,335	337,082
2020	1,003,750	317,667
2021	1,023,681	297,736
2022-2026	5,287,959	1,177,192
2027-2031	5,506,387	646,082
2032-2033	4,405,514	173,028
	<u>\$ 20,123,755</u>	<u>\$ 3,679,492</u>

B. Revenue Bonds

Business-Type Activities

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The Utility Fund currently has revenue bonds outstanding to be paid from the gas system revenue. In prior years, the City issued \$10,500,000 in revenue bonds to finance construction projects to expand existing facilities and construct additional facilities. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2009 Gas Authority Revenue Bonds	4.09%	\$ 3,355,000
Series 2012 Gas Authority Revenue Refunding Bonds	2.035%	4,060,000
		<u>\$ 7,415,000</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Revenue bond service requirements to maturity are as follows:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2017	\$ 825,000	\$ 219,841
2018	850,000	195,551
2019	880,000	170,547
2020	910,000	144,522
2021	940,000	117,578
2022-2024	<u>3,010,000</u>	<u>181,371</u>
	<u>\$ 7,415,000</u>	<u>\$ 1,029,410</u>

C. Compensated Absences - The City accrues compensated absences for their employees. Both governmental and business-type activities have accrued absences at June 30, 2016. Accrued compensated absences from governmental activities are repaid through the General Fund. Business-type activities accrued compensated absences are repaid through the Utility Fund, Water and Sewerage Fund, and Sanitation Fund.

D. Intergovernmental Agreements Payable

The City of LaGrange has entered into three separate intergovernmental contracts:

- The LaGrange Development Authority (LDA), the Troup County Development Authority, the City of LaGrange, and Troup County entered into an intergovernmental contract under which the LDA is to acquire, construct and equip a new industrial park (Callaway South Industrial Park) on approximately 1,100 acres located within LaGrange. The LDA issued two series of revenue bonds, Series 2007A in the aggregate amount of \$1,565,000 and Series 2007B in the aggregate amount of \$5,285,000. In the year ended June 30, 2014, the LDA refunded the 2007B in full. The revenue bonds, 2012 Revenue Refunding Bonds are secured by the intergovernmental contract under which the City of LaGrange and Troup County have agreed to each pay one-half of the debt service on the bonds when due, commencing in February, 2013. LDA is obligated for up to 50 years to reimburse the City of LaGrange and Troup County for payments made under the intergovernmental contract from net proceeds received from the sale or lease of parcels.
- The City entered into a contract dated April 1, 2005, with the Downtown LaGrange Development Authority obligating the City to service the principal and interest on the Authority's Series 2005 Revenue Bonds. The bond proceeds were used to construct a movie theater in the downtown area of LaGrange. In the year ended June 30, 2015 the Downtown LaGrange Development Authority refunded the Series 2005 Revenue Bonds with Series 2014 Revenue Bonds, which the City is obligated to service.
- The City also entered into a contract dated December 1, 2005 with the LaGrange Development Authority obligating the City to service the debt of the Authority's Series 2005A and 2005B Revenue Bonds. The proceeds of the bonds were used to acquire, construct and equip a new office park (Ridley Office Park). The Authority is obligated to reimburse the City for payments made under the contract from net proceeds received from the sale of parcels.

Intergovernmental agreements outstanding at year end are as follows:

Business-Type Activities

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance</u>
Ridley Office Park - LaGrange Development Authority Series 2005A and 2005B Revenue Bonds	4.41% to 5.50%	<u>\$ 3,195,000</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

Business-type activities intergovernmental agreements service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2017	\$ 255,000	\$ 130,429
2018	270,000	125,377
2019	285,000	117,747
2020	295,000	105,179
2021	310,000	92,169
2022-2026	<u>1,780,000</u>	<u>242,550</u>
	<u>\$ 3,195,000</u>	<u>\$ 813,451</u>

Governmental Activities

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance</u>
Callaway South Industrial Park - LaGrange Development Authority 2012 Series Revenue Bond Refunding	2.60%	\$ 2,490,000
Carmike Cinema - Downtown LaGrange Development Authority Series 2014 Revenue Bonds	3.45%	<u>2,080,000</u>
		<u>\$ 4,570,000</u>

Governmental activities intergovernmental agreements service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2017	\$ 370,000	\$ 152,698
2018	382,500	141,335
2019	397,500	129,605
2020	407,500	117,400
2021	420,000	104,893
2022-2026	2,060,000	323,454
2027-2028	<u>532,500</u>	<u>37,594</u>
	<u>\$ 4,570,000</u>	<u>\$ 1,006,979</u>

E. Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Intergovernmental agreements	\$ 4,932,500		\$ (362,500)	\$ 4,570,000	\$ 370,000
Capital leases	576,055	\$ 2,725,707	(245,991)	3,055,771	557,197
Notes payable	1,225,000		(370,000)	855,000	410,000
Compensated absences	<u>576,731</u>	<u>766,928</u>	<u>(649,272)</u>	<u>694,388</u>	<u>277,755</u>
Governmental activities long-term liabilities	<u>\$ 7,310,286</u>	<u>\$ 3,492,635</u>	<u>\$ (1,627,763)</u>	<u>\$ 9,175,159</u>	<u>\$ 1,614,952</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016
(Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds	\$ 8,215,000		\$ (800,000)	\$ 7,415,000	\$ 825,000
Total bonds	8,215,000	\$ -	(800,000)	7,415,000	825,000
Intergovernmental agreements	3,435,000		(240,000)	3,195,000	255,000
Capital leases	2,874,729	765,240	(1,042,655)	2,597,314	894,731
Notes payable	18,296,132	2,390,542	(562,919)	20,123,755	946,793
Compensated absences	357,556	558,990	(502,259)	414,287	165,714
Landfill closure/postclosure	<u>7,469,851</u>	<u>430,269</u>	<u>(42,398)</u>	<u>7,857,722</u>	<u>41,062</u>
Business-type activities long-term liabilities	<u>\$ 40,648,268</u>	<u>\$ 4,145,041</u>	<u>\$ (3,190,231)</u>	<u>\$ 41,603,078</u>	<u>\$ 3,128,300</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Internal Service Fund (Group Insurance)	Internal Service Fund (Property and Casualty)	\$ <u>1,000,000</u>

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds. All due to/from balances are expected to be repaid within one year.

Advances to/from other funds at June 30, 2016 consisted of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Utility Fund	Internal Service Fund	\$ <u>1,009,041</u>

The advance represents a long-term interfund loan between the Property and Casualty Fund and the Utility Fund. The original advance was for \$1.7 million made during the fiscal year ended June 30, 2007, for the purpose of expanding the gas system infrastructure. The advance is being repaid in annual installments through June 2023.

This amount represents the noncurrent portion of interfund loans and is therefore classified as a noncurrent asset/liability on the Proprietary Funds Statement of Net Position. A reconciliation to the government-wide Statement of Net Position is as follows:

Total Enterprise Fund non-current liabilities per fund level Statement of Net Position	\$ 45,784,516
Advances from other funds	(1,009,041)
Net OPEB obligation	(962,411)
Net pension liability	<u>(5,338,286)</u>
Non-current liabilities - Due in more than one year per government-wide Statement of Net Position	<u>\$ 38,474,778</u>

Transfers are primarily used to move funds between the proprietary funds and the governmental funds for expenses paid through the accounts payable system. The City does not levy property taxes to its citizens and therefore relies upon the enterprise funds to supplement the general fund operating expenditures. Other transfers represent flows of cash or goods from one fund to another without a requirement for repayment. These transfers were as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS
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(Continued)

	Transfers In					
	General Fund	Nonmajor Governmental	Utility Fund	Water and Sewerage Fund	Sanitation Fund	Total
Transfers out:						
General Fund		\$ 578,079				\$ 578,079
Nonmajor governmental	\$ 916,803		\$ 185,000			1,101,803
Utility Fund	8,600,000			\$ 422,169	\$ 248,502	9,270,671
Water & Sewerage Fund	3,400,000		1,993,048			5,393,048
	<u>\$12,916,803</u>	<u>\$ 578,079</u>	<u>\$2,178,048</u>	<u>\$ 422,169</u>	<u>\$ 248,502</u>	<u>\$ 16,343,601</u>

8. RISK MANAGEMENT AND SELF-INSURANCE

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage and provide for these risks, the City has established a Group Insurance Fund and a Property and Casualty Insurance Fund which are reported as internal service funds. These funds account for the risk financing activities of the City and do not constitute a transfer of risk from the City.

Charges to other funds for these benefits are based upon an estimate of actual claims, administrative costs, and stop-loss insurance premiums. Such charges are reported as revenue in the internal service funds and expenditures/expenses in the paying fund. An estimate of unpaid claims has been accrued as of June 30, 2016.

The City records an estimated liability for employee medical claims, workers' compensation, torts and other claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

- A. Group Insurance Fund - The purpose of this Fund is to pay the medical claims of City employees and their covered dependents and to minimize the total cost of medical insurance to the City. Under this plan, the City is self-insured for claims aggregating up to \$4,920,633 for the year ended June 30, 2016. Claims exceeding this amount are covered by a private insurance carrier.
- B. Property and Casualty Insurance Fund - The purpose of this Fund is to pay worker's compensation, general, automobile and personal liability claims. This program is administered by a third party, which provides claims review and processing. Under this plan, the City is self-insured for claims per occurrence up to \$100,000 for general insurance liability and \$600,000 for workers compensation liability for the plan year ended June 30, 2016. Claims exceeding this amount are covered by a private insurance carrier.

The following represents changes in these liabilities for the last two fiscal years:

	Group Insurance	Property and Casualty
Liability balance, June 30, 2014	\$ 700,000	\$ 600,000
Claims and changes in estimate	5,865,537	325,380
Claims payments	(5,865,537)	(325,380)
Liability balance, June 30, 2015	700,000	600,000
Claims and changes in estimate	6,212,211	681,723
Claims payments	(6,212,211)	(681,723)
Liability balance, June 30, 2016	<u>\$ 700,000</u>	<u>\$ 600,000</u>

The liability is an estimate of claims at June 30, 2016 to be paid within the next fiscal year, therefore this is current liability.

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NOTES TO BASIC FINANCIAL STATEMENTS
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(Continued)

- C. Changes in Coverage and Claims Paid - Neither the Group Insurance Fund nor the Property and Casualty Fund had significant decreases in coverage from the prior year. Also, neither fund paid claims that exceeded its insurance coverage for the past three years.

9. DEFINED BENEFIT PENSION PLAN

A. General Information About the Pension Plan

Plan Description – All full-time City employees and all City officials are eligible to participate in the Georgia Municipal Employees Benefit System (GMEBS) which is an agent multiple employer defined benefit pension plan administered by the Georgia Municipal Association which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and city ordinance. The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling 404/688-0472.

Benefits Provided – GMEBS provides service retirement, disability benefits and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with ten years of total service are eligible to retire at age 55 with enhanced early retirement reduced benefits. Members with five years of total service are eligible to retire at age 65 and with ten years of total service are eligible to retire at age 55 with full retirement benefits.

Employees Covered – At June 30, 2016 the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	214
Inactive employees entitled to but not yet receiving benefits	73
Active employees	<u>370</u>
Total	<u><u>657</u></u>

Contributions – The City's employee's participation is noncontributory. The City is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Policy set by the City for contributing the annual pension expense exceeds the minimum requirements. Employer contribution rates are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate.

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total recommended contribution as a percentage of the expected payroll is 11.88% for June 30, 2016.

- B. Net Pension Liability – The City's net pension liability for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of September 30, 2015, using an annual actuarial valuation as of January 1, 2016. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation Date	January 1, 2016
Measurement Date	September 30, 2015
Actuarial Cost Method	Entry age normal
Amortization Method	Closed level dollar for remaining unfunded liability.

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NOTES TO BASIC FINANCIAL STATEMENTS
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(Continued)

Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of ten years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Discount Rate	7.75%
Inflation Rate	3.25%
Net investment rate of return	7.75%
Projected salary increase	3.25% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Further details of the experience study can be obtained by contacting The Georgia Municipal Association.

Discount Rate – The discount rate used to measure the total pension liability was 7.75%. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

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NOTES TO BASIC FINANCIAL STATEMENTS
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(Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the plan are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/Asset
Balances at September 30, 2014	\$ 42,952,078	\$ 30,463,387	\$ 12,488,691
Changes for the year:			
Service cost	601,117		601,117
Interest	3,246,447		3,246,447
Differences between expected and actual experience	1,221,867		1,221,867
Contributions - employer		1,967,135	(1,967,135)
Contributions - employee			-
Net investment income		353,223	(353,223)
Benefit payments, including refunds of employee contributions	(2,124,885)	(2,124,885)	-
Administrative expense		(49,424)	49,424
Other			-
Net changes	<u>2,944,546</u>	<u>146,049</u>	<u>2,798,497</u>
Balances at September 30, 2015	<u>\$ 45,896,624</u>	<u>\$ 30,609,436</u>	<u>\$ 15,287,188</u>

Sensitivity of the Net Pension Liability to changes in the discount rate is as follows:

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
<u>\$ 20,969,410</u>	<u>\$ 15,287,188</u>	<u>\$ 10,545,724</u>

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,982,130. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,514,474	
Pension contributions subsequent to measurement date	1,560,370	
Changes of assumptions		\$ (114,036)
Net difference between projected and actual earnings on pension plan investments	995,657	
Total	<u>\$ 4,070,501</u>	<u>\$ (114,036)</u>

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\$1,560,370 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	\$ 583,930
2018	583,930
2019	583,930
2020	<u>644,305</u>
	<u>\$ 2,396,095</u>

10. DEFINED CONTRIBUTION PLAN

The City has a defined contribution plan which is administered by Nationwide Retirement Services. The plan is a combined 457 plan and 401A plan. The City matches employee contributions on a 1:2 ratio up to a maximum of \$667 per year. During the year ended June 30, 2016, the City contributed \$114,546 and employees contributed \$354,858. Plan provisions and contribution requirements are established and amended by a resolution of the City Council. Employees are vested in the 401A plan upon two years of employment. For year ended June 30, 2016 178 employees participated in the plan.

11. COMMITMENT AND CONTINGENCIES

Agreements with Municipal Electric Authority of Georgia - During 1976, the City, along with 45 other cities and one county, all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia.

Under the terms of the agreement, the Authority agrees to provide, and the cities are obligated to purchase, all of the cities' bulk power supply requirements for a period not to exceed 50 years. The cities have agreed to purchase all their future power and energy requirements in excess of that received by the cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each city has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by the Authority. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations.

At June 30, 2016, the outstanding debt of the Authority was approximately \$6.4 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$353 million at June 30, 2016.

On April 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

At June 30, 2016, \$38,464,135 has been placed into the Trust for the benefit of the City, of which \$33,340,988 is available without restriction and \$5,123,147 is subject to restrictions. Due to the restricted nature of the \$5,123,147, the amount is reported as unearned revenue at June 30, 2016.

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NOTES TO BASIC FINANCIAL STATEMENTS
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(Continued)

The City is contingently liable as guarantor of a promissory note from the Development Authority of LaGrange to Commercial Bank and Trust for up to \$1,225,000.

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

12. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the five county west Georgia area, is a member of the Three Rivers Regional Commission (the "Commission") and is required to pay annual dues thereto. During the year ended June 30, 2016, the City paid \$30,557 in dues.

Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia. The RC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from: Three Rivers Regional Commission, P.O. Box 1600, Franklin, Georgia 30217.

13. HOTEL / MOTEL LODGING TAX

During the year ended June 30, 2016, the City levied a 5% lodging tax and received \$916,803 for this tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions or trade shows. The LaGrange-Troup County Chamber of Commerce has certified that the \$578,079 of lodging tax received from the City during the year ended June 30, 2016 was used for the promotion of tourism.

14. RELATED ORGANIZATION

The City's council is responsible for appointing a majority of the board members of the City of LaGrange Housing Authority. However, the City has no further accountability for the Authority.

15. LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City's Sanitation Fund to place a cover on landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post-closure care costs will not be paid until after the date a landfill stops accepting waste, the Sanitation Fund is required to accrue these closure and post-closure care costs over the landfill's operational period. The \$7,857,722 reported as the landfill closure and post-closure care liability at June 30, 2016 includes \$1,600,452, which represents the cumulative amount accrued to date, less amounts already paid, based on the use of one hundred percent of the estimated capacity of the landfill which was closed during the fiscal year ended June 30, 1998. The liability is based on the current costs of closure and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The remaining amount reported as landfill closure and post-closure cost of \$6,257,270 relates to an additional landfill site, which began accepting waste during the year ended June 30, 1999. This landfill site has an estimated closure and post-closure cost of \$9,845,785, which is based on the current cost necessary to perform all closure and post-closure care. The City expects to close the landfill in 2026. As of June 30, 2016, approximately 64% of this landfill's capacity had been utilized and accordingly, a liability of \$6,257,270 has been recognized. The City will recognize the remaining estimated closure and post-closure care of \$3,588,515 as the remaining capacity is used. See Note 6(E) for changes in the liability for landfill closure and postclosure costs.

16. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund reported material budget violations when expenditures of the primary government exceeded budgeted appropriations in some of the functions, as shown on page 17 and 18 of these financial statements. In future years, the City will analyze the budget periodically for deficiencies. All deficiencies will be investigated and budget amendments will be adopted when appropriate.

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The following nonmajor governmental funds reported a material budget violation when expenditures of the City exceeded budgeted appropriations in some of the functions, as shown below. These over-expenditures were funded by available fund balances or advances from other funds. In future years, the City will analyze the budget periodically for deficiencies. All deficiencies will be investigated and budget amendments will be adopted when appropriate.

<u>Fund</u>	<u>Department</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Community Development Fund	Community Development	\$ 45,900	\$ 72,926	\$ (27,026)
Hotel/Motel Tax Fund	Community Development	\$ 537,500	\$ 578,079	\$ (40,579)

17. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The City maintains a single-employer defined benefit OPEB plan (the City of LaGrange OPEB Plan) to provide medical and prescription drugs benefits to eligible retirees, their spouses and dependents until age 26.

A. Summary of Significant Accounting Policies

Basis of Accounting

Effective with fiscal year ending June 30, 2009, the City has implemented the requirement of GASB Statement 45 for the basic financial statements; no net OPEB liability existed at the transition date. Financial statements for the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due. Benefits and claims are recognized when due and payable in accordance with the terms of the Plan.

B. Plan Description

Plan Description - The City of LaGrange OPEB Plan is a single-employer defined benefit plan that provides health and prescription drugs benefits to eligible retirees, their spouses and dependents until age 26. Retirees may choose which benefits administered by Taylor Benefits Resource, Inc. are desired. Retirees and spouses are eligible to participate in the Plan until age 65 or Medicare eligibility, whichever comes first. Participation in the Plan is voluntary. Benefit levels, contribution rates and eligibility provisions of the Plan are determined by the City of LaGrange City Council in accordance with council resolution adopted as in Personnel Policy 6.15 Retirement System.

For the plan year, eligibility for benefits coverage was available upon being retired and at least 55 years old, and vested in the City Retirement System. Retirees must be receiving a pension from GMA.

The City Council has the authority for establishing and amending benefits for the Plan. The Plan does not issue a stand-alone financial report. Benefit provisions and all other related Plan requirements are established annually by the City Council.

The City administers the Plan, and its responsibility includes claims and general administration. The City's General Fund bears most of the administrative cost of the Plan. The Plan is actuarially evaluated every other year.

Membership of the Plan consisted of the following as of January 1, 2015, the last valuation date:

Retirees, beneficiaries, and dependents currently receiving benefits	36
Active plan participants	<u>371</u>
Total	<u><u>407</u></u>

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Funding Policy - The City Council has the authority for establishing and amending the funding policy. Funding for the Plan is derived from two sources:

Member contributions
Employer contributions

Member contributions are set by the City Council. Monthly contributions of plan members for the current fiscal year were as follows:

	15-20 Years of Service and Over Age 60	20-25 Years of Service	More Than 25 Years of Service
Healthcare:			
Single	\$ 306	\$ 245	\$ 153
Family	\$ 887	\$ 710	\$ 444

If less than 15 years of service and under age 60, then the employee would pay the entire COBRA rate.

Contributions paid by retirees in the current fiscal year totaled \$101,480.

The City contributes annually an amount equal to the pay-as-you-go cost of retiree benefits. The City has not contributed any amounts for advance funding of future liabilities. The Annual OPEB cost is actuarially determined. For year ending June 30, 2016 the City contributed \$1,016,616 or 5.54% of the covered payroll for employees of \$18,344,451 under the plan.

The required schedule of funding progress, immediately following these notes, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost and net OPEB obligation for the plan year ended June 30, 2015 is shown below:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Plan year ended:			
June 30, 2015	\$ 1,010,431	71.10%	\$ 2,762,229
June 30, 2014	\$ 1,270,773	65.37%	\$ 2,470,247
June 30, 2013	\$ 781,527	43.68%	\$ 2,030,121

The net OPEB obligation for the fiscal year ended June 30, 2016 was developed as follows, based on an actuarial valuation date of January 1, 2015:

Annual required contribution	\$ 1,092,468
Interest on the net OPEB obligation	98,810
Adjustment of ARC	<u>(180,847)</u>
Annual OPEB cost	1,010,431
Actual contribution	<u>1,016,616</u>
Increase (decrease) in OPEB obligation	(6,185)
Net OPEB obligation at beginning of year	<u>2,762,229</u>
Net OPEB obligation at year end	<u>\$ 2,756,044</u>

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D. Funded Status and Funding Progress

Schedule of Funding Progress

Actuarial valuation date	January 1, 2015	January 1, 2013	January 1, 2011
Actuarial value of assets	\$ 0	\$ 0	\$ 0
Actuarial accrued liability	\$ 8,735,319	\$ 6,879,030	\$ 6,212,999
Total unfunded actuarial liability	\$ 8,735,319	\$ 6,879,030	\$ 6,212,999
Funded ratio	0%	0%	0%
Annual covered payroll	\$ 17,665,259	\$ 15,915,617	\$ 15,689,991
Ratio of the unfunded actuarial liability to annual covered payroll	49.45%	43.22%	39.60%

E. Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, actuarial calculations reflect a long-term perspective. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant actuarial assumptions and other information used to compute the actuarial accrued liability and the annual required contribution of the plan are as follows:

Actuarial Cost Method	Projected unit credit
Amortization Method	Closed level dollar for 25 years
Remaining Amortization Period	19 years as of July 1, 2014
Asset Valuation Method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	3.25%
Salary growth	3.25%
Medical and drug cost trend rate	8.75% graded to 5.00% over 9 years

Of the employees eligible to retire and receive subsidized post-retirement welfare coverage, 75% were assumed to participate in the plan. Calculations are based on the types of benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The City has not entered into any long-term contracts for contributions to the Plan with any party, and accordingly, there were not amounts of contractually required contributions outstanding at the report date.

18. SUBSEQUENT EVENT

Subsequent to June 30, 2016 the City entered into an intergovernmental agreement with the LaGrange Development Authority obligating the City to service the principal and interest of the Series 2016 Revenue Bonds. The total bond issue is \$17,000,000 and is being used to provide funds for construction of a conference center.



LAGRANGE
GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2016

	2016	2015
Total pension liability		
Service cost	\$ 601,117	\$ 576,632
Interest	3,246,447	3,069,127
Changes of benefit terms	-	-
Difference between expected and actual experience	1,221,867	894,970
Change in assumptions		(190,059)
Benefit payments, including refunds	(2,124,885)	(2,000,469)
Net change in total pension liability	2,944,546	2,350,201
Total pension liability - beginning	42,952,078	40,601,877
Total pension liability - ending	45,896,624	42,952,078
Plan fiduciary net position		
Contributions:		
Employer	1,967,135	1,850,496
Employee	-	-
Net investment income	353,223	3,132,262
Benefit payments, including refunds	(2,124,885)	(2,000,469)
Administrative expense	(49,424)	(38,786)
Other	-	-
Net change in plan fiduciary net position	146,049	2,943,503
Plan fiduciary net position - beginning	30,463,387	27,519,884
Plan fiduciary net position - ending	30,609,436	30,463,387
Net pension liability - ending	\$ 15,287,188	\$ 12,488,691
Plan fiduciary net position as a % of total pension liability	66.69%	70.92%
Covered employee payroll	\$ 18,344,451	\$ 18,116,297
Net pension liability as a % of covered-employee payroll	83.33%	68.94%

Changes in assumptions

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments made based on actuarial experience study covering the period January 1, 2010 to June 30, 2014. The City implemented GASB 68 for the fiscal year ended June 30, 2015. In time this schedule will present the required ten years of data.

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>	
Actuarially determined contribution	*	\$ 1,929,349	
Contributions in relation to actuarially determined contribution	*	\$ 1,929,349	**
Contribution deficiency (excess)	*	\$ -	
Covered-employee payroll	*	\$ 18,116,297	***
Contributions as a percentage of covered-employee payroll	*	10.65%	

* 2016 information will be determined after fiscal year and will be included in the 2017 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of noncompliance with the GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation.

The City implemented GASB 68 for the fiscal year ended June 30, 2015. In time, this schedule will present the required ten years of data.

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
Year Ended June 30, 2016

	Actuarial Valuation Date		
	January 1, 2015	January 1, 2013	January 1, 2011
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability	\$ 8,735,319	\$ 6,879,030	\$ 6,212,999
Total unfunded actuarial liability (or funding excess)	\$ 8,735,319	\$ 6,879,030	\$ 6,212,999
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	0%	0%	0%
Annual covered payroll	\$ 17,665,259	\$ 15,915,617	\$ 15,689,991
Ratio of the unfunded actuarial liability (or funding excess) to covered payroll	49.45%	43.22%	39.60%
Employer contributions	\$ 830,647	\$ 341,401	\$ 300,293

SUPPLEMENTARY INFORMATION



LAGRANGE
GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds - Capital projects funds account for the accumulation of resources and the subsequent disbursements of such resources in obtaining or renovating major fixed assets (other than those financed by the Enterprise Funds).

- **Capital Projects Fund:** This fund accounts for the accumulation of resources and the subsequent disbursement of such resources in obtaining or renovating major fixed assets (other than those financed by the Enterprise Funds).
- **Special Purpose Local Option Sales Tax “SPLOST” Fund:** The purpose of this fund is to account for the City's portion of a countywide 1% local options sales tax for construction projects and capital improvements.

Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for a particular purposes. They are as follows:

- **Community Development Fund:** This fund is used to account for the financial activity related to loans and notes advanced to private third parties for community development projects.
- **Hotel/Motel Tax Fund:** This fund is used to account for the City's share of hotel/motel tax revenues that are legally restricted to promote tourism, conventions, and trade shows.

CITY OF LAGRANGE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Capital Projects		Special Revenue		Total Nonmajor Governmental Funds
	Capital Projects Fund	SPLOST Fund	Community Development Fund	Hotel/Motel Tax Fund	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 158,455	\$ 3,646,137	\$ 1,441,793		\$ 5,246,385
Receivables:					
Intergovernmental		530,858			530,858
Total assets	<u>\$ 158,455</u>	<u>\$ 4,176,995</u>	<u>\$ 1,441,793</u>	<u>\$ -</u>	<u>\$ 5,777,243</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ 930	\$ 30,388	\$ 1,819		\$ 33,137
Total liabilities	<u>930</u>	<u>30,388</u>	<u>1,819</u>	<u>\$ -</u>	<u>33,137</u>
Fund balance:					
Restricted for:					
Capital projects	157,525	4,146,607			4,304,132
Community development			1,439,974		1,439,974
Total fund balance	<u>157,525</u>	<u>4,146,607</u>	<u>1,439,974</u>	<u>-</u>	<u>5,744,106</u>
Total liabilities and fund balance	<u>\$ 158,455</u>	<u>\$ 4,176,995</u>	<u>\$ 1,441,793</u>	<u>\$ -</u>	<u>\$ 5,777,243</u>

CITY OF LAGRANGE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2016

	Capital Projects		Special Revenue		Total Nonmajor Governmental Funds
	Capital Projects Fund	SPLOST Fund	Community Development Fund	Hotel/Motel Tax Fund	
Revenues:					
Hotel/Motel tax				\$ 916,803	\$ 916,803
Rental income	\$ 874,121		\$ 65,201		939,322
Intergovernmental	11,015	\$ 2,987,372			2,998,387
Investment income	5,158	11,947	2,261		19,366
Miscellaneous	128,006		12,170		140,176
Total revenues	1,018,300	2,999,319	79,632	916,803	5,014,054
Expenditures:					
Current:					
Community development			72,926	578,079	651,005
Redevelopment and housing			228,000		228,000
Debt service:					
Principal retirement	732,500				732,500
Interest and fees	223,235				223,235
Capital outlay:					
General government	65,389				65,389
Public safety		853,931			853,931
Public service	196	920,204			920,400
Community development	2,384,982	760,318			3,145,300
Total expenditures	3,406,302	2,534,453	300,926	578,079	6,819,760
Excess of revenues over (under) expenditures	(2,388,002)	464,866	(221,294)	338,724	(1,805,706)
Other financing sources (uses):					
Capital lease	2,290,555				2,290,555
Transfers in				578,079	578,079
Transfers out	(185,000)			(916,803)	(1,101,803)
Total other financing sources	2,105,555	-	-	(338,724)	1,766,831
Net change in fund balance	(282,447)	464,866	(221,294)	-	(38,875)
Fund balance, beginning of year	439,972	3,681,741	1,661,268		5,782,981
Fund balance, end of year	\$ 157,525	\$ 4,146,607	\$ 1,439,974	\$ -	\$ 5,744,106

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 158,455	\$ 418,584
Due from other funds	<u>-</u>	<u>24,403</u>
Total assets	<u>\$ 158,455</u>	<u>\$ 442,987</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	<u>\$ 930</u>	<u>\$ 3,015</u>
Total liabilities	<u>930</u>	<u>3,015</u>
Fund balance:		
Restricted for:		
Capital projects	<u>157,525</u>	<u>439,972</u>
Total fund balance	<u>157,525</u>	<u>439,972</u>
Total liabilities and fund balance	<u>\$ 158,455</u>	<u>\$ 442,987</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2016 and 2015

	2016	2015
Revenues:		
Rental income	\$ 874,121	\$ 1,108,258
Interest	5,158	5,492
Intergovernmental	11,015	36,474
Miscellaneous	128,006	55,785
	<u>1,018,300</u>	<u>1,206,009</u>
Total revenues		
Expenditures:		
Debt service:		
Principal retirement	732,500	3,203,585
Interest and fees	223,235	354,775
Capital outlay:		
General government	65,389	73,412
Public service	196	148
Community development	2,384,982	174,591
	<u>3,406,302</u>	<u>3,806,511</u>
Total expenditures		
Excess of revenues over expenditures	<u>(2,388,002)</u>	<u>(2,600,502)</u>
Other financing sources (uses):		
Capital lease	2,290,555	
Refunding bonds issued		2,290,000
Transfers in		875,000
Transfers out	(185,000)	(185,000)
	<u>2,105,555</u>	<u>2,980,000</u>
Total other financing sources (uses)		
Net change in fund balance	(282,447)	379,498
Fund balance, beginning of year	439,972	60,474
Fund balance, end of year	<u>\$ 157,525</u>	<u>\$ 439,972</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,646,137	\$ 3,151,950
Receivables:		
Intergovernmental	<u>530,858</u>	<u>593,007</u>
Total assets	<u>\$ 4,176,995</u>	<u>\$ 3,744,957</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	<u>\$ 30,388</u>	<u>\$ 63,216</u>
Total liabilities	<u>30,388</u>	<u>63,216</u>
Fund balance:		
Restricted for capital project	<u>4,146,607</u>	<u>3,681,741</u>
Total fund balance	<u>4,146,607</u>	<u>3,681,741</u>
Total liabilities and fund balance	<u>\$ 4,176,995</u>	<u>\$ 3,744,957</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2016 and 2015

	2016	2015
Revenues:		
Intergovernmental	\$ 2,987,372	\$ 3,147,315
Investment income (loss)	11,947	7,915
Total revenues	<u>2,999,319</u>	<u>3,155,230</u>
Expenditures:		
Capital outlay:		
Public safety	853,931	878,205
Public service	920,204	1,944,255
Community development	760,318	352,052
Total expenditures	<u>2,534,453</u>	<u>3,174,512</u>
Excess of revenues over (under) expenditures	<u>464,866</u>	<u>(19,282)</u>
Other financing sources (uses):		
Transfer out	-	(16,272)
Total other financing sources (uses)	<u>-</u>	<u>(16,272)</u>
Net change in fund balance	464,866	(35,554)
Fund balance, beginning of year	<u>3,681,741</u>	<u>3,717,295</u>
Fund balance, end of year	<u><u>\$ 4,146,607</u></u>	<u><u>\$ 3,681,741</u></u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,441,793	\$ 1,661,268
Total assets	<u>\$ 1,441,793</u>	<u>\$ 1,661,268</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,819	\$ -
Total liabilities	<u>1,819</u>	<u>-</u>
Fund balance:		
Restricted for:		
Community development	<u>1,439,974</u>	<u>1,661,268</u>
Total fund balance	<u>1,439,974</u>	<u>1,661,268</u>
Total liabilities and fund balance	<u>\$ 1,441,793</u>	<u>\$ 1,661,268</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Rental income	\$ 65,201	\$ 31,850
Investment income	2,261	3,584
Miscellaneous	<u>12,170</u>	<u>5,981</u>
Total revenues	<u>79,632</u>	<u>41,415</u>
Expenditures:		
Current:		
Community development	72,926	48,494
Redevelopment and housing	<u>228,000</u>	<u>228,000</u>
Total expenditures	<u>300,926</u>	<u>276,494</u>
Excess of revenues over (under) expenditures	<u>(221,294)</u>	<u>(235,079)</u>
Net change in fund balance	(221,294)	(235,079)
Fund balance, beginning of year	<u>1,661,268</u>	<u>1,896,347</u>
Fund balance, end of year	<u><u>\$ 1,439,974</u></u>	<u><u>\$ 1,661,268</u></u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2016

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Rental income	\$ 51,840	\$ 65,201	\$ 13,361
Investment income	4,000	2,261	(1,739)
Miscellaneous	3,000	12,170	9,170
Total revenues	<u>58,840</u>	<u>79,632</u>	<u>20,792</u>
Expenditures:			
Current:			
Community development	45,900	72,926	(27,026)
Redevelopment and housing	<u>228,000</u>	<u>228,000</u>	<u>-</u>
Total expenditures	<u>273,900</u>	<u>300,926</u>	<u>(27,026)</u>
Excess of revenue over (under) expenditures	<u>(215,060)</u>	<u>(221,294)</u>	<u>(6,234)</u>
Net change in fund balance	(215,060)	(221,294)	(6,234)
Fund balance, beginning of year	<u>1,661,268</u>	<u>1,661,268</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,446,208</u>	<u>\$ 1,439,974</u>	<u>\$ (6,234)</u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Hotel/Motel tax	<u>\$ 916,803</u>	<u>\$ 893,174</u>
Total revenues	<u>916,803</u>	<u>893,174</u>
Expenditures:		
Current:		
Community development	<u>578,079</u>	<u>543,292</u>
Total expenditures	<u>578,079</u>	<u>543,292</u>
Excess of revenues over (under) expenditures	<u>338,724</u>	<u>349,882</u>
Other financing sources (uses):		
Transfers in	578,079	543,292
Transfers out	<u>(916,803)</u>	<u>(893,174)</u>
Total other financing sources (uses)	<u>(338,724)</u>	<u>(349,882)</u>
Net change in fund balance	-	-
Fund balance, beginning of year	<u> </u>	<u> </u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2016

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 860,000	\$ 916,803	\$ 56,803
Total revenues	860,000	916,803	56,803
Expenditures:			
Current:			
Community development	537,500	578,079	(40,579)
Total expenditures	537,500	578,079	(40,579)
Excess of revenue over (under) expenditures	322,500	338,724	16,224
Other financing sources (uses):			
Transfers in	537,500	578,079	40,579
Transfers out	(860,000)	(916,803)	(56,803)
Total other financing sources (uses)	(322,500)	(338,724)	(16,224)
Net change in fund balance	-	-	-
Fund balance, beginning of year			-
Fund balance, end of year	\$ -	\$ -	\$ -

MAJOR GOVERNMENTAL FUNDS

General Fund - This fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,026,052	\$ 3,060,700
Investments	67,229	53,324
Receivables:		
Taxes	1,066,056	1,154,917
Intergovernmental	135,000	
Other	9,364	9,364
Due from other funds		
Inventory	183,753	200,254
Restricted cash and cash equivalents	56,244	41,662
Restricted investments	879,517	771,022
	<u>879,517</u>	<u>771,022</u>
Total assets	<u>\$ 4,423,215</u>	<u>\$ 5,291,243</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 510,853	\$ 691,177
Due to other funds		524,403
Other accrued liabilities	60,499	390,717
Unearned revenue	528,679	255,778
	<u>528,679</u>	<u>255,778</u>
Total liabilities	<u>1,100,031</u>	<u>1,862,075</u>
Fund balance:		
Nonspendable:		
Inventory	183,753	200,254
Restricted for:		
Perpetual care	884,182	775,389
Public safety	51,877	37,295
Unassigned	2,203,372	2,416,230
	<u>2,203,372</u>	<u>2,416,230</u>
Total fund balance	<u>3,323,184</u>	<u>3,429,168</u>
Total liabilities and fund balance	<u>\$ 4,423,215</u>	<u>\$ 5,291,243</u>

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2016 and 2015

	2016	2015
Revenues:		
Taxes:		
Sales	\$ 4,769,502	\$ 5,021,093
Franchise	1,110,440	1,204,116
Insurance premium	1,695,770	1,587,516
Alcoholic beverage	713,178	713,873
Ad valorem	409,323	492,611
Other	810,824	708,453
Licenses and permits	153,323	125,509
Intergovernmental	207,928	74,335
Fines and forfeitures	1,133,181	1,376,112
Charges for services	310,653	250,170
Investment income (loss)	34,850	26,713
Miscellaneous	285,419	135,595
Total revenues	<u>11,634,391</u>	<u>11,716,096</u>
Expenditures:		
Current:		
General government	1,901,425	2,100,858
Public safety	15,947,584	15,552,037
Public service	2,941,310	2,507,788
Culture and recreation	944,873	959,879
Community development	1,398,232	1,396,025
Telecommunications	422,411	405,217
Debt service:		
Principal retirement	245,991	217,136
Interest and fees	2,980	2,284
Capital outlay:		
General government	91,064	31,032
Public safety	324,813	419,801
Public service	268,257	247,084
Telecommunications	21,661	11,729
Culture and recreation	8,634	42,746
Community development		14,587
Total expenditures	<u>24,519,235</u>	<u>23,908,203</u>
Excess of expenditures over (under) revenues	<u>(12,884,844)</u>	<u>(12,192,107)</u>
Other financing sources (uses):		
Sales of capital assets	4,984	36,733
Capital lease	435,152	238,972
Transfers in	12,916,803	13,308,928
Transfers out	(578,079)	(559,046)
Total other financing sources (uses)	<u>12,778,860</u>	<u>13,025,587</u>
Net change in fund balance	(105,984)	833,480
Fund balance, beginning of year	<u>3,429,168</u>	<u>2,595,688</u>
Fund balance, end of year	<u>\$ 3,323,184</u>	<u>\$ 3,429,168</u>



LAGRANGE
GEORGIA

SUPPLEMENTAL INFORMATION ENTERPRISE FUNDS

Utility Fund - This fund accounts for the provision of utility services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, financing and related debt service, and billing and collection.

Water and Sewerage Fund - This fund accounts for the operation of the City's water and sewerage activities.

Sanitation Fund - This fund accounts for the operation of the City's solid waste disposal activities.

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 1,134,066	\$ 3,529,809
Investments	29,833,239	24,088,296
Receivables:		
Accounts	7,755,757	8,386,607
Due from other funds		500,000
Prepays	62,187	75,192
Inventory	1,109,102	1,081,356
Restricted assets:		
Restricted investments	5,123,147	7,982,496
Total current assets	<u>45,017,498</u>	<u>45,643,756</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,574,303	1,574,303
Capital assets, being depreciated	36,483,022	37,853,425
Total noncurrent assets	<u>38,057,325</u>	<u>39,427,728</u>
 Total assets	 <u>83,074,823</u>	 <u>85,071,484</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pensions:		
Differences between expected and actual experience	238,984	109,616
Difference between projected and actual earnings on investments	157,115	
Contributions after measurement date	<u>246,226</u>	<u>221,538</u>
 Total deferred outflows of resources	 <u>642,325</u>	 <u>331,154</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015
(Continued)

	<u>2016</u>	<u>2015</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	3,859,572	4,034,990
Customer deposits	1,901,283	1,746,213
Accrued liabilities	14,764	76,044
Accrued compensated absences	91,689	77,309
Unearned revenue	7,402,613	10,559,349
Capital leases, current	301,278	392,978
Intergovernmental agreement payable, current	255,000	240,000
Liabilities payable from restricted assets:		
Accrued interest payable	131,263	78,011
Revenue bonds, current	825,000	800,000
Total current liabilities	<u>14,782,462</u>	<u>18,004,894</u>
Noncurrent liabilities:		
Compensated absences	137,535	115,965
Revenue bonds, long-term	6,590,000	7,415,000
Capital leases, long-term	508,378	809,656
Intergovernmental agreement payable, long-term	2,940,000	3,195,000
Advances from other funds	1,009,041	1,095,095
Net OPEB obligation	434,904	422,897
Net pension liability	2,412,318	1,912,019
Total noncurrent liabilities	<u>14,032,176</u>	<u>14,965,632</u>
Total liabilities	<u>28,814,638</u>	<u>32,970,526</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pensions:		
Difference between projected and actual earnings on investments		123,311
Changes of assumptions	17,995	<u>23,279</u>
Total deferred outflows of resources	<u>17,995</u>	<u>146,590</u>
<u>NET POSITION</u>		
Net investment in capital assets	29,832,669	30,010,094
Unrestricted	<u>25,051,846</u>	<u>22,275,428</u>
Total net position	<u>\$ 54,884,515</u>	<u>\$ 52,285,522</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2016 and 2015

	2016	2015
Operating revenues:		
Gas system	\$ 11,402,218	\$ 16,394,374
Electric system	50,452,566	54,510,867
Telecommunications	2,998,812	2,755,585
Other sales	410,510	569,031
Total operating revenues	<u>65,264,106</u>	<u>74,229,857</u>
Operating expenses:		
Gas system	8,024,447	11,468,264
Electric system	42,485,679	44,807,838
Telecommunications	2,620,796	2,226,969
Depreciation	2,092,404	2,061,131
Total operating expenses	<u>55,223,326</u>	<u>60,564,202</u>
Operating income	<u>10,040,780</u>	<u>13,665,655</u>
Nonoperating revenues (expenses):		
Investment income	102,716	71,072
Gain (loss) on sale of assets	(25,865)	10,584
Interest expense	(426,015)	(458,174)
Total nonoperating revenues (expenses)	<u>(349,164)</u>	<u>(376,518)</u>
Net income before transfers	9,691,616	13,289,137
Transfers in	2,178,048	1,733,670
Transfers out	<u>(9,270,671)</u>	<u>(11,412,361)</u>
Change in net position	2,598,993	3,610,446
Net position, beginning of year	<u>52,285,522</u>	<u>48,675,076</u>
Net position, end of year	<u><u>\$ 54,884,515</u></u>	<u><u>\$ 52,285,522</u></u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers and users	\$ 63,393,290	\$ 70,198,986
Cash paid to employees	(3,020,365)	(2,919,641)
Cash paid to suppliers	(50,253,506)	(56,097,076)
Net cash provided (used) by operating activities	<u>10,119,419</u>	<u>11,182,269</u>
Cash flows from noncapital financing activities:		
Advances to other funds	(86,055)	(81,761)
Transfers in	2,178,048	1,733,670
Transfers out	(9,270,671)	(11,412,361)
Net cash provided (used) by noncapital financing activities	<u>(7,178,678)</u>	<u>(9,760,452)</u>
Cash flows from capital and related financing activities:		
Principal payments on revenue bonds	(800,000)	(770,000)
Proceeds from sale of assets	15,450	11,829
Acquisition of capital assets	(763,315)	(955,555)
Capital lease payments	(392,978)	(309,811)
Payments on intergovernmental agreement	(240,000)	(225,000)
Interest paid	(372,763)	(467,125)
Net cash provided (used) by capital and related financing activities	<u>(2,553,606)</u>	<u>(2,715,662)</u>
Cash flows from investing activities:		
Sale (purchase) of investments	(2,885,594)	(2,149,649)
Investment income	102,716	71,072
Net cash provided (used) by investing activities	<u>(2,782,878)</u>	<u>(2,078,577)</u>
Net increase (decrease) in cash	(2,395,743)	(3,372,422)
Cash, beginning of year	<u>3,529,809</u>	<u>6,902,231</u>
Cash, end of year	<u>\$ 1,134,066</u>	<u>\$ 3,529,809</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015
(Continued)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 10,040,780	\$ 13,665,655
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,092,404	2,061,131
Changes in operating assets and liabilities:		
Accounts receivable	630,850	41,709
Inventory	(27,746)	(27,226)
Prepaid expense	13,005	2,429
Accounts payable	(175,418)	(451,888)
Accrued vacation	35,950	3,294
Due from other funds	500,000	
Due to other funds		(23,016)
Unearned revenue	(3,156,736)	(4,166,380)
Other accrued expenses	(61,280)	16,586
Customer deposits	155,070	116,816
Net OPEB obligation	12,007	43,237
Net pension liability	<u>60,533</u>	<u>(100,078)</u>
Net cash provided by operating activities	<u>\$ 10,119,419</u>	<u>\$ 11,182,269</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2016 and 2015, the City incurred debt of \$0 and \$597,580, respectively, in the form of capital leases in connection with the acquisition of new equipment.

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF OPERATING INCOME
Year Ended June 30, 2016

	Electric System	Gas System	Telecom- municatons	Total
Operating revenues	<u>\$ 50,570,883</u>	<u>\$ 11,694,411</u>	<u>\$ 2,998,812</u>	<u>\$ 65,264,106</u>
Operating expenses:				
Electricity and natural gas purchase	37,978,041	6,657,595		44,635,636
Depreciation	586,206	1,104,918	401,279	2,092,403
Other operating	5,211,171	1,366,853	1,917,263	8,495,287
	<u>43,775,418</u>	<u>9,129,366</u>	<u>2,318,542</u>	<u>55,223,326</u>
Operating income	<u>\$ 6,795,465</u>	<u>\$ 2,565,045</u>	<u>\$ 680,270</u>	<u>\$ 10,040,780</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE
Year Ended June 30, 2016

	Historical Cost			Allowance of Depreciation				Net Asset Value	
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Balance June 30, 2015	Expenses	Deletions		
Gas system	\$ 34,238,597	\$ 651,206	\$ (72,908)	\$ 34,816,895	\$ (12,773,532)	\$ (1,104,918)	\$ 31,594	\$ (13,846,856)	\$ 20,970,039
Electric system	22,953,081	112,108	(210,022)	22,855,167	(11,475,591)	(586,206)	210,022	\$ (11,851,775)	\$ 11,003,392
Telecommunications	10,118,205			10,118,205	(3,633,032)	(401,279)		\$ (4,034,311)	\$ 6,083,894
	<u>\$ 67,309,883</u>	<u>\$ 763,314</u>	<u>\$ (282,930)</u>	<u>\$ 67,790,267</u>	<u>\$ (27,882,155)</u>	<u>\$ (2,092,403)</u>	<u>\$ 241,616</u>	<u>\$ (29,732,942)</u>	<u>\$ 38,057,325</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE SCHEDULES OF REVENUES
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Gas system:		
Gas sales	\$ 11,402,218	\$ 16,394,374
Miscellaneous	292,193	422,566
	<u>11,694,411</u>	<u>16,816,940</u>
Electric system:		
Electricity sales	49,269,044	53,373,938
Street and security lights	1,183,822	1,136,929
Miscellaneous	118,017	146,465
	<u>50,570,883</u>	<u>54,657,332</u>
Telecommunications:		
Internet services	1,642,587	1,332,759
Other telecommunications services	1,356,225	1,422,826
	<u>2,998,812</u>	<u>2,755,585</u>
Total operating revenues	<u>\$ 65,264,106</u>	<u>\$ 74,229,857</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 8,049,334	\$ 7,540,441
Investments	3,507,749	3,494,936
Receivables:		
Accounts	1,997,663	1,868,910
Inventory	864,516	763,765
Total current assets	<u>14,419,262</u>	<u>13,668,052</u>
Noncurrent assets:		
Capital assets, not being depreciated	509,643	13,086,687
Capital assets, being depreciated	75,279,704	63,444,582
Total noncurrent assets	<u>75,789,347</u>	<u>76,531,269</u>
Total assets	<u>90,208,609</u>	<u>90,199,321</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pensions:		
Differences between expected and actual experience	204,757	99,163
Difference between projected and actual earnings on plan investments	134,613	
Contributions after measurement date	<u>210,962</u>	<u>200,411</u>
Total deferred outflows of resources	<u>550,332</u>	<u>299,574</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015
(Continued)

	<u>2016</u>	<u>2015</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	108,701	302,874
Customer deposits	526,920	413,872
Accrued liabilities	12,143	54,333
Accrued compensated absences	49,485	38,416
Notes payable, current	780,564	815,510
Total current liabilities	<u>1,477,813</u>	<u>1,625,005</u>
Noncurrent liabilities:		
Compensated absences	74,228	57,624
Notes payable, long-term	15,970,673	14,493,348
Net OPEB obligation	372,617	382,569
Net pension liability	2,066,828	1,729,684
Total noncurrent liabilities	<u>18,484,346</u>	<u>16,663,225</u>
Total liabilities	<u>19,962,159</u>	<u>18,288,230</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pensions:		
Difference between projected and actual earnings on investments		111,552
Changes of assumptions	15,418	21,059
Total deferred inflows of resources	<u>15,418</u>	<u>132,611</u>
<u>NET POSITION</u>		
Net investment in capital assets	59,038,110	61,222,411
Unrestricted	11,743,254	10,855,643
Total net position	<u>\$ 70,781,364</u>	<u>\$ 72,078,054</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2016 and 2015

	2016	2015
Operating revenues:		
Water and sewerage system	\$ 16,077,224	\$ 15,588,697
Other sales	88,686	40,166
Total operating revenues	<u>16,165,910</u>	<u>15,628,863</u>
Operating expenses:		
Water and sewerage system	8,858,461	8,986,345
Depreciation	3,352,980	3,020,153
Total operating expenses	<u>12,211,441</u>	<u>12,006,498</u>
Operating income (loss)	<u>3,954,469</u>	<u>3,622,365</u>
Nonoperating revenues (expenses):		
Gain (loss) on sale of assets	7,713	5,802
Interest expense	(287,993)	(268,866)
Total nonoperating revenues (expenses)	<u>(280,280)</u>	<u>(263,064)</u>
Net income before contributions and transfers	3,674,189	3,359,301
Transfers in	422,169	345,262
Transfers out	(5,393,048)	(3,923,670)
Change in net position	(1,296,690)	(219,107)
Net position, beginning of year	<u>72,078,054</u>	<u>72,297,161</u>
Net position, end of year	<u><u>\$ 70,781,364</u></u>	<u><u>\$ 72,078,054</u></u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers and users	\$ 16,150,205	\$ 15,572,720
Cash paid to employees	(4,025,598)	(4,009,828)
Cash paid to suppliers	(5,183,063)	(6,133,743)
Net cash provided (used) by operating activities	<u>6,941,544</u>	<u>5,429,149</u>
Cash flows from noncapital financing activities:		
Transfers in	422,169	328,990
Transfers out	(5,393,048)	(3,923,670)
Net cash provided (used) by noncapital financing activities	<u>(4,970,879)</u>	<u>(3,594,680)</u>
Cash flows from capital and related financial activities:		
Transfer in		16,272
Proceeds from debt	1,879,881	8,448,080
Proceeds from sale of assets	7,713	5,802
Acquisition of capital assets	(2,611,059)	(8,210,161)
Payments on notes payable	(437,501)	(144,381)
Interest paid	(287,993)	(268,867)
Net cash provided (used) by capital and related financing activities	<u>(1,448,959)</u>	<u>(153,255)</u>
Cash flows from investing activities:		
Sale (purchase) of investments	(12,813)	(10,557)
Net cash provided (used) by investing activities	<u>(12,813)</u>	<u>(10,557)</u>
Net increase (decrease) in cash	508,893	1,670,657
Cash, beginning of year	<u>7,540,441</u>	<u>5,869,784</u>
Cash, end of year	<u>\$ 8,049,334</u>	<u>\$ 7,540,441</u>
Cash flows from operating activities:		
Operating income	\$ 3,954,469	\$ 3,622,365
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,352,980	3,020,153
Changes in operating assets and liabilities:		
Accounts receivable	(128,753)	(53,560)
Inventory	(100,751)	113,612
Accounts payable	(194,173)	(1,218,290)
Accrued vacation	27,673	(12,562)
Due to other funds		(21,252)
Other accrued expenses	(42,190)	4,780
Customer deposits	113,048	18,669
Net OPEB obligation	(9,952)	45,768
Net pension liability	(30,807)	(90,534)
Net cash provided by operating activities	<u>\$ 6,941,544</u>	<u>\$ 5,429,149</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,594,180	\$ 1,498,932
Receivables:		
Accounts receivable	719,806	733,562
Total current assets	<u>2,313,986</u>	<u>2,232,494</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,437,733	8,112,932
Capital assets, being depreciated	25,102,606	17,841,714
Total noncurrent assets	<u>26,540,339</u>	<u>25,954,646</u>
Total assets	<u>28,854,325</u>	<u>28,187,140</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pensions:		
Differences between expected and actual experience	85,113	43,603
Difference between projected and actual earnings on plan investments	55,956	
Contributions after measurement date	<u>87,693</u>	<u>88,123</u>
Total deferred outflows of resources	<u>228,762</u>	<u>131,726</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015
(Continued)

	<u>2016</u>	<u>2015</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	190,960	707,097
Customer deposits	1,530	1,530
Accrued liabilities	6,310	26,090
Accrued compensated absences	24,540	27,297
Notes payable, current	166,229	170,027
Capital leases, current	593,453	649,677
Landfill postclosure liability, current	41,062	39,483
Total current liabilities	<u>1,024,084</u>	<u>1,621,201</u>
Noncurrent liabilities:		
Compensated absences	36,810	40,945
Notes payable, long-term	3,206,289	2,817,247
Capital leases, long-term	1,194,205	1,022,418
Landfill postclosure liability	7,816,660	7,430,368
Net OPEB obligation	154,890	168,220
Net pension liability	859,140	760,561
Total noncurrent liabilities	<u>13,267,994</u>	<u>12,239,759</u>
Total liabilities	<u>14,292,078</u>	<u>13,860,960</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pensions:		
Difference between projected and actual earnings on investments		49,050
Changes of assumptions	6,409	9,260
Total deferred inflows of resources	<u>6,409</u>	<u>58,310</u>
<u>NET POSITION</u>		
Net investment in capital assets	21,380,163	21,295,277
Unrestricted	<u>(6,595,563)</u>	<u>(6,895,681)</u>
Total net position	<u>\$ 14,784,600</u>	<u>\$ 14,399,596</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Sanitation	\$ 9,336,924	\$ 8,439,684
Other sales	<u>119,898</u>	<u>292,302</u>
Total operating revenues	<u>9,456,822</u>	<u>8,731,986</u>
Operating expenses:		
Sanitation	7,642,173	6,696,524
Depreciation	<u>1,631,490</u>	<u>1,310,832</u>
Total operating expenses	<u>9,273,663</u>	<u>8,007,356</u>
Operating income	<u>183,159</u>	<u>724,630</u>
Nonoperating revenues (expenses):		
Investment income	293	1,226
Gain (loss) on sale of assets	63,889	(31,722)
Interest expense	<u>(110,839)</u>	<u>(54,247)</u>
Total nonoperating revenues (expenses)	<u>(46,657)</u>	<u>(84,743)</u>
Net income (loss) before transfers	136,502	639,887
Transfers in	<u>248,502</u>	<u>183,371</u>
Change in net position	385,004	823,258
Net position, beginning of year	<u>14,399,596</u>	<u>13,576,338</u>
Net position, end of year	<u><u>\$ 14,784,600</u></u>	<u><u>\$ 14,399,596</u></u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers and users	\$ 9,470,578	\$ 8,647,282
Cash paid to employees	(2,257,377)	(2,197,266)
Cash paid to suppliers	(5,603,422)	(3,666,345)
Net cash provided (used) by operating activities	<u>1,609,779</u>	<u>2,783,671</u>
Cash flows from noncapital financing activities:		
Transfers in	248,502	183,371
Net cash provided (used) by noncapital financing activities	<u>248,502</u>	<u>183,371</u>
Cash flows from capital and related financing activities:		
Proceeds from debt	510,661	2,489,339
Proceeds from sale of assets	236,882	105,665
Acquisition of capital assets	(1,624,935)	(6,717,174)
Capital lease payments	(649,677)	(604,459)
Payments on notes payable	(125,418)	(50,731)
Interest paid	(110,839)	(54,246)
Net cash provided (used) by capital and related financing activities	<u>(1,763,326)</u>	<u>(4,831,606)</u>
Cash flows from investing activities:		
Investment income	293	1,226
Net cash provided (used) by investing activities	<u>293</u>	<u>1,226</u>
Net increase (decrease) in cash	95,248	(1,863,338)
Cash, beginning of year	<u>1,498,932</u>	<u>3,362,270</u>
Cash, end of year	<u>\$ 1,594,180</u>	<u>\$ 1,498,932</u>
Cash flows from operating activities:		
Operating income	\$ 183,159	\$ 724,630
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,631,490	1,310,832
Changes in operating assets and liabilities:		
Accounts receivable	13,756	(75,687)
Accounts payable	(516,137)	578,880
Accrued vacation	(6,892)	(7,496)
Due to other funds		(9,017)
Other accrued expenses	(19,780)	5,723
Closure/postclosure	387,871	274,900
Net OPEB obligation	(13,330)	20,715
Net pension liability	(50,358)	(39,809)
Net cash provided by operating activities	<u>\$ 1,609,779</u>	<u>\$ 2,783,671</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2016 and 2015, the City incurred debt of \$765,240 and \$436,483, respectively, in the form of capital leases in connection with the acquisition of new equipment



LAGRANGE
GEORGIA

SUPPLEMENTAL INFORMATION INTERNAL SERVICE FUNDS

Group Insurance Fund - To account for the City's partial self-insurance of employees' medical claims.

Property and Casualty Insurance Fund - To account for the City's partial self-insurance of workers' compensation and liability claims.

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2016

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 281,466	\$ 1,763,437	\$ 2,044,903
Receivables-other	36,080		36,080
Due from other funds		1,000,000	1,000,000
Prepays	16,435		16,435
Advances to other funds		1,009,041	1,009,041
	<u>333,981</u>	<u>3,772,478</u>	<u>4,106,459</u>
Total assets			
	<u>333,981</u>	<u>3,772,478</u>	<u>4,106,459</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable		875	875
Claims reserve	700,000	600,000	1,300,000
Due to other funds	1,000,000		1,000,000
	<u>1,700,000</u>	<u>600,875</u>	<u>2,300,875</u>
Total liabilities			
	<u>1,700,000</u>	<u>600,875</u>	<u>2,300,875</u>
<u>NET POSITION</u>			
Net position:			
Unrestricted	<u>(1,366,019)</u>	<u>3,171,603</u>	<u>1,805,584</u>
	<u>\$ (1,366,019)</u>	<u>\$ 3,171,603</u>	<u>\$ 1,805,584</u>
Total net position			
	<u>\$ (1,366,019)</u>	<u>\$ 3,171,603</u>	<u>\$ 1,805,584</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2016

	Group Insurance Fund	Property and Casualty Fund	Total
Operating revenues:			
Premiums	\$ 6,934,362	\$ 968,924	\$ 7,903,286
Operating expenses:			
Administrative services	292,939	48,713	341,652
Risk management	6,779,576	1,204,462	7,984,038
Total operating expenses	7,072,515	1,253,175	8,325,690
Operating income (loss)	(138,153)	(284,251)	(422,404)
Nonoperating revenues:			
Investment income	1,962	60,489	62,451
Total nonoperating revenues	1,962	60,489	62,451
Change in net position	(136,191)	(223,762)	(359,953)
Net position, beginning of year	(1,229,828)	3,395,365	2,165,537
Net position, end of year	\$ (1,366,019)	\$ 3,171,603	\$ 1,805,584

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

	Group Insurance Fund	Property and Casualty Fund	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 6,907,469	\$ 968,924	\$ 7,876,393
Cash paid to suppliers	<u>(7,074,910)</u>	<u>(1,254,266)</u>	<u>(8,329,176)</u>
Net cash provided (used) by operating activities	<u>(167,441)</u>	<u>(285,342)</u>	<u>(452,783)</u>
Cash flows from noncapital financing activities:			
Repayments of advances to other funds		86,055	86,055
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>86,055</u>	<u>86,055</u>
Cash flows from investing activities:			
Investment income	1,962	60,489	62,451
Net cash provided (used) by investing activities	<u>1,962</u>	<u>60,489</u>	<u>62,451</u>
Net increase (decrease) in cash	(165,479)	(138,798)	(304,277)
Cash, beginning of year	<u>446,945</u>	<u>1,902,235</u>	<u>2,349,180</u>
Cash, end of year	<u><u>\$ 281,466</u></u>	<u><u>\$ 1,763,437</u></u>	<u><u>\$ 2,044,903</u></u>
Cash flows from operating activities:			
Operating income (loss)	\$ (138,153)	\$ (284,251)	\$ (422,404)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:			
(Increase) decrease in accounts receivable	(26,893)		(26,893)
(Increase) decrease in prepaid expense	(2,195)		(2,195)
Increase (decrease) in accounts payable	<u>(200)</u>	<u>(1,091)</u>	<u>(1,291)</u>
Net cash provided (used) by operating activities	<u><u>\$ (167,441)</u></u>	<u><u>\$ (285,342)</u></u>	<u><u>\$ (452,783)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 281,466	\$ 446,944
Receivables-other	36,080	9,187
Prepaid expense	<u>16,435</u>	<u>14,240</u>
Total assets	<u>333,981</u>	<u>470,371</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable		200
Claims reserve	700,000	700,000
Due to other funds	<u>1,000,000</u>	<u>1,000,000</u>
Total current liabilities	<u>1,700,000</u>	<u>1,700,200</u>
<u>NET POSITION</u>		
Net position:		
Unrestricted	<u>(1,366,019)</u>	<u>(1,229,829)</u>
Total net position	<u><u>\$ (1,366,019)</u></u>	<u><u>\$ (1,229,829)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Premiums	<u>\$ 6,934,362</u>	<u>\$ 6,772,577</u>
Operating expenses:		
Administrative services	292,939	495,979
Risk management	<u>6,779,576</u>	<u>6,374,863</u>
Total operating expenses	<u>7,072,515</u>	<u>6,870,842</u>
Operating income (loss)	<u>(138,153)</u>	<u>(98,265)</u>
Nonoperating revenues:		
Investment income	<u>1,962</u>	<u>2,643</u>
Total nonoperating revenues	<u>1,962</u>	<u>2,643</u>
Change in net position	(136,191)	(95,622)
Net position, beginning of year	<u>(1,229,828)</u>	<u>(1,134,206)</u>
Net position, end of year	<u><u>\$ (1,366,019)</u></u>	<u><u>\$ (1,229,828)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 6,907,469	\$ 6,783,246
Cash paid to suppliers	<u>(7,074,910)</u>	<u>(6,870,642)</u>
Net cash provided (used) by operating activities	<u>(167,441)</u>	<u>(87,396)</u>
 Cash flows from investing activities:		
Investment income	<u>1,962</u>	<u>2,643</u>
Net cash provided (used) by investing activities	<u>1,962</u>	<u>2,643</u>
 Net increase (decrease) in cash	(165,479)	(84,753)
 Cash, beginning of year	<u>446,945</u>	<u>531,698</u>
 Cash, end of year	<u><u>\$ 281,466</u></u>	<u><u>\$ 446,945</u></u>
 Cash flows from operating activities:		
Operating income (loss)	\$ (138,153)	\$ (98,265)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:		
(Increase) decrease in accounts receivable	(26,893)	10,669
(Increase) decrease in prepaid expense	(2,195)	
Increase (decrease) in accounts payable	<u>(200)</u>	<u>200</u>
Net cash provided (used) by operating activities	<u><u>\$ (167,441)</u></u>	<u><u>\$ (87,396)</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,763,437	\$ 1,902,236
Due from other funds	1,000,000	1,000,000
Advances to other funds	<u>1,009,041</u>	<u>1,095,095</u>
Total assets	<u>3,772,478</u>	<u>3,997,331</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	875	1,965
Claims reserve	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>600,875</u>	<u>601,965</u>
<u>NET POSITION</u>		
Net position:		
Unrestricted	<u>3,171,603</u>	<u>3,395,366</u>
Total net position	<u><u>\$ 3,171,603</u></u>	<u><u>\$ 3,395,366</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Premiums	<u>\$ 968,924</u>	<u>\$ 985,500</u>
Operating expenses:		
Administrative services	48,713	79,413
Risk management	<u>1,204,462</u>	<u>729,037</u>
Total operating expenses	<u>1,253,175</u>	<u>808,450</u>
Operating income (loss)	<u>(284,251)</u>	<u>177,050</u>
Nonoperating revenues:		
Investment income	<u>60,489</u>	<u>66,490</u>
Total nonoperating revenues	<u>60,489</u>	<u>66,490</u>
Change in net position	(223,762)	243,540
Net position, beginning of year	<u>3,395,365</u>	<u>3,151,825</u>
Net position, end of year	<u><u>\$ 3,171,603</u></u>	<u><u>\$ 3,395,365</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 968,924	\$ 1,037,490
Cash paid to suppliers	(1,254,266)	(828,891)
Net cash provided (used) by operating activities	<u>(285,342)</u>	<u>208,599</u>
Cash flows from noncapital financing activities:		
Repayment of advances to other funds	<u>86,055</u>	<u>81,761</u>
Net cash provided (used) by noncapital financing activities	<u>86,055</u>	<u>81,761</u>
Cash flows from investing activities:		
Investment income	<u>60,489</u>	<u>66,490</u>
Net cash provided (used) by investing activities	<u>60,489</u>	<u>66,490</u>
Net increase (decrease) in cash	(138,798)	356,850
Cash, beginning of year	<u>1,902,235</u>	<u>1,545,385</u>
Cash, end of year	<u><u>\$ 1,763,437</u></u>	<u><u>\$ 1,902,235</u></u>
Cash flows from operating activities:		
Operating income (loss)	\$ (284,251)	\$ 177,050
Adjustments to reconcile operating income (loss) to net cash		
(used in) provided by operating activities:		
(Increase) decrease in accounts receivable		51,990
Increase (decrease) in accounts payable	<u>(1,091)</u>	<u>(20,441)</u>
Net cash provided (used) by operating activities	<u><u>\$ (285,342)</u></u>	<u><u>\$ 208,599</u></u>

**SUPPLEMENTAL INFORMATION
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

CITY OF LAGRANGE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS*
COMPARATIVE SCHEDULE OF CAPITAL ASSETS BY SOURCE
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental fund capital assets:		
Land	\$ 13,737,811	\$ 9,651,471
Construction in progress	2,290,804	
Buildings	22,123,536	19,623,536
Machinery and equipment	10,680,440	9,587,705
Vehicles	3,733,886	3,669,977
Infrastructure	<u>45,152,644</u>	<u>42,472,122</u>
Total governmental fund capital assets	<u>\$ 97,719,121</u>	<u>\$ 85,004,811</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 12,824,088	\$ 12,547,812
General obligation bonds	3,000,000	3,000,000
Capital projects fund	59,234,262	54,322,665
Special revenues fund	4,429,256	4,429,256
Donations	<u>18,231,515</u>	<u>10,705,078</u>
Total governmental fund capital assets	<u>\$ 97,719,121</u>	<u>\$ 85,004,811</u>

*This schedule presents only the capital asset balances related to governmental funds

CITY OF LAGRANGE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS*
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
June 30, 2016

Function and Activity	Total	Land	Construction in Progress	Buildings and Improvements	Machinery and Equipment	Vehicles	Infrastructure
General government	\$14,880,580	\$ 5,313,501		\$ 6,364,488	\$ 2,804,263	\$ 398,328	
Public safety	8,189,075	21,465		2,266,959	3,293,188	2,484,403	\$ 123,060
Public service	12,089,385	636,261			2,110,696	457,818	8,884,610
Culture and recreation	5,023,268	1,737,735		206,943	436,062	301,199	2,341,329
Community development	57,536,813	6,028,849	\$2,290,804	13,285,146	2,036,231	92,138	33,803,645
Total governmental funds capital assets	<u>\$97,719,121</u>	<u>\$ 13,737,811</u>	<u>\$2,290,804</u>	<u>\$ 22,123,536</u>	<u>\$ 10,680,440</u>	<u>\$ 3,733,886</u>	<u>\$45,152,644</u>

*This schedule presents only the capital asset balances related to governmental funds

CITY OF LAGRANGE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS*
SCHEDULE OF CHANGE IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
Year Ended June 30, 2016

<u>Function and Activity</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
General government	\$ 14,879,364	\$ 91,064	\$ (89,848)	\$ 14,880,580
Public safety	7,186,997	1,178,744	(176,666)	8,189,075
Public service	11,961,138	268,257	(140,010)	12,089,385
Culture and recreation	5,014,634	8,634		5,023,268
Community development	<u>45,962,678</u>	<u>11,605,764</u>	<u>(31,629)</u>	<u>57,536,813</u>
Total governmental funds capital assets	<u>\$ 85,004,811</u>	<u>\$ 13,152,463</u>	<u>\$ (438,153)</u>	<u>\$ 97,719,121</u>

*This schedule presents only the capital asset balances related to governmental funds

ADDITIONAL DATA

The following data is required by either state statute, specific grant audit requirements, or auditing standards:

Special Local Option Sales Tax Funds - Disclosure required by State of Georgia law.

CITY OF LAGRANGE, GEORGIA
SPECIAL LOCAL OPTION SALES TAX FUNDS
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
Year Ended June 30, 2016

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Special Local Option Sales Tax - 2011:				
Road and bridge improvements	\$ 10,550,000	\$ 2,379,539	\$ 896,656	\$ 3,276,195
Utility relocation	3,000,000	74,370	23,548	97,918
Bicycle and sidewalk facilities and neighborhood parks	3,000,000	840,742	760,318	1,601,060
Public safety facilities and equipment	3,400,000	876,298	853,931	1,730,229

STATISTICAL SECTION

This part of the City of LaGrange's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	91
<u>Revenue Capacity</u> - These schedules present information to help the reader assess the City's most significant local revenue source, utility revenue.	97
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	102
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	106
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	108

Sources:

Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.

CITY OF LAGRANGE, GEORGIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment										
in capital assets	\$ 27,138,772	\$ 29,417,747	\$ 31,406,673	\$ 33,802,402	\$ 37,274,638	\$ 40,409,288	\$ 43,576,398	\$ 43,561,422	\$ 53,207,058	\$ 61,734,629
Restricted	3,191,045	6,943,819	8,093,515	7,146,252	7,505,427	6,529,006	4,881,359	6,479,502	6,595,665	6,680,165
Unrestricted	4,659,797	(2,034,791)	(1,855,322)	(3,029,985)	(2,908,655)	(3,461,667)	(3,311,359)	(3,569,275)	(9,893,218)	(10,317,280)
Total governmental										
activities net position	\$ 34,989,614	\$ 34,326,775	\$ 37,644,866	\$ 37,918,669	\$ 41,871,410	\$ 43,476,627	\$ 45,146,398	\$ 46,471,649	\$ 49,909,505	\$ 58,097,514
Business-type activities:										
Net investment										
in capital assets	\$ 85,729,997	\$ 87,979,264	\$ 88,744,568	\$ 103,765,331	\$ 113,856,456	\$ 114,889,792	\$ 113,861,863	\$ 112,233,680	\$ 112,527,782	\$ 110,250,942
Unrestricted	11,136,268	11,166,623	19,395,224	15,548,813	16,249,506	21,208,735	23,220,112	26,522,639	26,235,390	30,199,537
Total business-type										
activities net position	\$ 96,866,265	\$ 99,145,887	\$ 108,139,792	\$ 119,314,144	\$ 130,105,962	\$ 136,098,527	\$ 137,081,975	\$ 138,756,319	\$ 138,763,172	\$ 140,450,479
Primary government:										
Net investment										
in capital assets	\$ 112,868,769	\$ 117,397,011	\$ 120,151,241	\$ 137,567,733	\$ 151,131,094	\$ 155,299,080	\$ 157,438,261	\$ 155,795,102	\$ 165,734,840	\$ 171,985,571
Restricted	3,191,045	6,943,819	8,093,515	7,146,252	7,505,427	6,529,006	4,881,359	6,479,502	6,595,665	6,680,165
Unrestricted	15,796,065	9,131,832	17,539,902	12,518,828	13,340,851	17,747,068	19,908,753	22,953,364	16,342,172	19,882,257
Total primary										
government net position	\$ 131,855,879	\$ 133,472,662	\$ 145,784,658	\$ 157,232,813	\$ 171,977,372	\$ 179,575,154	\$ 182,228,373	\$ 185,227,968	\$ 188,672,677	\$ 198,547,993



LAGRANGE
GEORGIA

CITY OF LAGRANGE, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government										
Public safety	\$ 1,774,541	\$ 2,071,915	\$ 2,214,134	\$ 2,202,176	\$ 2,023,144	\$ 2,447,844	\$ 2,374,352	\$ 2,702,167	\$ 2,640,850	\$ 2,536,687
Public service	12,451,424	12,927,862	13,152,404	14,074,285	13,941,126	14,477,949	15,583,597	16,512,002	15,435,028	16,528,248
Culture and recreation	2,811,952	2,822,341	2,708,868	2,746,773	2,829,962	3,129,297	2,925,579	2,855,304	2,762,723	3,281,515
Community development	1,033,239	1,201,017	1,097,198	1,092,616	990,442	1,103,386	1,090,148	1,156,457	993,631	1,009,469
Redevelopment and housing	2,216,201	5,320,867	2,151,152	2,480,853	2,317,269	2,590,079	2,885,126	3,160,331	3,330,554	3,547,065
Miscellaneous	1,068,017	818,825	890,116	748,224	817,226	503,278	577,942	335,399	228,000	228,000
Interest on long-term debt	388,276	874,110	615,465	621,623	502,255	377,065	398,890	415,457	403,159	438,347
Total governmental activities expenses	21,743,650	26,036,937	22,829,337	23,966,550	23,421,424	25,228,948	26,419,214	27,464,367	26,120,896	27,801,873
Business-type activities:										
Water and sewerage										
Gas	12,689,848	11,535,187	11,711,112	11,357,660	12,069,015	12,730,898	12,813,505	13,023,085	12,275,364	12,491,721
Electric system	17,185,437	18,427,268	16,769,452	14,631,785	13,832,177	11,155,625	12,078,193	14,847,586	13,030,969	9,585,058
Sanitation	32,919,187	33,811,521	33,071,620	35,065,463	37,470,631	40,414,968	42,433,294	45,996,684	46,100,926	43,771,606
Telecommunications	5,888,158	6,192,524	6,937,117	6,844,824	7,507,351	8,672,057	9,325,713	8,239,045	8,093,325	9,320,613
Total business-type activities expenses	2,032,142	2,229,256	2,120,507	2,256,707	2,320,373	2,464,663	2,393,405	2,104,518	1,890,481	2,318,542
Total primary government expenses	70,714,772	72,195,756	70,609,808	70,156,439	73,199,547	75,438,211	79,044,110	84,210,918	81,391,065	77,487,540
Total primary government expenses	\$ 92,458,422	\$ 98,232,693	\$ 93,439,145	\$ 94,122,989	\$ 96,620,971	\$ 100,667,159	\$ 105,463,324	\$ 111,675,285	\$ 107,511,761	\$ 105,289,413
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 427,172	\$ 404,484	\$ 165,722	\$ 100,601	\$ 152,279	\$ 270,308	\$ 119,827	\$ 202,638	\$ 196,652	\$ 356,953
Public safety	1,770,610	2,193,003	2,224,272	2,119,124	2,001,184	2,056,481	2,089,613	1,871,655	1,629,624	1,464,613
Public service	332,979	301,184	252,565	170,271	279,326					
Culture and recreation		72,083	75,000	26,250		66,275	148,511	63,435	61,110	61,010
Community development	1,155,887	2,438,571	1,244,589	1,064,311	1,080,982	1,104,382	1,248,930	1,232,586	1,238,348	1,079,498
Redevelopment and housing		56,702	77,150	64,071						
Operating grants and contributions	103,647	120,626	8,000	259,664	459,031	660,012	812,440	338,610	74,335	218,943
Capital grants and contributions	500,000	530,796	151,634	3,427,141	3,571,714	3,560,013	3,174,313	3,036,190	10,357,243	10,525,756
Total government activities program revenues	4,290,295	6,117,449	4,198,932	7,231,433	7,544,716	7,717,471	7,593,634	6,745,114	13,557,312	13,706,773
Business-type activities:										
Charges for services:										
Water and sewerage										
Gas system	15,283,242	15,235,164	16,438,835	15,235,935	16,516,255	16,229,302	14,844,920	15,430,172	15,634,665	16,165,910
Electric system	19,614,023	21,265,823	18,472,311	16,205,246	17,013,290	13,459,998	14,643,762	17,545,344	16,825,600	11,694,411
Sanitation	38,628,435	39,330,658	41,105,416	46,379,093	50,266,129	49,744,322	49,578,253	53,274,874	54,659,256	50,570,883
Telecommunications	7,052,969	6,894,842	7,277,443	7,030,912	7,645,580	8,368,771	8,533,923	8,420,551	8,731,986	9,456,822
Operating grants and contributions	2,377,509	4,402,924	2,369,796	3,086,680	2,672,258	2,861,178	2,933,962	3,050,010	2,755,585	2,998,812
Capital grants and contributions		452,189				151,268				
Total business-type activities program revenues	82,956,178	87,581,600	88,413,801	89,119,173	94,362,241	90,814,839	90,534,820	97,720,951	98,607,092	90,886,838
Total primary government program revenues	\$ 87,246,473	\$ 93,699,049	\$ 92,612,733	\$ 96,350,606	\$ 101,906,957	\$ 98,532,310	\$ 98,128,454	\$ 104,486,065	\$ 112,164,404	\$ 104,593,611

Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense) revenue										
Governmental activities	\$ (17,453,355)	\$ (19,919,488)	\$ (18,630,405)	\$ (16,735,117)	\$ (15,876,708)	\$ (17,511,477)	\$ (18,825,580)	\$ (20,719,253)	\$ (12,563,384)	\$ (14,095,100)
Business-type activities	12,241,406	15,385,844	17,803,993	18,982,734	21,162,694	15,376,628	11,490,710	13,510,033	17,216,027	13,399,298
Total primary government net expense	\$ (5,211,949)	\$ (4,533,644)	\$ (826,412)	\$ 2,227,617	\$ 5,285,986	\$ (2,134,849)	\$ (7,334,870)	\$ (7,209,220)	\$ 4,652,643	\$ (695,802)
General Revenues and Other Changes										
Net Position										
Governmental activities:										
Taxes:										
General purpose taxes	\$ 2,882,297	\$ 2,981,632	\$ 3,294,587	\$ 3,203,491	\$ 3,322,394	\$ 3,460,477	\$ 3,833,147	\$ 4,249,366	\$ 4,395,627	\$ 4,545,898
Sales tax	5,231,281	9,591,123	8,184,516	4,777,940	4,871,868	5,067,756	4,950,107	4,795,388	5,021,093	4,769,502
Franchise taxes	1,047,832	1,097,656	1,240,566	1,010,406	1,099,653	1,082,666	1,057,342	1,090,820	1,204,116	1,110,440
Unrestricted investment earnings	293,122	233,222	147,708	106,833	48,205	30,635	132,379	29,289	35,789	42,269
Gain on sale of capital assets	881,881	(24,291)								
Transfers	9,427,959	8,717,307	9,081,129	7,910,240	10,487,329	9,475,160	10,522,376	11,879,641	13,073,728	11,815,000
Total governmental activities	19,764,372	22,596,649	21,948,506	17,008,910	19,829,449	19,116,694	20,495,351	22,044,504	23,730,353	22,283,109
Business-type activities:										
Unrestricted investment earnings	1,111,623	646,735	271,041	121,858	116,453	91,097	15,114	43,952	72,298	103,009
Gain on sale of capital assets	66,425	(90,650)								
Transfers	(9,427,959)	(8,717,307)	(9,081,129)	(7,910,240)	(10,487,329)	(9,475,160)	(10,522,376)	(11,879,641)	(13,073,728)	(11,815,000)
Total business-type activities	(8,249,911)	(8,161,222)	(8,810,088)	(7,788,382)	(10,370,876)	(9,384,063)	(10,507,262)	(11,835,689)	(13,001,430)	(11,711,991)
Total primary government	\$ 11,514,461	\$ 14,435,427	\$ 13,138,418	\$ 9,220,528	\$ 9,458,573	\$ 9,732,631	\$ 9,988,089	\$ 10,208,815	\$ 10,728,923	\$ 10,571,118
Change in Net Position										
Governmental activities	2,311,017	2,677,161	3,318,101	273,793	3,952,741	1,605,217	1,669,771	1,325,251	11,166,969	8,188,009
Business-type activities	3,991,495	7,224,622	8,993,905	11,174,352	10,791,818	5,992,565	983,448	1,674,344	4,214,597	1,687,307
Total primary government	\$ 6,302,512	\$ 9,901,783	\$ 12,312,006	\$ 11,448,145	\$ 14,744,559	\$ 7,597,782	\$ 2,653,219	\$ 2,999,595	\$ 15,381,566	\$ 9,875,316

CITY OF LAGRANGE, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

		Fiscal Year Ended June 30									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:											
Nonspendable		\$ 251,157	\$ 223,642	\$ 212,344	\$ 223,439	\$ 248,238	\$ 185,692	\$ 203,335	\$ 197,596	\$ 200,254	\$ 183,753
Restricted			619,478	580,738	628,958	776,590	861,865	876,905	865,860	812,684	936,059
Unassigned		1,988,670	1,967,494	2,475,461	1,621,469	1,674,201	1,045,441	1,451,702	1,532,232	2,416,230	2,203,372
Total general fund		\$ 2,239,827	\$ 2,810,614	\$ 3,268,543	\$ 2,473,866	\$ 2,699,029	\$ 2,092,998	\$ 2,531,942	\$ 2,595,688	\$ 3,429,168	\$ 3,323,184
All other governmental funds											
Nonspendable, reported in:											
Debt service	\$ 30,683	\$ 36,482									
Capital projects											
Restricted, reported in:											
Special revenue	3,319,912	3,889,854	\$ 3,448,272	\$ 3,068,134	\$ 2,736,199	\$ 2,432,329	\$ 2,202,206	\$ 1,896,347	\$ 1,661,268	\$ 1,439,974	
Debt service	591,857	1,509,928	1,466,784	1,203,952	928,295	692,818					
Capital projects		888,077	2,597,721	2,245,208	3,070,853	2,563,696	1,802,248	3,717,295	4,121,713	4,304,132	
Unassigned	(751,407)				(6,510)	(85)	(34,510)	60,474			
Total all other governmental funds	\$ 3,191,045	\$ 6,324,341	\$ 7,512,777	\$ 6,517,294	\$ 6,728,837	\$ 5,688,758	\$ 3,969,944	\$ 5,674,116	\$ 5,782,981	\$ 5,744,106	

CITY OF LAGRANGE, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes, licenses and permits	\$ 9,494,389	\$ 13,971,595	\$ 12,972,234	\$ 9,162,108	\$ 9,446,194	\$ 9,768,301	\$ 9,960,423	\$ 10,273,853	\$ 10,746,345	\$ 10,579,163
Intergovernmental	1,261,121	1,791,439	1,444,399	3,757,242	4,886,129	4,127,929	3,983,314	3,364,073	3,258,124	3,206,315
Charges for services	373,674	389,462	386,410	402,548	284,338	281,683	260,968	257,906	250,170	310,653
Fines and forfeitures	1,398,173	1,783,541	1,817,862	1,696,576	1,716,846	1,774,798	1,828,645	1,613,749	1,376,112	1,133,181
Investment income	293,122	233,222	147,708	106,833	52,899	36,484	135,818	39,445	43,704	54,216
Grants and subsidies					187,920	50,954				
Lease income		410,000				1,085,582	1,083,639	1,091,631	1,140,108	939,322
Miscellaneous	925,648	1,441,823	297,696	1,204,796	310,939	233,274	313,802	269,320	197,361	425,595
Total revenues	13,746,127	20,021,082	17,066,309	16,330,103	16,885,265	17,359,005	17,566,609	16,909,977	17,011,924	16,848,445
Expenditures										
General government	1,626,122	1,580,930	1,494,994	1,604,065	1,425,924	1,805,045	1,652,312	2,059,938	2,100,858	1,901,425
Public safety	12,359,237	12,611,373	12,432,950	13,393,140	13,498,540	14,244,396	15,176,234	15,754,520	15,552,037	15,947,584
Public service	2,318,629	2,308,335	2,156,083	2,207,494	2,306,871	2,759,983	2,493,475	2,540,906	2,507,788	2,941,310
Culture and recreation	857,379	1,003,840	884,840	885,939	818,368	946,592	942,167	1,006,218	959,879	944,873
Community development	1,969,599	1,424,745	1,549,630	1,568,676	1,525,229	1,674,357	1,815,776	1,769,655	1,987,811	2,049,237
Redevelopment and housing	807,255	519,307	599,055	436,144	480,592	503,278	577,942	335,399	228,000	228,000
Telecommunications and technology	262,935	294,671	276,701	296,011	326,362	367,318	386,117	392,945	405,217	422,411
Debt service:										
Principal	881,339	1,285,445	1,290,625	1,304,204	1,272,843	1,220,330	1,478,499	1,196,251	3,420,721	978,491
Interest	420,630	736,547	626,348	633,156	585,208	542,588	597,633	371,047	357,059	226,215
Capital outlay	5,761,421	4,619,200	3,477,743	3,910,773	4,917,057	4,612,883	4,486,441	2,069,941	4,189,642	5,699,449
Total expenditures	27,264,546	26,384,393	24,788,969	26,239,602	27,156,794	28,676,870	29,606,596	27,496,820	31,709,012	31,338,995
Excess of revenues over (under) expenditures	(13,518,419)	(6,363,311)	(7,722,660)	(9,909,499)	(10,271,529)	(11,317,865)	(12,039,987)	(10,586,843)	(14,697,088)	(14,690,550)
Other financing sources (uses)										
Refunding bonds issued									2,299,000	
Capital lease	800,953	1,268,232	257,752	195,276	214,753	176,496	235,475	474,797	238,972	2,725,707
Proceeds from sale of assets	907,147	81,855	30,144	13,823	6,153	20,099	2,266	347	36,733	4,984
Transfers in	10,869,335	11,346,232	11,903,713	10,661,802	13,148,673	12,448,340	14,173,836	14,920,980	14,727,220	13,494,882
Transfers out	(1,441,376)	(2,628,925)	(2,822,584)	(2,751,562)	(2,661,344)	(2,973,180)	(3,651,460)	(3,041,363)	(1,653,492)	(1,679,882)
Total other financing sources (uses)	11,136,059	10,067,394	9,369,025	8,119,339	10,708,235	9,671,755	10,760,117	12,354,761	15,648,433	14,545,691
Net change in fund balances	\$ (2,382,360)	\$ 3,704,083	\$ 1,646,365	\$ (1,790,160)	\$ 436,706	\$ (1,646,110)	\$ (1,279,870)	\$ 1,767,918	\$ 951,345	\$ (144,859)
Debt service as a percentage of noncapital expenditures	6.05%	9.29%	9.00%	8.68%	8.35%	7.33%	8.26%	6.16%	13.65%	4.69%

CITY OF LAGRANGE, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Property Tax	Local Option Sales Tax	Special Purpose Local Option Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
2007	-	\$ 4,575,193	\$ 656,088	\$ 1,047,832	-	\$ 650,917	\$ 383,507	\$ 7,313,537
2008	-	5,097,403	4,493,720	1,097,656	-	673,950	441,436	11,804,165
2009	-	4,807,415	3,377,101	1,240,566	-	703,676	422,387	10,551,145
2010	-	4,777,940	3,016,067	1,010,406	-	696,307	396,511	9,897,231
2011	-	4,871,868	2,985,768	1,099,653	-	725,737	517,277	10,200,303
2012	-	5,067,756	3,117,039	1,082,666	-	725,536	644,444	10,637,441
2013	-	4,950,107	3,074,143	1,057,342	-	723,504	785,900	10,590,996
2014	-	4,795,388	3,020,767	1,090,820	-	732,169	733,326	10,372,470
2015	-	5,021,093	3,147,315	1,204,116	-	713,873	893,124	10,979,521
2016	-	4,769,502	2,987,372	1,110,440	-	713,178	916,803	10,497,295



LAGRANGE
GEORGIA

CITY OF LAGRANGE, GEORGIA
UTILITY DEPARTMENT - OPERATING AND FINANCIAL RATIO ANALYSIS
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
WATER & SEWER FUND:*										
FINANCIAL RATIOS:										
Water & sewer profit margin (%)	19.0	26.0	27.0	25.0	25.0	21.0	14.0	16.0	21.0	14.0
Return on total assets (%)				8.0	6.0	5.0	3.0	3.0	4.0	3.0
Return on equity (%)				9.0	6.0	5.0	3.0	3.0	5.0	3.0
Liabilities/Assets (%)				17.0	11.0	6.0	5.0	11.0	20.0	22.0
Current ratio (x)				1.3	1.2	9.6	12.5	5.1	8.4	9.8
Receivables avg. days outstanding				54.4	43.5	44.5	46.9	42.9	43.6	45.1
General fund transfer (% of Income)				22.0	9.0	19.0	67.0	87.0	107.0	157.0
General fund transfer (% of Revenue)				8.0	2.0	4.0	9.0	14.0	23.0	22.0
Cash and investments(\$)				3,590	2,133	4,446	6,600	9,354	11,035	11,557
Net Equity Transfers Out (\$)				1,250	388	681	1,353	2,089	3,579	3,585
Capital investment versus depreciation (x)				1.4	1.0	0.2	0.5	1.9	2.7	0.8
Capitalization (%)				73,941	73,403	76,200	76,699	80,607	86,571	86,217
Working Capital (\$)				1,732	1,097	6,435	8,523	9,669	12,040	12,941
OPERATING INFORMATION:										
Water MMGAL sales	2,406	2,261	2,087	2,102	2,187	2,076	1,913	1,891	1,924	1,918
Sewer MMGAL sales	1,524	1,462	1,288	1,179	1,144	1,088	1,073	1,104	1,106	1,093
Revenues \$/MMGAL sold	3.89	4.09	4.75	4.64	4.81	5.01	4.97	5.15	5.16	5.37
Water and Sewer Operating/MMGAL	3.13	3.02	3.46	3.46	3.62	3.97	4.29	4.35	4.05	3.69
Divisional operating expenses \$/Kgal sold	2.30	2.10	2.46	2.56	2.70	3.04	3.26	3.28	2.97	3.40
Installed Water meters	19,002	19,262	19,324	19,342	19,544	19,584	19,607	19,660	19,733	19,783
Water distribution employees	17	17	17	17	17	17	17	17	17	17
Water production employees	13	13	13	13	13	13	13	13	13	13
meters/distribution employee	1,118	1,133	1,137	1,138	1,150	1,152	1,153	1,156	1,161	1,164
meters/production employee	1,462	1,482	1,486	1,488	1,503	1,506	1,508	1,512	1,518	1,522
MMGAL/distribution employee	142	133	123	124	129	122	112	111	113	113
MMGAL/production employee	185	174	160	162	168	160	147	145	148	148
UTILITY FUND:										
FINANCIAL RATIOS:										
Gas profit margin (%)	12.0	13.0	9.0	9.0	15.0	15.0	16.0	13.0	23.0	19.0
Electric profit margin (%)	15.0	14.0	19.9	25.0	25.0	18.0	16.0	15.0	16.0	17.0
Telecom profit margin (%)	13.0	43.0	8.0	27.0	13.0	13.0	14.0	10.0	31.0	1.0
Return on total assets (%)	9.0	10.0	11.3	17.0	18.0	14.0	13.0	13.0	16.0	14.0
Return on equity (%)	14.0	16.0	17.7	34.0	32.0	24.0	20.0	22.0	25.0	21.0
Liabilities/Assets (%)	40.0	42.0	40.7	52.0	46.0	45.0	43.0	42.0	39.0	35.0
Current ratio (x)	2.2	2.4	1.9	3.4	4.2	3.8	3.6	4.0	4.4	4.8
Receivables avg. days outstanding	45.3	48.4	42.4	49.4	49.9	53.1	49.2	42.0	41.0	43.7

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund transfer (% of income)	61.0	51.0	62.0	58.0	62.0	113.0	95.0	98.0	73.0	77.0
General fund transfer (% of Revenue)	10.0	9.0	13.0	11.0	12.0	17.0	12.0	12.0	11.0	11.0
Cash & Investments (\$)	9,629	10,728	14,422	15,268	16,504	18,853	20,942	24,982	27,618	30,967
Net Equity Transfers Out (\$)	7,668	7,600	10,927	8,984	10,136	13,688	9,780	10,769	9,678	8,600
Capital investment versus depreciation (x)	1.2	1.2	1.5	2.4	0.5	0.4	1.0	0.3	0.5	0.4
Capitalization (\$)	118,204	122,009	127,250	60,618	66,172	63,749	63,722	62,757	63,706	64,297
Working Capital (\$)	12,073	15,172	12,354	18,289	24,186	22,705	22,831	26,199	29,083	31,505
OPERATING INFORMATION:										
Electric MWH purchases ^	502,517	497,201	485,857	515,880	532,868	515,529	525,329	535,331	547,324	548,879
Electric MWH sales	482,332	477,031	462,132	494,628	511,050	492,216	505,156	514,629	532,395	535,192
Electric \$/MWH sold	80.09	82.45	88.72	93.78	98.07	100.23	97.81	103.13	102.66	94.27
Electric operating \$/MWH sold	68.25	70.84	71.55	70.70	73.51	81.75	82.60	88.11	86.59	78.29
Electric purchases expense \$/MWH sold	62,190	64,310	64,66	63.83	67.68	74.46	74.16	79.54	76.51	71.08
Electric divisional operating expenses \$/MWH sold	5,350	5,800	6.14	6.13	4.90	6.28	7.41	7.48	8.98	6.11
Installed electric meters	12,919	13,127	13,288	13,369	13,499	13,581	13,561	13,582	13,583	13,594
Electric distribution employees	12	12	12	12	12	12	12	12	12	12
Electric right-of-way employees			3	3	5	5	5	5	5	6
meters/employee	1,077	1,094	1,107	1,114	1,125	1,132	1,130	1,132	1,132	1,133
MWHs/employee	40,194	39,753	38,511	41,219	42,588	41,018	42,096	42,886	44,366	44,599
Gas Dth purchases ^	2,055,045	1,983,793	1,871,114	2,237,482	2,259,628	2,045,060	2,157,212	2,157,212	2,281,697	2,072,075
Gas Dth sales	1,997,983	1,968,043	1,813,037	2,164,172	2,211,191	1,957,928	2,145,567	2,145,567	2,215,146	2,037,322
Gas revenue \$/Dth sold	9.82	10.81	10.17	7.49	7.45	6.81	6.81	8.00	7.59	5.60
Gas operating expense \$/Dth sold	8.60	9.37	9.22	6.80	6.33	5.78	5.70	6.92	5.88	4.56
Gas purchases expense \$/Dth sold	7.46	7.98	7.39	5.11	4.76	4.05	3.92	5.36	4.45	3.27
Gas divisional operating expenses \$/Dth sold	0.77	0.80	1.18	0.89	0.76	0.83	0.77	0.82	0.72	0.54
Installed Gas meters	9,567	9,560	9,552	9,543	9,497	9,444	9,460	9,460	9,500	9,496
Gas employees	12	12	12	12	11	10	10	8	8	8
meters/employee	797	797	796	795	863	944	946	1,183	1,188	1,187
Dth/employee	166,499	164,004	151,086	180,348	201,017	195,793	214,557	268,196	276,893	254,665
Boring Crew								2	2	2
Customer Service Reps	6	6	6	6	6	6	6	6	6	6
Meters/CSR	6,915	6,992	7,027	7,042	7,090	7,102	7,105	7,117	7,136	7,146
Utility Service Workers	9	9	9	9	9	9	9	9	9	9
Service Orders Completed	27,801	25,841	26,730	25,188	25,473	26,759	26,188	22,337	20,816	19,649
Meters/Service Worker	4,610	4,661	4,685	4,695	4,727	4,734	4,736	4,745	4,757	4,764
Orders per USW	3,089	2,871	2,970	2,808	2,725	2,725	2,910	2,482	2,313	2,183

Data Source: City Utility Department

* Prior to fiscal year June 30, 2010 the Water and Sewer Fund was a part of the Utility Fund; therefore, some data is not available for the Water and Sewer Fund for prior years. In time this schedule will present the required 10 years of data.

^ Electric and gas energy purchases are reported on a cash rather than accrual basis.

CITY OF LAGRANGE, GEORGIA
PRINCIPAL WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 543,294	1	3.0%	\$ 1,091,014	1
	Troup County Commissioners	232,796	2	1.3%	207,902	2
	City of Greenville	231,641	3	1.3%	174,664	4
	City of Hogansville	227,120	4	1.3%		
	West Ga Health	173,170	5	1.0%	193,580	3
	Kimberly Clark	125,189	6	0.7%	125,225	5
	Troup Co. School System	97,955	7	0.5%	82,261	8
	Lee Crossing Apartments	96,353	8	0.5%	70,911	9
	Jindal Films America	84,316	9	0.5%	59,704	10
	Mountville Mills, Inc	80,775	10	0.4%		
	DRI Builders, Inc				94,854	6
	LaGrange College				93,611	7
		<u>\$ 1,892,609</u>		<u>10.5%</u>	<u>\$ 2,193,726</u>	<u>14.3%</u>

Data Source: City Utility Department

CITY OF LAGRANGE, GEORGIA
 PRINCIPAL NATURAL GAS CUSTOMERS
 CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	KIA Motor Corporation	\$ 2,370,402	1	20.7%		
	Milliken & Co.	2,057,766	2	18.0%	\$ 5,357,630	1
	Mountville Mills	687,912	3	6.0%	486,977	6
	Jindal Films America	411,735	4	3.6%	826,698	3
	Kimberly Clark	316,311	5	2.8%	1,239,341	2
	Interface Flooring Systems	315,244	6	2.8%	520,051	5
	West Georgia Health	244,358	7	2.1%	598,251	4
	Wal-Mart	129,248	8	1.1%		
	Troup Co. School System	113,418	9	1.1%	355,407	9
	Troup Co. Commissioners	97,898	10	0.9%		
	LaGrange Moulding Co				471,419	7
	Hillside Coating				389,386	8
	Emerson Network				323,609	10
	Caterpillar, Inc	\$ 6,744,292		59.1%	\$ 10,568,769	

Data Source: City Utility Department

CITY OF LAGRANGE, GEORGIA
PRINCIPAL ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

Customer	2016			2017		
	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank	Percentage of Total Customer Charges
Jindal Films America	\$ 3,493,301	1	6.9%	\$ 3,163,573	1	8.3%
Duracell USA	2,362,751	2	4.7%	1,538,576	2	4.0%
West Georgia Health	1,553,593	3	3.1%	1,330,798	3	3.5%
Sewon America, Inc	1,457,903	4	2.9%			
Wal-Mart	1,435,191	5	2.8%	1,204,828	4	3.1%
Interface Flooring Systems	1,205,346	6	2.4%	870,263	7	2.3%
SAFA	1,072,623	7	2.1%	583,339	10	1.5%
Troup Co. School System	1,069,191	8	2.1%	928,663	5	2.4%
Mountville Mills, Inc	809,452	9	1.6%			
LaGrange College	800,838	10	1.6%	739,978	9	1.9%
Freudenberg NOK				917,304	6	2.4%
Kleen Tex #2				770,105	8	2.0%
	\$ 15,260,189		30.2%	\$ 12,047,427		31.4%

Data Source: City Utility Department

CITY OF LAGRANGE, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income**	Per Capita**
	Intergovernmental Agreements	Capital Leases	Notes Payable	Revenue Bonds	Intergovernmental Agreements	Capital Leases	Notes Payable				
2007		\$ 3,910,520	\$ 3,175,000	\$ 30,625,000		\$ 2,691,679	\$ 2,317,460	\$ 42,719,659	8.01%	1,532	
2008	\$ 6,550,000	4,268,307	3,015,000	26,135,000	\$ 4,790,000	2,934,297	5,425,407	53,118,011	9.74%	1,899	
2009	6,342,500	3,622,934	2,835,000	26,975,000	4,625,000	2,339,656	5,749,878	52,489,968	11.11%	1,848	
2010	6,125,000	2,931,506	2,635,000	21,875,000	4,455,000	1,854,440	7,250,517	47,126,463	9.54%	1,593	
2011	5,892,500	2,336,116	2,405,000	14,375,000	4,275,000	2,399,862	4,166,600	35,850,078	7.13%	1,186	
2012	5,647,500	1,787,282	2,155,000	10,130,701	4,080,000	2,565,141	3,988,148	30,353,772	6.02%	1,012	
2013	5,442,500	1,029,258	1,875,000	9,735,000	3,875,000	2,837,662	3,804,272	28,598,692	5.66%	953	
2014	5,140,000	920,304	1,565,000	8,985,000	3,660,000	2,754,936	7,553,825	30,579,065	6.03%	1,019	
2015	4,932,500	576,055	1,225,000	8,215,000	3,435,000	2,874,729	18,296,132	39,554,416	7.80%	1,318	
2016	4,570,000	3,055,771	855,000	7,415,000	3,195,000	2,597,314	20,123,755	41,811,840	8.25%	1,394	

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

** See Demographic and Economic Statistics on page 106 for personal income and population data.

CITY OF LAGRANGE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Overlapping debt:			
Troup County, Georgia	\$ 10,044,946	45%	\$ 4,520,226
Troup County Board of Public Education	-	45%	-
Subtotal, overlapping debt			<u>4,520,226</u>
Direct debt:			
City of LaGrange, Georgia			8,480,771
governmental activities			
LaGrange Development Authority			<u>8,480,771</u>
Subtotal, direct debt			<u>\$ 13,000,997</u>
Total direct and overlapping debt			

Data Sources: Debt outstanding data provided by the County and the Board of Education.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of LaGrange, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using population. Applicable percentages were estimated by dividing the City's population by the total County population.

CITY OF LAGRANGE, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$89,860,844	\$90,770,301	\$93,574,966	\$107,048,174	\$103,939,639	\$103,123,860	\$104,653,160	\$104,177,955	\$111,425,800	\$112,451,537
Total net debt applicable to limit										
Total net debt margin	\$89,860,844	\$90,770,301	\$93,574,966	\$107,048,174	\$103,939,639	\$103,123,860	\$104,653,160	\$104,177,955	\$111,425,800	\$112,451,537
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Net assessed value	\$ 973,219,316
Add Back: Exempt real property	151,296,054
Total assessed value	<u>\$1,124,515,370</u>
Debt limit (10% of total assessed value)	\$ 112,451,537
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 112,451,537</u>

Note: Under state law the City of LaGrange's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF LAGRANGE, GEORGIA
 PLEDGED-REVENUE COVERAGE
 WATER AND SEWER DEBT
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Net Revenue Available for Debt Service			Debt Service Requirements			Revenue Bond Coverage ***
	Total Revenue *	Operating Expenses **	Net Revenue Available for Debt Service	Principal	Interest	Total	
2007	\$ 15,443,302	\$ 9,028,241	\$ 6,415,061	\$ 3,440,000	\$ 946,213	\$ 4,386,213	1.46
2008	15,339,308	8,015,028	7,324,280	3,575,000	746,152	4,321,152	1.69
2009	16,442,162	8,218,102	8,224,060	3,705,000	608,890	4,313,890	1.91
2010	15,240,285	8,294,471	6,945,814	3,850,000	449,507	4,299,507	1.62
2011	16,519,380	8,987,982	7,531,398	4,610,000	281,585	4,891,585	1.54
2012	16,383,600	9,613,720	6,769,880	3,595,000	89,875	3,684,875	1.84

* Operating and non operating revenue available for debt service.

** Operating expenses other than interest on debt, depreciation and amortization.

*** Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest required to be paid during that year.

Note: Details regarding the government's outstanding debt can be found in the Notes to the Financial Statements.

Note: The Water and Sewer Bonds were paid off in fiscal year ended June 30, 2012.

CITY OF LAGRANGE, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Population *	Personal Income *	Per Capita Income *	Median Age *	Education Level in Years of Formal Schooling	City / County Consolidated School Enrollment **	Unemployment Rate ***
2007	27,911	\$ 533,359,369	\$ 19,109	32.8	N/A	12,359	6.1%
2008	27,977	545,411,615	19,495	32.8	N/A	12,395	9.2%
2009	28,401	472,592,640	16,640	32.8	N/A	12,646	9.5%
2010	29,588	494,119,600	16,700	33.0	N/A	12,572	13.5%
2011	30,232	502,500,000	16,621	33.0	N/A	12,730	12.8%
2012	30,000	504,520,000	16,817	33.0	N/A	12,727	12.2%
2013	30,000	504,900,000	16,830	33.0	N/A	12,755	10.0%
2014	30,000	506,900,000	16,897	33.0	N/A	12,667	9.5%
2015	30,000	506,900,000	16,897	33.0	N/A	12,506	6.3%
2016	30,000	506,900,000	16,897	33.0	N/A	12,386	5.2%

N/A = Not Available

Data Sources:

* 2010 U.S. Census: other years - LaGrange Planning Office.

** Board of Education

*** Troup County Department of Labor (latest completed calendar year, City of LaGrange)

CITY OF LAGRANGE, GEORGIA
PRINCIPAL EMPLOYERS BY NUMBER OF EMPLOYEES
CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2016			2007		
		Employees	Rank	Percentage	Employees	Rank	Percentage
Troup County School System	Education	1,770	1	18.10%	1,807	1	18.62%
Interface Flooring	Floor coverings	1,623	2	16.60%	1,080	5	11.13%
West Georgia Health Systems	Medical Services	1,500	3	15.30%	1,336	4	13.77%
Miliken & Co.	Textiles	1,084	4	11.10%	1,660	2	17.11%
Wal-Mart Distribution Center	Warehousing	922	5	9.40%	1,600	3	16.49%
Sewon America, Inc.	Car Manufacturing Supplier	912	6	9.30%			
Troup County Board of Commissioners	Government	585	7	6.00%	517	6	5.33%
Mountville Mills	Carpet	518	8	5.30%			
American Home Shield	Home Warranties	496	9	5.10%	400	10	4.12%
Duracell	Batteries	373	10	3.80%	475	7	4.89%
City of LaGrange	Government				429	8	4.42%
Emerson Network Power	Energy				400	9	4.12%

Data Source: LaGrange - Troup Chamber of Commerce

CITY OF LAGRANGE, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government										
Public safety:										
Police	19	19	18	16	16	16	16	16	16	16
Fire	97	97	94	94	96	95	95	95	99	105
Animal control	60	60	58	58	58	58	57	57	57	57
Court services	3	3	3	3	3	4	4	4	4	4
Probation services	2	3	3	3	3	3	3	3	3	3
Public service:	4	4	4	4	5	5	5	5	5	5
Landscaping & cemeteries	15	15	12	9	8	8	8	8	8	8
Highways & streets	20	20	19	19	18	17	17	17	17	17
Traffic control	2	2	2	2	3	3	3	3	3	3
Trash and refuse	9	9	8	8	8	8	8	8	8	8
Recycling	*	*	*	*	*	*	*	*	3	3
Engineering	1	1	2	2	2	2	2	2	2	2
Community development:										
Life & building safety	0	0	0	0	0	0	0	0	0	0
Housing & inspections	2	2	2	1	1	1	1	0	0	0
Economic development	2	2	2	1	1	1	1	1	1	1
Community and economic development	9	9	9	8	7	7	7	8	8	8
Other governmental services:										
Vehicle maintenance	15	15	15	16	16	16	16	16	16	16
Local governmental television	2	2	2	2	2	2	2	2	2	2
Total governmental activities	262	263	253	246	247	246	245	245	252	258
Business-type activities:										
Water & sewerage	62	62	62	64	64	64	64	64	63	63
Electric	12	12	15	18	17	17	17	17	17	17
Gas	12	12	11	12	10	10	10	10	8	8
Telecommunications	4	4	6	6	6	6	5	6	8	8
Sanitation	33	33	33	32	32	32	32	32	31	31
Business-type activities support services	28	28	28	27	27	27	27	27	29	29
Total business-type activities	151	151	155	159	156	156	155	156	156	156
Grand total	413	414	408	405	403	402	400	401	408	414

Data Source: City Finance Office

* Information not available

CITY OF LAGRANGE, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Physical arrests	5,042	5,417	5,826	5,795	4,769	5,451	6,111	5,780	5,431	4,519
Parking violations	1,205	571	564	639	215	185	424	298	255	255
Traffic violations	15,116	17,486	18,945	17,920	15,163	17,491	20,060	14,488	13,363	12,625
Fire:										
Number of calls answered	2,632	3,020	3,436	3,332	3,724	4,223	4,723	4,477	4,705	4,634
Inspections	2,763	3,201	2,842	2,427	3,242	2,925	2,715	2,715	2,289	2,479
Health and welfare:										
Animal control (captured animals-City)	600	1,329	1,464	1,616	1,370	1,448	1,446	1,331	1,209	1,163
Highways and streets:										
Street resurfacing (miles)	2	1	15	15	17	12	23	3	2	2
Potholes repaired	2,500	520	500	350	150	89	57	71	53	74
Water and sewerage:										
New water connections	383	114	93	116	166	57	7	36	105	111
New sewage connections	305	299	275	132	11	120	22	31	22	28
Average daily consumption (thousands of gallons)	6,590	6,195	5,719	5,760	5,992	5,688	5,242	5,179	5,271	5,288
Average daily sewage treatment (thousands of gallons)	5,320	5,280	5,465	5,870	4,710	4,550	4,370	4,940	4,270	5,120
Gas:										
Breaks on gas main	10	15	21	10	13	14	1	2	5	6
Solid waste:										
Refuse collected (tons/day)	441	480	485	392	392	412	412	419	442	442
Recyclables collected (tons/day)	7	8	7	9	9	11	11	13	15	15

Data Sources: Various City Departments
Note: Indicators not available for the general government function

CITY OF LAGRANGE, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	77	83	86	86	83	86	82	77	89	86
Fire stations	3	4	5	5	5	5	5	5	5	5
Fire engines	8	10	10	10	10	10	10	10	10	11
Health and welfare:										
Animal control:										
Animal pounds	1	1	1	1	1	1	1	1	1	1
Culture and recreation:										
Cemeteries	6	6	6	6	6	6	6	6	6	6
Parks acreage	207	207	207	207	207	207	207	207	207	207
Parks	14	14	14	14	14	14	14	14	14	14
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	3	3	3	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2	2
Highways and streets:										
Streets (miles)	205	207	207	207	207	207	207	207	207	209
Streetlights (additions)	106	87	138	138	155	25	25	25	52	209
Traffic signals (City owned)	9	9	9	9	9	9	8	8	8	8
Water and sewerage:										
Water mains (miles)	200	210	215	430	432	434	435	442	446	448
Fire hydrants	1,800	1,850	1,900	2,000	2,030	2,040	2,060	1,919	1,919	1,929
Maximum daily water capacity (thousands of gallons)	11,500	13,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Sanitary sewers (miles)	210	215	215	215	215	215	215	215	215	215
Storm sewers (miles)	55	57	57	57	57	57	57	57	57	57
Maximum daily sewer treatment capacity (thousands of gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Gas:										
Gas lines (miles)	260	310	324	351	309	326	326	327	327	339
Number of distribution stations	12	11	11	13	13	13	14	17	18	19
Sanitation:										
Collection trucks	35	34	35	35	38	41	41	42	44	44

Data Sources: Various City Department
Note: No capital asset statistics are available for the general government function.



LAGRANGE
GEORGIA